RIMBACO GROUP GLOBAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1953

SHARE OFFER

Sole Sponsor

天泰金融 TITAN

Titan Financial Services Limited

Joint Bookrunners and Joint Lead Managers

偉祿亞太證券 REALORD ASIA PACIFIC SECURITIES

中國通海證券 CHINA TONGHAI SECURITIES

浦銀國際 SPDB INTERNATIONAL

萬海證券 AMC WANHAI SECURITIES

Joint Lead Managers

CONRAD INVESTMENT SERVICES

Bison

Augustine 奧古證券

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

森馬
RIMBACO

Rimbaco Group Global Limited

(Incorporated in the Cayman Islands with limited liability)

SHARE OFFER

Total number of Offer Shares	**:**	**315,000,000 Shares (subject to the Over-allotment Option)**
Number of Public Offer Shares	**:**	**31,500,000 Shares (subject to reallocation)**
Number of Placing Shares	**:**	**283,500,000 Shares (subject to reallocation and the Over-allotment Option)**
Offer Price	**:**	**not more than HK$0.46 per Offer Share and expected to be not less than HK$0.40 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**HK$0.01 per Share**
Stock code	**:**	**1953**

Sole Sponsor

天泰金融 TITAN

Titan Financial Services Limited

Joint Bookrunners and Joint Lead Managers

偉祿亞太證券 REALORD ASIA PACIFIC SECURITIES　中國通海證券 CHINA TONGHAI SECURITIES　浦銀國際 SPDB INTERNATIONAL　萬海證券 AMC WANHAI SECURITIES

Joint Lead Managers

CONRAD Investment Services　Bison　Augustine 奧古證券

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix VI to this prospectus, has been registered with the Registrar of Companies in Hong Kong as required under section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by the Price Determination Agreement to be entered into between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or before Monday, 20 April 2020 or such later date as the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company may agree. The Offer Price will be not more than HK$0.46 per Offer Share and is expected to be not less than HK$0.40 per Offer Share.

The Joint Bookrunners (for themselves and on behalf of the Underwriters) may, with the consent of our Company, reduce the indicative Offer Price range and/or the number of Offer Shares stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. If this occurs, a notice will be available at the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.rimbaco.com.my**. If the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on or about 20 April 2020 or such later date as may be agreed by the Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters, the Share Offer will not become unconditional and will lapse immediately. In the case of such event, a notice will be published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.rimbaco.com.my.**

Prospective investors of the Offer Shares should note that the Joint Bookrunners (for themselves and on behalf of the Underwriters) is entitled to terminate the Underwriting Agreements with immediate effect by giving notice in writing to us if any of the events set forth under the section headed "Underwriting – Underwriting Arrangements and Expenses – The Public Offer – Grounds for termination" of this prospectus occurs at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Should the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) terminate the Public Offer Underwriting Agreement, the Share Offer will not proceed and will lapse. Further details of these termination provisions are set out in the section headed "Underwriting" in this prospectus. It is important that prospective investors refer to that section for further details.

The obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement are subject to termination by the Joint Bookrunners (for itself and on behalf of the Public Offer Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Please refer to the section headed "Underwriting – Underwriting Arrangements and Expenses – The Public Offer – Grounds for termination" in this prospectus.

Prior to making an investment decision, prospective investors should consider carefully all the information set out in this prospectus, including, without limitation, the risk factors set out in the section headed "Risk Factors" in this prospectus.

14 April 2020

If there is any change in the following expected timetable of the Share Offer, our Company will issue an announcement in Hong Kong to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.rimbaco.com.my**.

	Date and time *(Note 1)*
Public Offer commences and **WHITE** and **YELLOW** Application Forms available from	9:00 a.m. on Tuesday, 14 April 2020
Latest time to complete electronic applications under the **White Form eIPO** service through the designated websites **www.eipo.com.hk** *(Notes 2, 3, 4)*	11:30 a.m. on Friday, 17 April 2020
Application lists open *(Note 2)*	11:45 a.m. on Friday, 17 April 2020
Latest time for lodging **WHITE** and **YELLOW** Application Forms and giving **electronic application instructions** to HKSCC *(Note 3, 5)*	12:00 noon on Friday, 17 April 2020
Latest time for completing payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Friday, 17 April 2020
Application lists of the Public Offer close *(Note 2)*	12:00 noon on Friday, 17 April 2020
Expected Price Determination Date *(Note 6)*	Monday, 20 April 2020
Announcement of (i) the final Offer Price; (ii) the level of indications of interest in the Placing; (iii) the level of applications in the Public Offer; (iv) the basis of allotment of the Public Offer Shares; and (v) the number of Offer Shares reallocated, if any, between the Public Offer and the Placing to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.rimbaco.com.my** *(Note 7)* on	Monday, 27 April 2020

Announcement of results of allotment of the Public Offer (with successful applicants' identification document numbers, where applicable) to be available through a variety of channels as described in the section headed "How to Apply for the Public Offer Shares – 11. Publication of Results" of this prospectus from	Monday, 27 April 2020
Results of allocations in the Public Offer will be available at **www.iporesults.com.hk** (alternatively: English **www.eipo.com.hk/en/Allotment**; Chinese **www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function from	Monday, 27 April 2020
Despatch/collection of share certificates and/or refund cheques on or before *(Notes 8 to 12)*	Monday, 27 April 2020
Despatch of **White Form** e-Refund payment instructions/refund cheques in respect of wholly successful (in the event that the final Offer Price is less than initial price per Public Offer Share payable on application) and wholly or partially unsuccessful applications pursuant to the Public Offer on or before *(Note 13)*	Monday, 27 April 2020
Dealings in Shares on the Main Board to commence at	9:00 a.m. on Tuesday, 28 April 2020

Notes:

1. All times and dates refer to Hong Kong local times and dates, except as otherwise stated.

2. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. to 12:00 noon on Friday, 17 April 2020, the application lists will not open and close on that day. For further details, please refer to the section headed "How to Apply for the Public Offer Shares – 10. Effect of Bad Weather on the Opening of the Application Lists" of this prospectus.

3. You will not be permitted to submit your application through the **White Form eIPO** service through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

4. Applicants who apply for Public Offer Shares through the **White Form eIPO** service should refer to section headed "How to apply for Public Offer Shares" in this prospectus.

5. Applicants who apply for the Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for the Public Offer Shares – 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS" of this prospectus.

6. The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or before Monday, 20 April 2020 or such later date as the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company may agree. If, for any reason, the Offer Price is not agreed between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) on or before the Price Determination Date or such later date as may be agreed between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters), the Share Offer will not become unconditional and will lapse immediately. Notwithstanding that the Offer Price may be less than the maximum Offer Price of HK$0.46 per Offer Share, applicants must pay the maximum Offer Price of HK$0.46 per Offer Share at the time of application, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, but the surplus application monies will be refunded, without interest, as provided in the section headed "How to Apply for the Public Offer Shares" of this prospectus.

7. Neither the website of our Company nor any of the information contained on the website of our Company forms part of this prospectus.

8. Share certificates for the Offer Shares are expected to be issued on or before Monday, 27 April 2020 but will only become valid certificates of title at 8:00 a.m. on Tuesday, 28 April 2020 provided that (i) the Share Offer has become unconditional in all respects; and (ii) none of the Underwriting Agreements has been terminated in accordance with its terms. If the Public Offer does not become unconditional or either of the Underwriting Agreements is terminated as described in the paragraph headed "Underwriting – Underwriting arrangements and expenses – The Public Offer – Grounds for Termination" of this prospectus, we will make an announcement as soon as possible.

9. Refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Public Offer and also in respect of wholly or partially successful applications in the event that the Offer Price as finally determined is less than the price payable on application. Refund by cheque(s) will be made out to you, or if you are joint applicants, to the first-named applicant on your Application Form. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant provided by you may be printed on your refund cheque, if any. Such data may also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque, if any. Inaccurate completion of your Hong Kong identity card number/passport number may lead to a delay in encashment of, or may invalidate, your refund cheque.

10. Applicants for 1,000,000 Public Offer Shares or more on **WHITE** Application Form(s) may collect their refund cheques (where relevant) and/or share certificate(s) (where relevant) personally from our Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, 27 April 2020 or any other day as announced by us as at the date of despatch/collection of share certificates/refund cheques.

    Individuals who are eligible for personal collection must not authorise any other person(s) to make collection on their behalf. Corporate applicants which are eligible for personal collection must attend by their authorised representative(s) bearing a letter of authorisation from such corporation(s) stamped with the corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity and/or (where applicable) authorisation documents acceptable and satisfactory to our Hong Kong Branch Share Registrar.

11. Applicants for 1,000,000 Public Offer Shares or more on **YELLOW** Application Form(s) may collect their refund cheques, if any, in person but may not collect their share certificates personally, which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participants' stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

12. Uncollected share certificates and refund cheques (if any) will be despatched by ordinary post at the applicants' own risk to the address specified in the relevant Application Form. For further information, applicants should refer to the paragraph headed "How to Apply for the Public Offer Shares – 14. Despatch/Collection of share certificates and refund monies" of this prospectus.

13. e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful **White Form eIPO** application and also in respect of successful **White Form eIPO** applications in the event that the final Offer Price is less than the initial price per Public Offer Share payable on **White Form eIPO** application. Part of your Hong Kong identity card number/passport number or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of your refund cheque or may invalidate your refund cheque. Further information is set out in the section headed "How to apply for Public Offer Shares" in this prospectus.

For further details of the structure and conditions of the Share Offer, you should refer to the section headed "Structure and Conditions of the Share Offer" of this prospectus.

Share certificates for the Offer Shares will only become valid certificates of title to which they relate at 8:00 a.m. (Hong Kong time) on the Listing Date provided that (i) the Share Offer has become unconditional in all respects; and (ii) the right of termination as described in the paragraph headed "Underwriting – Underwriting Arrangements and Expenses – The Public Offer – Grounds for termination" of this prospectus has not been exercised and has lapsed. Investors who trade our Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

This prospectus is issued by our Company solely in connection with the Public Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction other than Hong Kong or in any other circumstances. No action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdiction are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdiction pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not contained nor made in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, any of their respective directors, advisers, officers, employees, agents, affiliates or representatives of any of them or any other persons or parties involved in the Share Offer. The contents of our Company's website at ***www.rimbaco.com.my*** *do not form part of this prospectus.*

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This summary aims at giving you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this summary are defined in the sections headed "Definitions" and "Glossary of Technical Terms" in this prospectus.

BUSINESS OVERVIEW

Our business model

Founded in 1985, we have been a Malaysia-based building construction contractor focusing on the provision of building construction services for (i) factories, including low-rise processing facilities and manufacturing plants; and (ii) institutional, commercial and/or residential buildings such as private hospitals, hotels, shopping malls, high-rise residential buildings and commercial/residential complex. We also undertake small-scale ancillary construction works, including but not limited to renovation works, repair works and electrical works. During the Track Record Period and up to the Latest Practicable Date, we participated in 21 building construction projects, of which 13 were factory projects and eight were institutional, commercial and/or residential projects with an aggregate original contract sum of approximately RM1,655.0 million. As at the Latest Practicable Date, we had six building construction projects in progress with an aggregate original contract sum of approximately RM979.0 million. Some of the remarkable construction projects we had completed over the years or that are on-going as of the Latest Practicable Date include the Crimson Omega Project with an original contract sum of approximately RM518.0 million, the GRB Project with an original contract sum of approximately RM249.9 million, Project A with an original contract sum of RM212.0 million and the Eco Medi Projects with an aggregate original contract sum of approximately RM110.5 million.

The following table sets out a breakdown of our Group's revenue, gross profit and gross profit margin by project types during the Track Record Period:

	FY2017				FY2018				FY2019			
	Revenue *(RM'000)*	% of total revenue *(%)*	Gross profit *(RM'000)*	Gross profit margin *(%)*	Revenue *(RM'000)*	% of total revenue *(%)*	Gross profit *(RM'000)*	Gross profit margin *(%)*	Revenue *(RM'000)*	% of total revenue *(%)*	Gross profit *(RM'000)*	Gross profit margin *(%)*
Factory projects[1]	318,593	91.7	47,924	15.0	65,096	41.5	15,427	23.7	101,192	38.6	15,906	15.7
Institutional, commercial and/or residential projects[2]	26,968	7.8	(7,705)	(28.6)	86,619	55.2	8,011	9.2	158,771	60.5	14,781	9.3
Others[3]	1,743	0.5	1,222	70.1	5,131	3.3	2,853	55.6	2,511	0.9	1,761	70.1
Total:	347,304	100.0	41,441	11.9	156,846	100.0	26,291	16.8	262,474	100.0	32,448	12.4

Notes:

(1) Factory projects refer to projects that provide building works for factories including low-rise processing facilities and manufacturing plants, each with a contract sum (after taking into account of adjustment(s) and variation order(s)) of RM1.5 million or more.

(2) Institutional, commercial and/or residential projects refer to projects that provide building works for institutional, commercial and/or residential buildings, such as private hospitals, hotels, shopping malls, high-rise residential buildings and commercial/residential complex, each with a contract sum (after taking into account of adjustment(s) and variation order(s)) of RM1.5 million or more.

(3) Others refer to small-scale ancillary construction works, including but not limited to renovation works, repair works and electrical works, each with a contract sum (after taking into account of adjustment(s) and variation order(s)) of not more than RM1.5 million.

We are mainly engaged as a main contractor for our building construction services. During the Track Record Period and up to the Latest Practicable Date, out of the 21 building construction projects we participated, 14 were awarded by project owners directly and seven were awarded by the project owners' main contractors. The following table sets out a breakdown of our Group's revenue by our role as a main contractor or a subcontractor during the Track Record Period:

	FY2017			FY2018			FY2019		
	No. of projects	Revenue *(RM'000)*	% of total revenue *(%)*	No. of projects	Revenue *(RM'000)*	% of total revenue *(%)*	No. of projects	Revenue *(RM'000)*	% of total revenue *(%)*
Factory projects:									
Main contractor	4	255,086	73.4	5	52,609	33.5	4	101,192	38.6
Subcontractor	2	63,507	18.3	3	12,487	8.0	–	–	–
Institutional, commercial and/or residential projects:									
Main contractor	2	11,221	3.2	3	56,783	36.2	4	111,550	42.5
Subcontractor	2	15,747	4.6	3	29,836	19.0	2	47,221	18.0
Others	–	1,743	0.5	–	5,131	3.3	–	2,511	0.9
Total	10	347,304	100.0	14	156,846	100.0	10	262,474	100.0

On-going and completed projects during the Track Record Period and up to the Latest Practicable Date

During the Track Record Period and up to the Latest Practicable Date, we completed a total of 15 building construction projects. As at the Latest Practicable Date, we had six on-going building construction projects.

The table below sets out details of the movements of the number of on-going building construction projects and completed building construction projects of our Group during the Track Record Period:

	FY2017		FY2018		FY2019		After the TRP and up to the Latest Practicable Date	
	Number of Projects	Contract Sum(3) *(RM'000)*	Number of Projects	Contract Sum(3) *(RM'000)*	Number of Projects	Contract Sum(3) *(RM'000)*	Number of Projects	Contract Sum(3) *(RM'000)*
Opening on-going building construction projects(1)	6	488,395	5	91,030	7	1,097,183	7	1,046,793
Add: New building construction projects awarded	4	65,370	8	1,079,288(4)	2	7,430	1	14,600
Add: Amount of adjustment/ variation orders	–	5,460	–	7,628	–	6,728	–	3,231
Deduct: Building construction projects completed(2)	5	468,195	6	80,763	2	64,548	2	83,919
Closing on-going building construction projects	5	91,030	7	1,097,183	7	1,046,793	6	980,705

Notes:

(1) A building construction project awarded to us for which we have commenced work but have recognised only part of the revenue for accounting purpose as at a point in time, or a project that has confirmed engagement but not yet commenced work, is categorised as an on-going project.

(2) A building construction project is completed when a CPC is issued, a letter acknowledging the handover of work site is obtained from our customer or final payment is made by customers. Please refer to the paragraph headed "Business – Our Operations – 5. Practical completion" in this prospectus for further details.

(3) The contract sum does not take into account any (i) variation orders issued by our customers after the Latest Practicable Date and (ii) provision sums being sums of work which may or may not be carried out but was included in the scope of works stipulated in the original contracts.

(4) The contract sum of new building construction projects awarded in FY2018 was mainly attributable to the Crimson Omega Project (i.e. RM518.0 million) and the project engaged by Island Hospital Sdn Bhd (i.e. RM322.4 million) for the construction of a hospital.

Projects in backlog

The aggregate value of backlog of our building construction projects (each with a contract sum (after taking into account of adjustment(s) and variation order(s)) of RM1.5 million or more) represents the estimated total contract sum of our works that remains to be completed as at a certain date. The following table sets forth the movement of backlog of our building construction projects during the Track Record Period and up to the Latest Practicable Date:

	FY2017		FY2018		FY2019		After the TRP and up to the Latest Practicable Date	
	Contract sum *(RM'000)*	Number of contracts attributed	Contract sum *(RM'000)*	Number of contracts attributed	Contract sum *(RM'000)*	Number of contracts attributed	Contract sum *(RM'000)*	Number of contracts attributed
Opening backlog as at each of the beginning of financial year/period	330,771	6	56,041	5	991,112	7	745,306	7
Add: Aggregate contract sum of new projects commenced/ additional variation orders of existing projects[(1)]	70,830	4	1,086,786	8	14,157	2	17,831	1
Deduct: Aggregate revenue recognised	345,560		151,715		259,963		99,327	
Closing backlog as at each of the end of financial year/period	56,041	5	991,112	7	745,306	7	663,810	6
Number of building construction projects completed		5		6		2		2

Note:

(1) Aggregate contract sum of new projects commenced/additional variation orders of existing projects represents the contract sum of new projects and any variation orders issued by our customers during the contract period.

As we have allocated significant resources for the sizable institutional, commercial and/or residential project, i.e. the Crimson Omega Project that was commenced in FY2018, the tenders made by our Group in FY2019 were of less competitive terms. Accordingly, the number of new projects commenced in FY2019 decreased.

Our customers

Our customers mainly include leading local and multinational factory owners and property developers. Some of our customers (or whose holding companies) are listed on the Stock Exchange of Singapore, the Tokyo Stock Exchange or the New York Stock Exchange.

In FY2017, FY2018 and FY2019, the percentage of our total revenue attributable to our largest customer amounted to approximately 59.3%, 36.1% and 31.6% respectively, while the percentage of our total revenue attributable to our five largest customers in aggregate amounted to approximately 95.1%, 81.1% and 86.1% respectively.

For details of our customers, please refer to the paragraph headed "Business – Customers" in this prospectus.

Our suppliers

As at the Latest Practicable Date, we had over 530 internally approved suppliers who provide (i) construction materials; (ii) machinery and equipment rental service; and (iii) miscellaneous construction-related services such as transportation of construction waste to our Group.

For FY2017, FY2018 and FY2019, our five largest suppliers in aggregate accounted for approximately 6.3%, 28.8% and 19.6% of our total cost of services, respectively, while our purchases from our largest supplier accounted for approximately 1.5%, 17.4% and 14.6% of our total cost of services in respective year.

For details of our suppliers, please refer to the paragraph headed "Business – Suppliers" in this prospectus.

Our subcontractors

We generally secure our building construction projects through the submission of tenders or quotations which are non-recurrent in nature. Upon being awarded with a building construction project by our customers, we generally divide the entire construction works to be performed into different categories depending on the nature of the construction works involved and the level of expertise required. We will then engage suitable subcontractors whenever necessary to perform each part of the construction works. We generally engage our subcontractors on a project-by-project basis and we do not enter into any long-term contract with our subcontractors which cover the contract period for the relevant project. We would delegate most of the construction works to our subcontractors in particular those that are labour intensive or works which require specific skills, such as piling, excavation, waterproofing, electrical and structural steel works. In order to ensure the quality of the materials to be used meets our customer's expectations and conforms with contractual requirements, and with reference to the industry norm, our Group would provide materials to our subcontractors for certain types of work tasks.

For details of our subcontractors, please refer to the paragraph headed "Business – Subcontractors" in this prospectus.

Our sales and marketing and pricing strategy

We do not rely heavily on marketing and promotional activities. During the Track Record Period, we secured new businesses mainly through tender or quotation requests by project owners or main contractors. Our Directors consider that due to our proven track record and our well-established relationship with our existing customers, we are able to leverage our existing customer base, reputation and our years of experience in building construction projects.

We generally set our tender or quotation price on a project-by-project basis based on the estimated costs to be incurred plus a mark-up percentage. We estimate our cost of undertaking a project with reference to a number of factors including (i) the estimated number, types and costs of manpower, materials and machines required; (ii) the difficulties of the works involved; (iii) the expected completion time; (iv) historical fees we received for similar projects; and (v) the prevailing market conditions. Supporting quotations from our suppliers and subcontractors will also be obtained for forming our cost estimations.

For detail of our sales and marketing and pricing strategy, please refer to the paragraph headed "Business – Sales and Marketing" and "Business – Our services and operations – Our operations – 2. Tender/quotation assessment and submission – (b) Pricing strategy" in this prospectus.

Our licences and qualification

We are registered with CIDB and have obtained the PPK Grade 7 qualification for Category B (building construction), Category CE (civil engineering construction) and Category ME (mechanical and electrical). Grade G7 is the highest grade registrable under CIDB and allows us to undertake building construction and infrastructure works of unlimited tender/contract sum. Further, we have obtained the SPKK from CIDB in June 2019 and are eligible to participate in government projects. We have also been awarded with a number of certifications including the ISO 9001 certification for our quality management system and the OHSAS 18001 certification for our occupational health and safety management system. For details of our licences and qualification, please refer to the paragraph headed "Business – Licences and Permits" in this prospectus.

OUR COMPETITIVE STRENGTHS

According to the Industry Report, the building construction industry in Malaysia is highly fragmented and competitive, whereby the five largest main contractors in Malaysia in aggregate accounted for less than 8% of the total revenue of the building construction services in Malaysia in 2018. The value of construction work done in Malaysia rose from RM102.5 billion in 2014 to RM145.5 billion in 2018 at a CAGR of 9.1%. The value of construction work done is expected to increase from RM150.7 billion in 2019 to RM185.8 billion in 2023, at a CAGR of 5.4%. Our Directors believe that our competitive strengths as set out below are able to capture the opportunities in the growing market and to distinguish us from our competitors.

We believe the competitive strengths which contributed to our historical success and future potential growth include: (i) long operational history, good reputation and strong customer base in the building construction industry; (ii) established stable business relationships with our subcontractors and suppliers; (iii) ability to take on different types of building construction projects with large contract sums; (iv) experienced and professional management teams; and (v) commitment to safety, quality and environment through well-established management system and stringent quality control. For details of our competitive strengths, please refer to the paragraph headed "Business – Our competitive strengths" in this prospectus.

OUR BUSINESS STRATEGIES

Our principal business objectives are to enhance our reputation as an established building construction contractor in West Malaysia and to create long-term Shareholder's value. We intend to achieve our business objectives by pursuing the following key business strategies: (i) strengthen our presence in the building construction industry in West Malaysia; (ii) strengthen our liquidity position for paying Start-up Costs and performance bonds in order to obtain remarkable projects with concurrent durations; (iii) directly participate in government projects; (iv) lower our construction costs in the long run and enhance operational advantages by acquiring more machinery and equipment and establishing our own warehouse for storage of machinery and equipment; and (v) further strengthening our manpower to cope with future business opportunities. For details of our business strategies, please refer to the paragraph headed "Business – Our Business Strategies" in this prospectus.

OUR PRINCIPAL RISK FACTORS

There are certain risks involved in our operations which are beyond our control. The principal risks which our Directors consider to be material include: (i) our business is project-based, and our profit margin may fluctuate; (ii) our five largest customers accounted for approximately 95.1%, 81.1% and 86.1% of our Group's total revenue for the Track Record Period. Failure to retain our business relationships with them or secure new business may affect our Group's operations and financial performance; (iii) a major part of our revenue and profits is from a sizeable project, the Crimson Omega Project, for FY2018 and FY2019. Any delay or change of plans in sizeable projects may have negative impacts on our Group's financial performance; (iv) we recorded net cash outflow from operating activities for FY2018; (v) our customers pay us by way of progress payments and require retention monies and performance bonds, these in turn require us to maintain a sufficient amount of working capital and cash flow, and exposed us to our customers' credit risks. Any delay in progress payments or release of retention monies or performance bonds may affect our working capital and liquidity position; (vi) we rely on our subcontractors to complete a substantial part of works of our building construction projects and any unsatisfactory performance by our subcontractors, fluctuation in subcontracting costs and unavailability of subcontractors may adversely affect our operation and profitability; and (vii) fluctuation in the price of materials can materially affect our financial performance and our business.

For details of the various risks and uncertainties we face, please refer to the section headed "Risk Factors" in this prospectus.

KEY OPERATIONAL AND FINANCIAL DATA

The following table sets forth our key operational and financial data during the Track Record Period:

Highlights of consolidated statements of profit or loss and other comprehensive income

	FY2017 *RM'000*	**FY2018** *RM'000*	**FY2019** *RM'000*
Revenue	347,304	156,846	262,474
Cost of services	(305,863)	(130,555)	(230,026)
Gross profit	41,441	26,291	32,448
Profit before tax	37,976	23,003	18,745
Income tax expense	(7,883)	(5,593)	(6,528)
Profit and total comprehensive income for the year	30,093	17,410	12,217
Non-IFRS measure *(Note)***:**			
Profit and other comprehensive income for the year	30,093	17,410	12,217
Add: Listing expenses	–	–	8,662
Less: Profit (Loss) and total comprehensive income (expense) attributable to non-controlling interests	(39)	–*	–
Adjusted profit and other comprehensive income for the year attributable to owners of our Company (by adding back the listing expenses, and deducting profit attributable to non- controlling interests)	30,132	17,410	20,879

* Less than RM1,000

Note: We recognised some non-recurring items in the Track Record Period. To supplement our consolidated financial statements which are presented in accordance with International Financial Reporting Standards ("**IFRS**"), we also presented the adjusted profit and other comprehensive income for the year attributable to owners of our Company as non-IFRS measure. These were used by our management to evaluate our financial performance by eliminating the impact of non-recurring items such as listing expenses which is considered not indicative for evaluation of the actual performance of our business. We believe that the non-IFRS measure provides useful information in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing financial performance across financial years.

Highlights of consolidated statements of financial position

	As at 31 October 2017 *RM'000*	**As at 31 October 2018** *RM'000*	**As at 31 October 2019** *RM'000*
Current assets	137,421	140,007	206,403
Current liabilities	75,014	71,930	132,415
Net current assets	62,407	68,077	73,988
Net assets	79,547	84,969	94,673

Highlights of consolidated statements of cash flows

	FY2017 *RM'000*	FY2018 *RM'000*	FY2019 *RM'000*
Operating cash flows before movements in working capital	45,410	23,506	23,374
Change in working capital	16,934	(52,938)	(620)
Income tax paid	(3,538)	(10,608)	(3,959)
Net cash from (used in) operating activities	58,806	(40,040)	18,795
Net cash (used in) from investing activities	(6,534)	7,492	2,065
Net cash used in financing activities	(12,903)	(9,772)	(13,094)
Net increase (decrease) in cash and cash equivalents	39,369	(42,320)	7,766
Cash and cash equivalents at beginning of the year	9,485	48,854	6,534
Cash and cash equivalents at the end of the year	48,854	6,534	14,300

Summary of financial ratios

The following table sets out our key financial ratios during the Track Record Period:

	FY2017 or as at 31 October 2017	FY2018 or as at 31 October 2018	FY2019 or as at 31 October 2019
Profitability:			
Gross profit margin	11.9%	16.8%	12.4%
Net profit margin	8.7%	11.1%	4.6%
Return on equity	37.8%	20.5%	12.9%
Return on total assets	19.2%	10.6%	5.3%
Liquidity and solvency:			
Current ratio	1.8 times	1.9 times	1.6 times
Gearing ratio	2.2%	10.1%	7.8%
Net debt to equity ratio	N/A	2.5%	N/A
Interest coverage	377.0 times	390.9 times	19.0 times

Analysis on selected key operation and financial data

Revenue

Our revenue decreased from approximately RM347.3 million for FY2017 to approximately RM156.8 million for FY2018, which was mainly due to the commencement of work of two new sizeable institutional, commercial and/or residential projects in mid or late FY2018 and the completion of the two sizeable factory projects in FY2017. Our revenue increased from approximately RM156.8 million for FY2018 to approximately RM262.5 million for FY2019, which was mainly due to increase in revenue from three sizeable institutional, commercial and/or residential projects during the year.

Gross profit and gross profit margin

In general, our factory projects had higher profit margin than our institutional, commercial and/or residential projects during the Track Record Period. Our gross profit decreased from approximately RM41.4 million for FY2017 to approximately RM26.3 million for FY2018, which was mainly due to the combined effect of completion of two sizeable factory projects in FY2017 and commencement of work of two new sizeable institutional, commercial and/or residential projects in mid or late FY2018. Our gross profit margin increased from approximately 11.9% for FY2017 to approximately 16.8% for FY2018, which was mainly due to the completion of several factory projects with lower Start-up Costs in FY2018 and the improvement from gross loss for FY2017 to gross profit for FY2018 for institutional, commercial and/or residential projects. Our gross profit increased from approximately RM26.3 million for FY2018 to approximately RM32.4 million for FY2019, which was mainly due to commencement of work of three sizeable institutional, commercial and/or residential projects during FY2018, which contributed lower amount or no revenue and gross profit in FY2018 as compared with in FY2019. Our gross profit margin decreased from approximately 16.8% for FY2018 to approximately 12.4% for FY2019, which was mainly due to completion of several factory projects with lower Start-up Costs before FY2019 and the majority of revenue was contributed by institutional, commercial and/or residential projects, which had lower profit margin than factory projects.

Net profit and net profit margin

Our net profit decreased from approximately RM30.1 million for FY2017 to approximately RM17.4 million for FY2018, which was mainly due to the combined effect of completion of two sizeable factory projects in FY2017 and commencement of work of two new sizeable institutional, commercial and/or residential projects in mid or late FY2018. Our net profit margin increased from approximately 8.7% for FY2017 to approximately 11.1% for FY2018, which was mainly due to the completion of several factory projects with lower Start-up Costs in FY2018 and the improvement from gross loss for FY2017 to gross profit for FY2018 for institutional, commercial and/or residential projects. Our net profit decreased from approximately RM17.4 million for FY2018 to approximately RM12.2 million for FY2019 despite the increase in gross profit from approximately RM26.3 million for FY2018 to approximately RM32.4 million for FY2019. The decrease in our net profit was mainly due to the increase of gross profit offset by the non-recurring listing expenses incurred in FY2019. Our net profit margin decreased from approximately 11.1% for FY2018 to approximately 4.6% for FY2019, which was mainly due to the decrease in gross profit margin as disclosed above and the non-recurring listing expenses.

Net cash from (used in) operating activities

During the Track Record Period, our cash inflow from operating activities was principally generated from our building construction services. Our cash outflow used in operating activities mainly includes cost of services and administrative expenses.

For FY2018, our Group had net cash used in operating activities of approximately RM40.0 million, mainly as a result of the profit before tax of approximately RM23.0 million, primarily adjusted for increase in trade, bills and other payables of approximately RM6.7 million, and offset by (i) increase in trade and other receivables of approximately RM29.8 million; (ii) increase in contract assets of approximately RM28.5 million; (iii) income tax paid of approximately RM10.6 million. Both the increases in trade and other receivables and contract assets were mainly due to a sizeable project in progress in FY2018 having a relatively longer credit period settled the receivables in a longer time.

As our business is project-based, the number, type and scale of projects we engaged in may vary significantly from period to period. Our revenue may be contributed by different building construction projects from time to time depending on their progresses and we record different levels of profit margin for such building construction projects. Our cash flow mainly depends on the amount of revenue, profit margin, and the amount and timing of collection of our trade receivables and contract assets during the financial period. Our revenue, profit margin and cash flow also depend on other factors which are beyond our control, such as project duration, the efficiency of implementation of contract works, variation orders, our ability to control the project cost and progress as expected and the general market conditions.

We have adopted certain policies to improve our operating cash flow, which include (i) preparation of cash flow plans for each project on a monthly basis; (ii) liaising with our customer and overseeing the latest certified progress for our customers; (iii) reviewing the cash flow plans for all of our projects to identify and address any potential shortfall in short-term cash flow; (iv) analysing the cash flow plan with the actual cash flow to investigate the reasons of variances, and considering the cash flow position of our Group before submitting any tender; (v) following up with our customers for payment; and (vi) utilising our banking facilities, if any, to cover any potential shortfall in our cash flow position.

For details of our operational and financial data during the Track Record Period, please refer to the section headed "Financial Information" in this prospectus.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau will be interested in 75% of our Company's issued shares through owning 100% of the issued shares of their common investment holding vehicle RBC Venture. Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau are therefore entitled to, through RBC Venture, control the exercise of a total of 75% of the voting power at the general meetings of our Company. Therefore, Mr. Low, Ms. Seah, Mr. Cheang, Mr. Lau and RBC Venture will form and remain as a group of controlling shareholders of our Company within the meaning of the Listing Rules upon Listing. Save as the relationship with Rimbaco Holdings and Aspen Avenue, our Controlling Shareholders have confirmed that none of them and their respective close associates is interested in any business which competes or is likely to compete, directly or directly, with the business of our Group. For further details, please refer to the section headed "Relationship with the Controlling Shareholders" in this prospectus. Our Directors are satisfied that our Group is capable of carrying on its business independently of the Controlling Shareholders and their respective close associates after the Listing.

STATISTICS OF THE SHARE OFFER

The Share Offer comprises the Public Offer of initially 31,500,000 Shares offered in Hong Kong (subject to reallocation), and the Placing of initially 283,500,000 Shares (subject to reallocation).

	Based on the Offer Price of HK$0.40 per Offer Share	**Based on the Offer Price of HK$0.46 per Offer Share**
Market Capitalisation *(Note 1)*	HK$504.0 million	HK$579.6 million
Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of the Company as at 31 October 2019 per Share *(Note 2)*	HK$0.21	HK$0.23

Notes:

1. The calculation of the market capitalisation of the Shares is based on 1,260,000,000 Shares in issue and to be issued immediately after completion of the Share Offer and does not take into account of any Shares which may be allocated and issued upon the exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued pursuant to the general mandates granted to our Directors to issue or repurchase Shares or otherwise as mentioned in this prospectus.

2. For the calculation of the unaudited pro forma adjusted consolidated net tangible asset value per Share attributable to the Shareholders, please refer to the paragraph headed "Unaudited Pro Forma Financial Information – A. Unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company" in Appendix II to this prospectus.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission and other fees and expenses incurred in connection with the Share Offer and the Listing. Assuming an Offer Price of HK$0.43 per Offer Share (being the mid-point of the indicative Offer Price range), our total listing expenses is estimated to be approximately HK$54.0 million (equivalent to approximately RM28.4 million and representing approximately 39.9% of the gross proceeds from the Share Offer), of which (i) approximately HK$28.5 million (equivalent to approximately RM15.0 million) is directly attributable to the issue of Offer Shares which is to be accounted for as a deduction from equity; (ii) approximately HK$16.5 million (equivalent to approximately RM8.7 million) have been charged to profit or loss of our Group for FY2019; and (iii) approximately HK$9.0 million (equivalent to approximately RM4.7 million) will be further charged to profit or loss of our Group subsequent to the Track Record Period upon the Listing of our Company. The listing expenses above are the latest practicable estimate and are for reference only, and the actual amount may differ from this estimate.

FUTURE PLANS AND USE OF PROCEEDS

Our Directors believe that the listing of our Shares on the Stock Exchange will facilitate the implementation of our strategies and will further strengthen our market position and market share in the building construction industry in West Malaysia. We estimate the net proceeds from the Share Offer which we will receive, based on the mid-point of the indicative Offer Price range of HK$0.43

per Offer Share, will be approximately RM42.9 million or HK$81.5 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Share Offer. We intend to apply the net proceeds of the Share Offer for the following purposes: (i) approximately RM16.9 million or HK$32.1 million (or approximately 39.4% of our total estimated net proceeds) will be used for strengthening our capital base for potential building construction projects (out of which (a) approximately RM13.9 million will be allocated for payment of Start-up Costs for building construction projects that we submitted tenders; (b) approximately RM1.3 million will be allocated for satisfying performance bond requirements for building construction projects that we submitted tenders; and (c) the remaining balance of approximately RM1.7 million will be used for funding for future building construction projects); (ii) approximately RM13.4 million or HK$25.5 million (or approximately 31.2% of our total estimated net proceeds) will be used for acquisition of additional machinery and equipment; (iii) approximately RM2.8 million or HK$5.3 million (or approximately 6.5% of our total estimated net proceeds) will be used for acquisition of a parcel of land and construct a warehouse for storage of machinery and equipment; (iv) approximately RM2.6 million or HK$4.9 million (or approximately 6.1% of our total estimated net proceeds) will be used as collateral for bank facilities and funding for the sinking fund in the principal bank of the Company; (v) approximately RM2.3 million or HK$4.4 million (or approximately 5.3% of our total estimated net proceeds) will be used for expansion of our workforce; (vi) approximately RM0.8 million or HK$1.5 million (or approximately 1.9% of our total estimated net proceeds) will be used for setting up a branch office in Kuala Lumpur; and (vii) approximately RM4.1 million or HK$7.8 million (or approximately 9.6% of our total estimated net proceeds) will be used for additional working capital and other general corporate purposes.

For details of our future plans and use of proceeds, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

LITIGATION AND NON-COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, there was one fatal workplace accident. The accident took place in June 2019 and the deceased was a subcontracting worker of our subcontractor. As at the Latest Practicable Date, our Group has received a summons from the Butterworth Sessions Court, Malaysia and we were required to attend court on 30 March 2020 for the prosecution to reply to our letter of representation and to fix a date for trial. Due to the COVID-19 outbreak and the Control Order, the court date has been postponed until further notice. In the event if there is a civil claim, notwithstanding the damages claimable for the reasonable expenses and bereavement, our Malaysian Legal Advisers estimated that the loss of earnings may be approximately RM120,000 based on the information provided by our Group. Save as disclosed in the paragraph headed "Business – Workplace Safety – Fatal Accidents" in this prospectus, during the Track Record Period and up to the Latest Practicable Date, we were not involved in any actual, pending or threatened arbitration, litigation or administrative proceedings of material importance, which had or could have had a material adverse impact on our business, results of operation or financial condition.

In addition, during the Track Record Period and up to the Latest Practicable Date, we had certain non-compliance incidents in relation to our warehouse. For further details, please refer to the paragraph headed "Business – Legal Compliance" in this prospectus.

DIVIDEND

Our Company has not declared or paid any dividends during the Track Record Period and up to the Latest Practicable Date. Subsidiaries of our Company declared and paid an interim dividend of an aggregate amount of RM12.2 million for FY2017, RM12.0 million for FY2018 and RM2.2 million for FY2019 respectively. For further details regarding the said interim dividends, please refer to note 13 to the Accountants' Report set out in Appendix I to this prospectus.

RECENT DEVELOPMENT

As at the Latest Practicable Date, we are still pending for the results of five tenders submitted with an aggregate estimated contract sum of approximately RM623.1 million.

As at the Latest Practicable Date, we had a total of six building construction projects on hand (building construction projects that have commenced but not completed) with an aggregate original contract sum of approximately RM979.0 million and an aggregate adjustment/variation order of approximately RM1.7 million, of which approximately RM317.0 million had been recognised as revenue as at the Latest Practicable Date. To the best estimate of our Directors, the remaining unrecognised revenue of approximately RM255.2 million, RM382.5 million and RM26.0 million are expected to be recognised as revenue in the financial years ending 31 October 2020, 2021 and 2022 respectively.

Material adverse change

Our Directors confirm that, save for the expenses in connection with the Listing, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects subsequent to 31 October 2019, and there had been no events subsequent to 31 October 2019 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report set out in Appendix I to this prospectus.

Based on the unaudited combined management account of our Group, for the three months ended 31 January 2020 ("**3M2020**"), we recorded an increase in our overall revenue of approximately 34.3% as compared to the corresponding period of FY2019. To the best knowledge and information of our Directors, the increase in revenue was mainly due to (i) completion of a sizeable factory project during 3M2020; and (ii) the increase in revenue recognised from two sizeable institutional, commercial and/or residential projects during 3M2020. Meanwhile, cost of services of our Group for 3M2020 increased by approximately 10.6% as compared to the corresponding period of FY2019. To the best knowledge and information of our Directors, the increase in cost of services was mainly due to the combined effect of (i) the increase in costs incurred for the two sizeable institutional, commercial and/or residential projects during 3M2020; and (ii) the reversal of liquidated and ascertained damages previously recognised as cost of services in FY2017 during 3M2020. Accordingly, we recorded an increase in gross profit of approximately 232.7% for 3M2020 as compared to the corresponding period of FY2019. To the best knowledge and information of our Directors, the increase in gross profit was mainly due to the aforesaid increase in revenue and reversal of liquidated and ascertained damages during 3M2020. Overall, comparing to a loss in the corresponding period of FY2019, our Group was able to recognise a profit for 3M2020. To the best knowledge and information of our Directors, the improvement was mainly due to the increase in gross profit and the decrease in listing expenses.

OUTBREAK OF NOVEL CORONAVIRUS (COVID-19)

Since the first case of COVID-19 has been confirmed in Malaysia, our Directors have closely monitored the development of the outbreak of COVID-19 and communicated with our customers, suppliers and subcontractors proactively and regularly on whether there would be (i) any significant impact on the status or progress of our on-going building construction projects; and (ii) any supply shortages on our materials and subcontractors. On 16 March 2020, the Malaysian government announced the Control Order issued under the Prevention and Control of Infectious Diseases Act 1988 which took effect from 18 March 2020 to 31 March 2020 to combat the rise of COVID-19 cases in the country. Furthermore, on 25 March 2020, the Malaysian government has announced that the Control Order has been extended for another two weeks until 14 April 2020.

With effect of the Control Order, our construction works have been suspended and our administrative staff have been working from home. Although our building construction works are being halted during the suspension period, our Directors consider that such suspension would not cause material business operational disruption because the suspension period is temporary and our costs to be incurred during the suspension period would not be significant due to the fact that our Group has outsourced most of the labour-intensive building construction works to our subcontractors, and has maintained a limited number of staff only. We would not incur subcontracting fee during the suspension period as no works would be rendered by our subcontractors. Our costs would mainly comprise staff costs and other fixed costs, which our Directors believe would not have any material impact on our business operation and financial performance. As at the Latest Practicable Date, our Directors confirmed that none of our building construction projects had been subject to significant delay since the outbreak of COVID-19. Pursuant to our communication with our customers, suppliers and subcontractors, our Directors are not aware of (a) any intention of our customers to delay or suspend our existing building construction projects; (b) any material difficulty of our suppliers in delivering materials which have been ordered by us within the agreed schedule; (c) any labour shortage or suspension of works on the part of our Group or our subcontractors; or (d) any delay or suspend of the schedule of the potential building construction projects that we have submitted our tenders, despite the outbreak of COVID-19 and the implementation of the Control Order in Malaysia. In light of the above, as at the Latest Practicable Date, our Group had not experienced any termination of projects. Furthermore, as confirmed by our Directors, our Group would generally leave room for buffer time of one to two months in devising our project timetable when negotiating with our customers, to accommodate for any unexpected delay or disruption of our work progress for reasons beyond our control. As at the Latest Practicable Date, none of our existing projects or their estimated completion dates were affected by any material disruption of progress of other parties at the project sites as a result of the COVID-19. Hence, the buffer time in the relevant project timetables had not been fully utilised as at the Latest Practicable Date.

In devising the duration of the buffer time for our existing projects, we had not taken into account the outbreak of COVID-19 at the time. Hence, if the outbreak of COVID-19 persists for a substantial period or there are personnel working at the construction site(s) who are infected with COVID-19 or being held under quarantine for medical inspection, the construction site(s) may have to be suspended accordingly, and then the original buffer time may not be able to absorb the delay or disruption to the construction site(s). However, our Group will be able to apply for extension of time for completing our building construction projects in the event of any delay as such delay will not be due to the fault of either party but due to our compliance with laws and/or orders from the Malaysian government pursuant to the respective contractual terms. As most of our major on-going projects use the 2006 form of contract for building works published by the Malaysian Institute of Architects (the "**PAM Contract 2006**"), our Group will also be able to rely on the notice issued by the Malaysian Institute of Architects dated 18 March 2020 which stated that in view of the Control Order, the PAM Contract 2006 provides for contractors to apply for extension of time under Clause 23.8(a) – "Force Majeure" in which "Force Majeure" is defined as "any circumstances beyond the control of the contractor caused by terrorist acts, governmental or regulatory action, epidemics or natural disasters". Further, the Director General of the World Health Organization had in his opening remarks at the media briefing on COVID-19 on 11 March 2020 stated that "COVID-19 could be characterised as a pandemic". As such, by relying on the above, our Directors are confident that we will be able to obtain such extension of time for our building construction projects.

Further, our Directors consider that the disruption caused by and the impact of the COVID-19 outbreak will not be long-lasting. Therefore, it is expected that the overall impact caused by the outbreak of COVID-19 on our business, results of operations and/or financial performance will be minimal, and that our Group will be able to discharge our obligations under all existing building construction projects. Our Directors considered that the outbreak of COVID-19 poses a low risk to the intended application of net proceeds from the Share Offer. As such, our Group will apply the net proceeds from the Share Offer as intended despite the outbreak of COVID-19. Also, our Directors considered that there were no quantified amounts on potential losses as at the Latest Practicable Date. Despite the recent development of COVID-19 in Malaysia, our Directors remain positive that the Malaysia economy will recover after the outbreak recedes. Our Directors consider that the outbreak of COVID-19 is expected to cause a economic slowdown to a certain extent but it will not affect the building construction works market in Malaysia in the long run. In light of the above, our Directors are of the view that the outbreak of COVID-19 will only have a short-term effect without material adverse impact on our business operation and financial performance or prospect in the long run. Notwithstanding that, our Directors will continue to monitor the progress of both our on-going projects along with the development of these events in case any of the said potential adverse impacts materialises, which may negatively affect the financial performance and business operation of our Group.

After taking into account the outbreak of COVID-19 and the implementation of the Control Order in Malaysia, we estimate our existing cash and cash equivalents as at Latest Practicable Date could satisfy our necessary costs for over 12 months. Our key assumptions of the worst case scenario where our business is forced to be suspended for a prolonged period, say till 31 October 2020 or longer due to an extension of the Control Order, due to the impact of COVID-19 include: (i) we will not generate any income due to the suspension of business; (ii) we will not have to pay subcontracting fee to our subcontractors according to the subcontracting agreements due to suspension of works; (iii) we will not rent machinery unless necessary and accordingly no machinery rental costs will be incurred; (iv) other rental related payments including rentals of office and other miscellaneous charges are paid monthly; (v) minimal operating and administrative expenses will be incurred to maintain our operations at a minimum level (including basic head office maintenance cost and utilities expenses); (vi) as the Central Bank of Malaysia has provided that all banking institutions will facilitate requests by corporation to defer or restructure their loan/financing repayments, we may request our bank(s) to defer payment of our bank loans for the six months period from 1 April 2020 to 30 September 2020; (vii) the expansion plan is delayed under such condition; (viii) there will be no further internal or external financing from Shareholders or financial institutions; and (ix) no further dividend will be declared and paid under such situation. Based on the above assumptions, to the best estimate of our Directors, the fixed cash outflow in such situation would be approximately RM774,000 per month for the six months period from 1 April 2020 to 30 September 2020 (consisting of staff cost of approximately RM599,000, directors' remuneration of approximately RM75,000 and utilities and other expenses of approximately RM100,000), and approximately RM1,053,000 per month after including loan repayment (which include principal and interest) of approximately RM279,000 per month from 1 October 2020 onwards in the worst case scenario. Based on the cash and cash equivalent of approximately RM21.6 million as at the Latest Practicable Date, our Directors believe that our Group's cash and cash equivalent will be able to support the monthly cash demand for approximately 22.1 months.

The abovementioned extreme situation may or may not occur. The abovementioned analysis is for illustrative purpose only and our Directors currently assessed that the likelihood of such situation is remote. The actual impact caused by the outbreak of COVID-19 will depend on its subsequent development; therefore there is a possibility that such impact to our Group may be out of our Directors' control and beyond our estimation and assessment. If the outbreak of COVID-19 in Malaysia continues and deteriorate, negative impact may be caused to our business, results of operation, financial performance and future prospects.

Once our construction site works is resumed, our Directors shall implement additional hygiene and precautionary measures, contingency plans and employees' guidelines in order to maintain the progress of our on-going building construction projects and to safeguard the safety and health condition of our employees, including identification of and discussions with various suitable alternative subcontractors and suppliers which meet our demands and requirements to ensure the stability and consistency of our building construction projects, sourcing of additional quantities of materials needed for our operations to reduce any disruptions that may cause, and implementation of the flexible rotation arrangements for our staff across the West Malaysia with an aim to control and minimise possible community transmission of COVID-19 to ensure a stable workforce available.

The enhanced hygiene and precautionary measures across the work sites of our building construction projects which we shall adopt include (i) monitoring the medical symptoms of our site workers and visitors by measuring their body temperatures; (ii) requiring our site workers and visitors to wear suitable protective gear such as gloves and face masks; and (iii) promoting personal hygiene among our employees as well as visitors.

Further, our Group confirms that, should there be a complete or partial suspension of our business operation, our Group will have sufficient working capital for at least the next 12 months.

In this prospectus, unless the context otherwise requires, the following expressions shall have the meanings set out below. Certain other terms are defined in the section headed "Glossary" in this prospectus.

"Accountants' Report"	the accountants' report of our Group prepared by our Reporting Accountants as set out in Appendix I to this prospectus
"AMC Wanhai Securities"	AMC Wanhai Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
"Application Form(s)"	**WHITE** application form(s) and **YELLOW** application form(s) and **GREEN** application form(s) or, where the context so requires, any of them
"Articles of Association" or "Articles"	the amended and restated articles of association of our Company, conditionally adopted on 31 March 2020 which will take effect from the Listing Date, as amended from time to time, a summary of which is set forth in Appendix IV to this prospectus
"Aspen Avenue"	Aspen Avenue Sdn. Bhd., a company incorporated in Malaysia with limited liability on 25 October 2011 and is held by Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau as to 38.0%, 28.5%, 19.0% and 9.5% respectively
"associate(s)" or "close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Augustine Securities"	Augustine Securities Company Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO
"Board" or "Board of Directors"	our board of Directors
"Bursa Malaysia"	the stock exchange operated by Bursa Malaysia Securities Berhad, formerly known as the Kuala Lumpur Stock Exchange
"Business Day"	a day (other than a Saturday, Sunday or public holiday in Hong Kong) on which licensed banks in Hong Kong are generally open for normal business to the public

"BVI"	the British Virgin Islands
"Capitalisation Issue"	the issue of 944,999,000 Shares to be made upon capitalisation of part of the sum standing to the credit of the share premium account of our Company as referred to in the paragraph headed "Statutory and General Information – A. Further information about our Group and our Subsidiaries" in Appendix V to this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant(s)"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant(s)"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant(s)"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Operational Procedures"	the operational procedures of the HKSCC in relation to CCASS, containing the practices, procedures and administrative requirement relating to the operations and functions of CCASS, as from time to time in force
"CCASS Participant(s)"	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
"China" or "PRC"	the People's Republic of China, but for the purpose of this prospectus only and except where the context requires otherwise, references in this prospectus to "China" or the "PRC" do not include Hong Kong, the Macau Special Administrative Region and Taiwan
"CIDB"	The Construction Industry Development Board of Malaysia
"CIDB Act"	the Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994 (Construction Industry Development Act Malaysia 1994)
"Companies Law"	the Companies Law (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time

"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Rimbaco Group Global Limited, the holding company of our Group after the Reorganisation and the listing vehicle for the Listing, which is an exempted company with limited liability incorporated on 28 February 2019 in the Cayman Islands and the Shares of which are to be listed on the Main Board
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"Conrad Investment"	Conrad Investment Services Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO
"Control Order"	the Movement Restriction Order issued by the Malaysian government to combat the rise of COVID-19 cases in the country
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and, for the purpose of this prospectus, refers to Mr. Low, Ms. Seah, Mr. Cheang, Mr. Lau and RBC Venture
"Corporate Governance Code"	Corporate Governance Code set out as Appendix 14 to the Listing Rules
"COVID-19"	Coronavirus disease 2019, also known as novel coronavirus or novel coronavirus pneumonia, is an infectious respiratory disease which first broke out in 2019
"Crimson Omega Project"	a commercial and residential project for the design and build of an integrated complex consisting of a nine-storey commercial podium with parking lots, a 18-storey office building, a 18-storey hotel and a 30-storey service apartment in Penang, Malaysia with an original contract sum of approximately RM518.0 million and an aggregate GFA of approximately 4.2 million square feet

"Deed of Indemnity"	the deed of indemnity dated 31 March 2020 executed by our Controlling Shareholders in favour of our Company (for itself and as trustee for its subsidiaries) regarding certain indemnities, particulars of which are set out in the paragraph headed "Statutory and General Information – G. Other Information – 1. Tax and other indemnities" in Appendix V to this prospectus
"Deed of Non-competition"	the deed of non-competition undertakings dated 31 March 2020 executed by our Controlling Shareholders in favour of our Company (for itself and as trustee for its subsidiaries) regarding certain non-competition undertakings, particulars of which are set out in the paragraph headed "Relationship with the Controlling Shareholders – Deed of Non-competition" in this prospectus
"Director(s)" or "our Directors"	the director(s) of our Company
"Eco Medi Projects"	including (i) a series of factory projects for the construction of the first manufacturing facility (consisting of phase one to phase six) and the second manufacturing facility for the production of cleanroom and medical gloves in Perak, Malaysia with an aggregate original contract sum of approximately RM105.5 million and a GFA ranging from approximately 120,000 square feet to 252,000 square feet for each phase; and (ii) a residential project for the construction of a hostel in Perak, Malaysia with an original contract sum of RM5.0 million with a GFA of approximately 50,000 square feet
"Executive Director(s)"	executive director(s) of our Company
"Extreme Conditions"	the extreme conditions the government of Hong Kong may announce in the event of, for example, serious disruption of public transport services, extensive flooding, major landslides, or large-scale power outage after super typhoons according to the revised "Code of Practice in Times of Typhoons and Rainstorms" issued by the Hong Kong Labour Department
"FY2017"	the financial year ended 31 October 2017
"FY2018"	the financial year ended 31 October 2018
"FY2019"	the financial year ended 31 October 2019

"General Rules of CCASS"	the terms and conditions regulating the use of CCASS, as may be amended, supplemented or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
"GRB Project"	a commercial project for the construction of an eight-storey shopping mall in Kedah, Malaysia with an original contract sum of approximately RM249.9 million and an aggregate GFA of approximately 1.3 million square feet
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **White Form eIPO Service Provider**, Computershare Hong Kong Investor Services Limited
"Group", "we", "our", "our Group" and "us"	our Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HLB Project"	a commercial and residential project for the construction of a 27-storey commercial building with 84 units of commercial suites in Penang, Malaysia with an original contract sum of approximately RM93.8 million
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Branch Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong dollars" or "HKD"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Independent Non-executive Director(s)"	independent non-executive Director(s) of our Company
"Independent Third Party(ies)"	any entity(ies) or person(s) who is/are not connected person(s) within the meaning ascribed thereto under the Listing Rules

"Industry Report"	an independent industry report provided by SHINEWING BAS, which was commissioned by us in relation to the building construction industry in Malaysia
"Infinity Vantage"	Infinity Vantage Sdn. Bhd., a company incorporated in Malaysia on 23 April 2014 with limited liability
"IP-KN Project"	a residential project for the design and build of a high-rise residential building with 500 flats in Terengganu, Malaysia with an original contract sum of approximately RM89.8 million and an aggregate GFA of approximately 467,000 square feet
"Joint Bookrunners"	Realord Securities, Tonghai Securities, SPDBI and AMC Wanhai Securities
"Joint Lead Managers"	Realord Securities, Tonghai Securities, SPDBI, AMC Wanhai Seucrities, Conrad Investment, Target Capital and Augustine Securities
"Latest Practicable Date"	4 April 2020, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information in this prospectus
"Listing"	the listing of the Shares on the Main Board
"Listing Committee"	the Listing Committee of the Hong Kong Stock Exchange
"Listing Date"	the date, expected to be on Tuesday, 28 April 2020, on which the Shares are listed and from which dealings in the Shares are permitted to take place on the Stock Exchange
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Malaysian Budget Speech 2019"	an annual publication in 2019 released on the same day as the federal budget which are presented annually by the government of Malaysia to identify proposed government revenues and spending and forecast economic conditions for the upcoming year, and its fiscal policy for the forward years.

"Malaysian Legal Advisers"	Rosli Dahlan Saravana Partnership, the Malaysian legal advisers of our Company
"Malaysian Ringgit" or "RM"	Malaysia Ringgit, the lawful currency of Malaysia
"Mascolite"	Mascolite Sdn. Bhd., a company incorporated in Malaysia on 18 July 1990 with limited liability, our associated company
"Memorandum of Association" or "Memorandum"	the amended and restated memorandum of association of our Company, conditionally adopted on 31 March 2020 which will take effect from the Listing Date and as amended from time to time, a summary of which is set out in Appendix IV to this prospectus
"Mr. Cheang"	Mr. Cheang Wye Keong, an Executive Director and one of our Controlling Shareholders
"Mr. Lau"	Mr. Lau Ah Cheng, an Executive Director and one of our Controlling Shareholders
"Mr. Low"	Mr. Low Seah Sun, an Executive Director, the chairman of the Board, one of our Controlling Shareholders and father of Mr. William Low
"Mr. Ow"	Mr. Ow Kean Wah, late husband of Ms. Seah
"Ms. Seah"	Ms. Seah Peet Hwah, an Executive Director and one of our Controlling Shareholders
"Mr. William Low"	Mr. Low Wui Linn, an Executive Director, our chief executive officer and son of Mr. Low
"Nomination Committee"	the nomination committee of our Board
"Offer Price"	the final price per Offer Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$0.46 per Offer Share and expected to be not less than HK$0.40 per Offer Share, such price to be determined in the manner as set out in the section headed "Structure and conditions of the Share Offer" of this prospectus
"Offer Shares"	collectively, the Placing Shares and the Public Offer Shares

"OSHA"	the Occupational Safety and Health Act 1994, as amended, supplemented or otherwise from time to time
"Over-allotment Option"	the option to be granted by our Company to the Placing Underwriters, exercisable by the Joint Bookrunner(s) (for themselves and on behalf of the Placing Underwriters), at their sole and absolute discretion under the Placing Underwriting Agreement to require our Company to issue up to an 47,250,000 Shares, representing 15% of the number of the Offer Shares at the Offer Price, details of which are set out in the section headed "Structure and conditions of the Share Offer" in this prospectus
"Placing"	the conditional placing of the Placing Shares by the Placing Underwriters, on behalf of our Company for cash at the Offer Price as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Placing Share(s)"	283,500,000 Shares initially offered for subscription by our Company at the Offer Price under the Placing (subject to reallocation as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus)
"Placing Underwriters"	the underwriters of the Placing Shares who are expected to enter into the Placing Underwriting Agreement to underwrite the Placing Shares
"Placing Underwriting Agreement"	the conditional underwriting agreement relating to the Placing expected to be entered into between our Company, our Controlling Shareholders, our Executive Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Placing Underwriters on or around the Price Determination Date
"Price Determination Agreement"	the agreement to be entered into by our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or around Monday, 20 April 2020, on which the final Offer Price is expected to be fixed for the purpose of the Share Offer
"Principal Share Registrar"	Ocorian Trust (Cayman) Limited, the principal share registrar and transfer office of our Company

"Project A"	a factory project for the construction of a manufacturing facility of medical devices in Penang, Malaysia with an original contract sum of approximately RM212.0 million and an aggregate GFA of approximately 495,000 square feet
"Public Offer"	the offer of the Public Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price (plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) and subject to the terms and conditions stated in this prospectus and in the Application Forms as further described in the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Public Offer Shares"	the 31,500,000 new Shares being initially offered by our Company for subscription in the Public Offer (subject to reallocation), as described under the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Public Offer Underwriters"	the underwriters of the Public Offer Shares whose names are set out in the section headed "Underwriting" in this prospectus
"Public Offer Underwriting Agreement"	the conditional underwriting agreement relating to the Public Offer entered into by our Company, our Executive Directors, our Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters on Thursday, 9 April 2020, details of which are set forth in the section headed "Underwriting" in this prospectus
"RBC International"	RBC International Limited, a company incorporated in the BVI on 12 March 2019 with limited liability, which is a direct wholly-owned subsidiary of our Company
"RBC Venture"	RBC Venture Limited, a company incorporated in the BVI on 27 February 2019 with limited liability which is owned by Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau and is one of our Controlling Shareholders
"Realord Securities"	Realord Asia Pacific Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO
"Regulation S"	Regulation S under the U.S. Securities Act

"Remuneration Committee"	the remuneration committee of our Board
"Reorganisation"	the reorganisation of our Group in preparation for the Listing, details of which are set out in the paragraph headed "History, Development and Reorganisation – Reorganisation" in this prospectus
"Reporting Accountants"	Deloitte Touche Tohmatsu, the auditor and reporting accountants of our Company
"Rimbaco"	Rimbaco Sdn. Bhd., a company incorporated in Malaysia with limited liability on 17 October 1985 and an indirectly wholly-owned subsidiary of our Company
"Rimbaco Holdings"	Rimbaco Holdings (M) Sdn. Bhd., a company incorporated in Malaysia with limited liability on 30 January 1995 and is held by Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau as to 40%, 40%, 10% and 10% respectively
"Rimbaco Property"	Rimbaco Property Sdn. Bhd., a company incorporated in Malaysia with limited liability on 4 December 1990 and an indirectly wholly-owned subsidiary of our Company
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"SGD"	Singapore dollar(s), the lawful currency of Singapore
"Share(s)"	ordinary share(s) of par value HK$0.01 each in the share capital of our Company
"Share Option Scheme"	the share option scheme conditionally adopted by our Company on 31 March 2020 for the benefit of our Directors, members of senior management, employees and other eligible participants defined in the scheme, a summary of the principal terms of which is set forth in the paragraph headed "Statutory and General Information – F. Share Option Scheme" in Appendix V to this prospectus
"Shareholder(s)"	holder(s) of the Share(s)
"Share Offer"	the Public Offer and Placing

"SHINEWING BAS"	SHINEWING Business Advisory Services Limited, an industry research consultant and an Independent Third Party
"Sole Sponsor" or "Titan Financial"	Titan Financial Services Limited, a licensed corporation under the SFO and permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
"SPDBI"	SPDB International Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
"Stabilising Manager"	Realord Securities
"Start-up Costs"	comprising in general, material costs, rental deposits of machinery and equipment, site set-up costs, labour costs and other miscellaneous costs for the first two months since the date of letter of award of our building construction projects.
"Stock Borrowing Agreement"	the stock borrowing agreement to be entered into between RBC Venture and the Stabilising Manager, pursuant to which the Stabilising Manager may borrow up to 47,250,000 Shares to cover any over-allocations in the Share Offer
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Target Capital"	Target Capital Management Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
"Tonghai Securities"	China Tonghai Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

"Track Record Period" or "TRP"	the period comprising the three years ended 31 October 2019
"U.S. Securities Act"	the United States Securities Act of 1933, as amended supplemented or otherwise from time to time
"Underwriters"	the Public Offer Underwriters and Placing Underwriters
"Underwriting Agreements"	the Public Offer Underwriting Agreement and Placing Underwriting Agreement
"**WHITE** Application Form(s)"	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant's or applicants' own name(s)
"**White Form eIPO**"	the application for Public Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of White Form eIPO at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS

This glossary contains explanations of certain terms used in this prospectus that relate to our business and the industry in which we operate. These terms and their meanings may not always correspond to standard industry definitions or usage of these terms.

"CAGR"	compound annual growth rate
"CPC"	certificate of practical completion
"design and build"	a project involving the design and construction of a building
"GDP"	gross domestic product
"GFA"	gross floor area
"IBS"	Industrialised Building System, a technique of construction whereby components are manufactured in a controlled environment, either at site or off site, placed and assembled into construction works
"ISO"	the International Organisation for Standardisation, a non-government-organisation based in Geneva, Switzerland, for assessing the quality system of business organisations
"ISO 9001"	a quality management system model published by ISO for quality assurance in design, development, production, installation and servicing
"M&E"	mechanical and electrical
"OHSAS"	Occupational Health and Safety Assessment Specification, an international assessment specification for occupational health and safety management systems, issued by the Occupational Health and Safety Advisory Services
"OHSAS 18001"	a standard of the OHSAS occupational health and safety management systems, issued by the Occupational Health and Safety Advisory Services

"PPK"	a certificate issued by the CIDB known as the Perakuan Pendaftaran Kontraktor or the Certificate of Registration whereby construction companies which hold the certificate are able to participate in any non-government construction work
"SPKK"	a certificate issued by the CIDB known as the Sijil Perolehan Kerja Kerajaan or the Government Work Procurement Certificate whereby construction companies which hold the certificate are able to participate in any government projects, based on their eligibility and qualification
"variation orders"	additional works, cancellations or charges requested by the customer for specifications not included in the original contract
"West Malaysia" or "Peninsular Malaysia"	the States of Johor, Kedah, Kelantan, Malacca, Negeri Sembilan, Pahang, Penang, Perak, Perlis, Selangor and Terengganu and the Federal Territory of Kuala Lumpur
"%"	per cent

This prospectus contains forward-looking statements and information that are, by their nature, subject to significant risks and uncertainties. In some cases the words such as "aim", "anticipate", "believe", "could", "estimate", "expect", "going forward", "intend", "may", "ought to", "plan", "potential", "predict", "propose", "seek", "should", "will", "would" and other similar expressions, and the negative of these words, are used to identify forward-looking statements. These forward-looking statements and information include, without limitation, statements relating to:

- our Group's business and operating strategies and plans of operation;
- the amount and nature of, and potential for, future development of our Group's business;
- our future debt levels and capital needs;
- our future financial conditions and results of operations;
- our Company's dividend distribution plans;
- our contracts on hand;
- the regulatory environment as well as the general industry outlook for the industries in which our Group operates;
- future developments, trends and competition in the industries in which our Group operates; and
- the trend of the economy of Hong Kong in general.

These statements reflect the current views of our Directors with respect to future events, operations, liquidity and capital resources, and are based on several assumptions, including those regarding our Group's present and future business strategies and the environment in which our Group will operate in the future.

Our Group's future results could differ materially from those expressed or implied by such forward-looking statement. In addition, our Group's future performance may be affected by various factors including, without limitation, those discussed in the sections headed "Risk Factors", "Business", "Financial Information" and "Future Plans and Use of Proceeds" of this prospectus, many of which are not within our Company's control.

Subject to the requirements of the applicable laws, rules and regulations, our Company does not have any obligation to update or otherwise revise the forward-looking statements of this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed of this prospectus might not occur in the way our Company expects, or at all. Should one or more risks or uncertainties stated in the aforesaid sections materialise, or should any underlying assumptions to prove incorrect, actual outcomes may vary materially from those indicated. Prospective investors should therefore not place undue reliance on any of the forward-looking statements. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements as set out in this section.

In this prospectus, statements of, or reference to, our Group's intentions or those of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive and there are no other matters in which the omission would make any statement of this prospectus misleading.

INFORMATION ON THE SHARE OFFER

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Share Offer or to make any representation not contained of this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, and any of their respective directors, agents, employees or advisers or any other party involved in the Share Offer.

Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Offer Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained of this prospectus is correct as of any date subsequent to the date of this prospectus.

UNDERWRITING

This prospectus is published solely in connection with the Public Offer which forms part of the Share Offer. Details of the terms of the Share Offer are described in the section headed "Structure and Conditions of the Share Offer" of this prospectus and in the Application Forms.

The Listing is sponsored by the Sole Sponsor and the Share Offer is managed by the Joint Bookrunners and the Joint Lead Managers. The Public Offer is fully underwritten by the Public Offer Underwriters and the Placing is expected to be fully underwritten by the Placing Underwriters, subject to us and the Joint Bookrunners (for themselves and on behalf of the Underwriters) agreeing on the Offer Price. A Placing Underwriting Agreement relating to the Placing is expected to be entered into on or before Monday, 20 April 2020, subject to the Offer Price being agreed. If, for any reason, the Offer Price is not agreed among us and the Joint Bookrunners (for themselves and on behalf of the Underwriters), the Share Offer will not proceed and will lapse. For full information about the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" of this prospectus.

STABILISATION AND OVER-ALLOTMENT OPTION

In connection with the Share Offer, the Stabilising Manager, or any person acting for it, may over-allot Shares or effect any other transactions with a view to stabilising and maintaining the market price of the Offer Shares at a level higher than that which might otherwise prevail for a limited period after the date of Listing. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising action.

In connection with the Share Offer, our Company is expected to grant to the Placing Underwriters the Over-allotment Option, which is exercisable in full or in part by the Joint Bookrunners (for themselves and on behalf of the Placing Underwriters) at any time and from time to time from the Listing Date up to (and including) the date which is the 30th day after the last day for lodging applications under the Share Offer. Pursuant to the Over-allotment Option, our Company may be required to issue at the Offer Price up to an aggregate of 47,250,000 Shares, representing 15% of the total number of Offer Shares initially available under the Share Offer, to cover over-allocations in the Placing, if any.

For further details on the stabilisation and the Over-allotment Option, please refer to the paragraph headed "Structure and Conditions of the Share Offer – Over-allotment Option" of this prospectus.

PROCEDURE FOR APPLICATION FOR PUBLIC OFFER SHARES

The procedures for applying for Public Offer Shares is set out in the section headed "How to Apply for the Public Offer Shares" of this prospectus and on the Application Forms.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure and Conditions of the Share Offer" of this prospectus.

RESTRICTIONS ON SALE OF THE OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation, nor is it calculated to invite or solicit offers in any jurisdiction or in any such circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

The distribution of this prospectus and/or the Application Forms and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been offered and sold, and will not be offered or sold, directly or indirectly, in the PRC or in the United States, except in compliance with the relevant laws and regulations of each of such jurisdictions.

The Offer Shares are offered solely on the basis of the information contained and the representations made in this prospectus and the related Application Forms. No person is authorised in connection with the Share Offer to give any information or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by our Company, any of its respective directors, agents or advisers or any other person or party involved in the Share Offer.

No action has been taken to register or qualify the Offer Shares or the Share Offer, or otherwise to permit a public offering of the Offer Shares, in any jurisdiction outside Hong Kong. The distribution of this prospectus and the related Application Forms in jurisdictions outside Hong Kong may be restricted by law and therefore persons who come into possession of this prospectus or any of the related Application Forms should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the applicable securities laws.

Each person acquiring the Offer Shares will be required and is deemed by his or her or its acquisition of the Offer Shares, to confirm that he or she or it is aware of the restrictions on offers of the Offer Shares described in this prospectus and he is not acquiring, and has not been offered any Offer Shares in circumstances that contravene any such restrictions.

Prospective investors for the Offer Shares should consult their financial advisors and seek legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws, rules and regulations of any relevant jurisdiction. Prospective investors for the Offer Shares should also inform themselves as to the relevant legal requirements of the Offer Shares and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer and the Capitalisation Issue and any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme.

No part of the Shares or loan capital of our Company is listed, traded or dealt in on any stock exchange and save as disclosed herein, no such listing or permission to deal is being or proposed to be sought.

Under Section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Offer Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

HONG KONG BRANCH SHARE REGISTER AND STAMP DUTY

Our principal share register will be maintained by our principal share registrar, Ocorian Trust (Cayman) Limited, in the Cayman Islands. All the Shares will be registered on our branch register of members maintained in Hong Kong by our Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited.

Only Shares registered on our branch register of members maintained by our Hong Kong Branch Share Registrar in Hong Kong may be traded on the Stock Exchange. Dealings in our Shares registered on our branch register of members in Hong Kong will be subject to Hong Kong stamp duty.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, our Shares as mentioned in the Prospectus on the Stock Exchange and our Company's compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or, under contingent situation, any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made to enable the Shares to be admitted into CCASS. If investors are unsure about the details of CCASS settlement arrangement and how such arrangements will affect their rights, interests and liabilities, they should seek the advice of their stockbroker or other professional adviser.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential applicants for the Share Offer are recommended to consult their professional advisers if they are in doubt as to the taxation implications of the subscription for, holding, purchase, disposal of or dealing in the Shares or exercising their rights thereunder. It is emphasised that none of our Company, our Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors or any other person involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, holders of Shares resulting from the subscription for, holding, purchase, disposal of or dealing in the Offer Shares or the exercise of their rights thereunder.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of individual items. Where information is presented in thousands or millions of units, amounts may have been rounded up or down. Any discrepancies in any table between totals and sum of amounts listed therein are due to rounding.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in our Shares on the Main Board are expected to commence at 9:00 a.m. on Tuesday, 28 April 2020. Our Shares will be traded in board lots of 5,000 Shares each. The stock code of our Shares is 1953. We will not issue temporary documents of title.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. If there is any inconsistency between the Chinese names of the Chinese entities mentioned of this prospectus and their English translation, the Chinese names shall prevail.

CURRENCY TRANSLATIONS

Unless otherwise specified, conversion of US$ and RM into HK$ in this prospectus is based on the exchange rate set out below (for illustration purposes only):

US$1.00: HK$7.80
RM1.00: HK$1.90

No representation is made that any amounts in US$, RM and HK$ can be or could have been converted at the relevant dates at the above exchange rate at any other rate or at all.

You should carefully consider all information set out in this prospectus, including the risks and uncertainties described below before making an investment in our Shares. Our business, financial conditions and results of operations could be materially and adversely affected by the occurrence of any of these risks. The trading price of our Shares could decline due to any of these risks, and you may lose all or part of your investment. You should seek professional advice from your relevant advisers regarding your prospective investment in the context of your particular circumstances.

RISKS RELATING TO OUR BUSINESS

Our business is project-based and our profit margin may fluctuate

Our business is project-based. During the Track Record Period, we derived all of our revenue from our building construction services. Our building construction projects included a variety of factories, institutional, commercial and/or residential properties, covering different project sizes and types. The needs for development of these properties may be affected by external factors beyond our control, such as changes in our customers' preferences and the general market conditions. Our customers generally engage us on a project-by-project basis and we did not enter into any long-term agreement with them as at the Latest Practicable Date. Therefore, there is no assurance that we will be able to secure new projects with our existing customers or seek new customers in the future. Accordingly, the number, type and scale of projects we may be engaged in may vary significantly from period to period. Our revenue may be contributed by different types of properties from time to time and we record different levels of profit margin for our building construction projects for different types of properties.

In general, our factory projects had higher profit margin than our institutional, commercial and/or residential projects for FY2017, FY2018 and FY2019. This is mainly due to the reason that our Group normally charged our customers a higher margin on factory projects in view of higher average liquidated and ascertained damages per contract sum for factory projects as required by factory project owners. As the number of our factory projects declined in FY2019, our gross profit margin decreased from approximately 16.8% for FY2018 to approximately 12.4% for FY2019.

Our revenue and profit margin also depend on other factors which are beyond our control, such as terms of projects, project duration, our efficiency of implementation of contract works, variation orders, our ability to control the project costs and progress as expected and the general market conditions. As a result, our revenue generated from our business may not be regular and we cannot assure that we can maintain the profitability of a project at any particular level. As such, our profit margin may fluctuate and our historical performance may not be indicative of our future performance.

If there is a significant decrease in the number of building construction projects or size of projects in terms of contract sums awarded to us for any reasons, and if we are unable to secure building construction projects with a relatively high profit margin in the future, our financial condition and results of operations would be materially and adversely affected.

Our five largest customers accounted for approximately 95.1%, 81.1% and 86.1% of our Group's total revenue for the Track Record Period. Failure to retain our business relationships with them or secure new business may affect our Group's operations and financial performance

During the Track Record Period, the percentage of the revenue attributable to our five largest customers amounted to approximately 95.1%, 81.1% and 86.1% of our Group's total revenue respectively, while the percentage of revenue attributable to our Group's single largest customer amounted to approximately 59.3%, 36.1% and 31.6% respectively for the same period.

We have not entered into any long-term agreements with our customers but are engaged by them on a project-by-project basis. Our five largest customers are not obligated in any way to continue to provide us with new business in the future at a level similar to that in the past or at all. In the event that our Group is unable to secure building construction projects or gain business from our customers or potential customers, our business and financial performance may be adversely affected.

A major part of our revenue and profits is from a sizeable project, the Crimson Omega Project, for FY2018 and FY2019. Any delay or change of plans in sizeable projects may have negative impacts on our Group's financial performance

During the Track Record Period, the revenue contributed by our on-going Crimson Omega Project amounted to approximately RM56.6 million and RM82.9 million for FY2018 and FY2019 respectively, representing approximately 36.1% and 31.6% of our total revenue for FY2018 and FY2019 respectively. Given the large scale of the Crimson Omega Project which is still on-going as at the Latest Practicable Date, the project may continue to contribute to a major part of our revenue and profit. We may therefore be susceptible to factors adversely affecting the progress of the Crimson Omega Project and any sizeable building construction project in the future that we might undertake, including but not limited to government policies, government's development plan and opposition to the development of the building construction project by local or international community, special interest groups or from the government. Many of these factors are beyond our control which would in turn affect our business and financial performance.

Any factor affecting the progress of the Crimson Omega Project and any sizeable building construction project in the future that we might undertake may create a material adverse impact on our business, financial conditions, results of operations and prospects.

We recorded a net cash outflow from operating activities for FY2018

We recorded a net cash generated from operating activities of approximately RM58.8 million and RM18.8 million for FY2017 and FY2019 respectively, and a net cash used in operating activities of approximately RM40.0 million for FY2018. Please refer to the paragraph headed "Financial information – Liquidity and Capital Resources – Cash flows – Net cash generated from/(used in) operating activities" in this prospectus for details. We cannot assure that we will be able to generate net cash inflows from operating activities in the future. In particular, it is beyond our control to assure the amount and timing of collection of our trade receivables and contract assets which may materially affect our operating cash flow. Net cash outflow from operating activities may materially and adversely affect our liquidity and financial position, and may therefore require us to seek and utilise banking facilities to support our operations and sustain our business. We will incur additional finance costs if we utilise banking facilities, and we cannot guarantee that we can obtain sufficient banking facilities on terms acceptable to us or at all.

Our customers pay us by way of progress payments and require retention monies and performance bonds, these in turn require us to maintain a sufficient amount of working capital and cash flow, and exposed us to our customers' credit risks. Any delay in progress payments or release of retention monies or performance bonds may affect our working capital and liquidity position

In order to receive progress payments, we normally make an application for progress payment for the work done (including contracted work and variation order works) and our customers will examine the completed works at that stage and issue a certification upon completion of the relevant works.

Customers are generally entitled to hold retention monies from the progress payments. From our experience, and during the Track Record Period, our customers generally retain 10% of each progress payment but the aggregate amount of the retention monies is subject to a cap of 5% of the original contract sum. Upon issuance of the CPC, half of the retention monies will be released to us, while the remaining will be released to us upon expiry of the defect liability period, which is in general 12 months or 24 months from the date of issuance of the CPC. As at 31 October 2017, 2018 and 2019, our retention receivables amounted to approximately RM31.2 million, RM29.5 million and RM43.9 million respectively.

Further, some of our contracts require us to provide performance bonds generally in a percentage of 5% of the contract sum during the Track Record Period in the form of bank guarantee in order to secure proper performance and timely implementation of building construction projects. The above performance bonds were given by banks in favour of some of our Group's customers as security for the due performance and observance of our Group's obligations under the construction contracts entered into between our Group and our customers and will be released upon completion of the contract or as specified in the relevant contract. The aggregate outstanding amount of performance bonds were approximately RM1.6 million, RM7.1 million and RM25.0 million as at 31 October 2017, 2018 and 2019 respectively.

As a main contractor, we generally pay the Start-up Costs at the early stage of a building construction project (i.e. for the first two months since the date of letter of award), while our customers generally make progress payments depending on work progress and subject to retention monies. Coupled with the aforesaid restricted bank deposits for performance bonds, we commit a certain amount of cash and other resources at the early stage of a project, and may incur net cash outflows and even suffer from cash flow shortcomings.

The extent of the cash flow mismatch could also be illustrated by the differences between our trade and bills payables turnover days and trade receivables turnover days. For FY2017, FY2018 and FY2019, our trade and bills payables turnover days were approximately 32.4 days, 90.7 days and 100.4 days respectively while our trade receivables turnover days were approximately 38.0 days, 81.3 days and 82.1 days respectively, which are further discussed in the section headed "Financial Information" in this prospectus. If we are not able to maintain a sufficient amount of working capital and cash flow for meeting these cost requirements, our capacity to undertake new projects may be limited and accordingly, our financial performance and results of operations may be adversely affected.

In addition, if our customers experience financial distress or are unable to settle their payments due to us or release the retention monies or performance bonds to us in a timely manner or at all, we may not have sufficient cash as expected to meet our payment obligations in relation to costs incurred in our building construction projects. Should the above circumstance happen, we may breach our contractual obligations in relation to the settlement of subcontracting costs and our subcontractors may refuse to continue the works that they have been subcontracted with. Also, we may not have sufficient financial resources to procure the necessary construction materials from our suppliers to complete our building construction projects on time or at all. Both of the above may result in the breaching of our contractual obligations in relation to the building construction projects that we have undertaken. As a result, our business operations, financial position and results of operations may be materially and adversely affected.

We rely on our subcontractors to complete a substantial part of the works of our building construction projects and any unsatisfactory performance by our subcontractors, fluctuation in subcontracting costs and unavailability of subcontractors may adversely affect our operation and profitability

In line with the usual practice of the building construction industry in Malaysia, we do not maintain a large workforce of labour. To maximise our cost efficiency and flexibility, and to utilise the expertise of qualified specialist contractors, we would engage third party subcontractors to delegate construction works to them under our contracts. For FY2017, FY2018 and FY2019, the subcontracting costs paid to our five largest subcontractors accounted for approximately 38.1%, 11.0% and 27.5% of our total cost of services, respectively.

The engagement of subcontractors is subject to certain risks, including but not limited to difficulties in overseeing the performance of subcontractors directly and effectively, possibilities of failing to complete the contracted scope of works or inability to hire suitable subcontractors.

The subcontracting agreement may expose us to risks associated with non-performance, late performance or substandard performance by our subcontractors. Accordingly, we may experience deterioration in the quality or delay in construction works, incur additional costs, or be exposed to liability in relation to the performance of subcontractors. These events may have impact on our profitability, financial performance, operational cash flow and reputation, and may lead to potential litigation or damage claims.

Our subcontractors may be exposed to charges in relation to violation of laws and regulations regarding safety, environmental and/or employment, which may affect their renewal of relevant licences or may even lead to revocation of their licences. If this occurs during the contract period of our projects, we will be required to appoint other subcontractor(s) as replacement(s) and additional costs may be incurred.

As we do not sign any long-term contracts with our subcontractors, there is no assurance that our Group will always be able to secure suitable subcontractors when required, or be able to negotiate acceptable prices and terms of service with subcontractors. In such event, our operations and financial position may be adversely affected.

For FY2017, FY2018 and FY2019, our subcontracting costs amounted to approximately RM229.5 million, RM42.5 million and RM126.9 million respectively, representing 75.0%, 32.5% and 55.2% of our total cost of services. Changes in subcontracting costs may result from changes in cost of labour and materials, technical specifications or customers' requirements in connection with our building construction projects. In some cases, additional labour costs and material costs derived from delay in completion of our building construction projects caused by adverse weather condition as well as other unforeseen problems and circumstances may increase the subcontracting costs. In the event that any of the major subcontractors is unable to provide the required services to us or the subcontracting costs payable to the subcontractors increase substantially, our Group's business, results of operations, profitability and liquidity may be adversely affected.

Fluctuation in the price of materials can materially affect our financial performance and our business

Cost of materials represent a significant portion of our cost of services. For FY2017, FY2018 and FY2019, material costs represented approximately 12.5%, 40.6% and 27.3% of our cost of services respectively. We generally prepare tender proposals and quotations based on our estimated project costs in accordance with the tender documents or quotation requests provided to us. However, the actual material costs usually cannot be ascertained until we have agreed the price of materials with our suppliers subsequent to the receipt of the letter of award, as our Group do not retain materials as part of our inventory. Accordingly, any significant fluctuation in the material costs between the time we submit the tender or provide the quotation and the time we order materials may affect our profitability.

The number of building construction projects awarded to us is subject to severe competition from our competitors

In general, we set our tender and/or quotation price on a project-by-project basis based on the estimated project costs to be incurred plus a mark-up percentage. If we set a substantial mark-up percentage, our quotation or tender may become unattractive as compared with our competitors' pricings submission. There is no assurance that we can always price our tenders competitively, and if we fail to do so, our potential customers may opt for our competitors, thereby resulting in a decrease in the number of building construction projects awarded to us.

The construction industry in Malaysia has many participants and is competitive and fragmented. According to the Industry Report, the five largest main contractors in Malaysia in aggregate accounted for less than 8% of the total revenue of the building construction services in Malaysia in 2018. Some of the major market players have greater manpower, resources, qualifications and brand names, and are more well-positioned than our Group, including having longer operating history, better financing capabilities and well-developed technical expertise. Should we face increased competition where our competitors adopt more aggressive pricing policies, our Group and our tender proposals may not be adequately competitive and our tender success rates, our revenue and our profitability will be materially and adversely affected.

We were awarded three, seven and two contracts to which we submitted tenders, corresponding to a tender success rate of approximately 33%, 33% and 17%, for FY2017, FY2018 and FY2019 respectively. Please refer to the paragraph headed "Business – Our Projects – Tender success rate" in this prospectus for details. There is no guarantee that we will be able to maintain the tender success rate.

Incorrect estimations of our project costs may result in cost overrun and hence impose material adverse effect on our financial performance

Our contracts with customers normally have a fixed and pre-determined fee throughout the contract period in accordance with our tenders or quotations. In pricing a tender or quotation, we estimate the project costs based on numerous factors including but not limited to (i) the estimated number, types and costs of manpower, materials and machines required; (ii) the difficulties of the works involved; (iii) the expected completion time; (iv) historical fees we received for similar building construction projects; and (v) the prevailing market conditions.

If the actual costs to complete the building construction projects significantly deviate from the estimated costs when the tenders or quotations were submitted, our financial performance and profitability may be adversely affected. For instance, if the actual progress of a building construction project was slower than anticipated, or if there is any delay or extension in the project schedule of our customers, we may have to engage subcontractors and/or lease the required machinery for an extended period, hence incurring higher subcontracting costs or machinery rental costs than estimated. In addition, the actual amount of work and costs involved in completing a building construction project may also be adversely affected by various factors including adverse weather conditions, malfunction of machinery and equipment, industrial accidents, unforeseen site conditions such as space constraint hindering use of certain machinery and other unforeseen circumstances.

The amount of revenue that we are able to derive from a building construction project may be different from the original contract sum due to factors including variation orders and our profitability may be adversely affected

Subject to factors such as variation orders (which may include addition, modification or cancellation of certain contract works) placed by our customers from time to time during the course of implementation and execution of a building construction project, the aggregate amount of revenue that we are able to derive from the project may be higher or lower than the original contract sum specified in the relevant contract. Accordingly, the amount of revenue derived from our on-going building construction projects may be substantially lower than the original contract sum as specified in the relevant contracts, and our profitability may be materially and adversely affected.

We may face material delay in the construction works, which could materially affect our financial performance and reputation, and could lead to claims from customers

Our building construction projects may be subject to extension or delay due to various causes, including shortage of workers and construction materials, delay by our subcontractors, adverse weather conditions, malfunction of machinery and equipment, and industrial accidents. As our revenue is usually recognised based on the input method, and billing is usually based on monthly progress basis for work done, delay in a building construction project will affect our revenue and operational cash flows. In addition, our contracts with customers would normally include a clause relating our liability for liquidated damages in the event of project delay. If we are held liable for liquidated damages, it may materially adversely affect our reputation, business operations as well as financial position.

In FY2017, our Group has made a provision for the delay in completion of the HLB Project. We were informed by the consultant of Customer I that the said customer was entitled to deduct a sum of approximately RM6.9 million for liquidated and ascertained damages. Although our Directors consider that the likelihood of our Group being liable for such claim is highly unlikely, we had taken a conservative approach and made a provision of the full amount of such claim in FY2017. Our Directors consider that such delay in completion was not entirely due to our default and was mainly due to (i) late confirmation by Customer I on the drawings and materials to be used in the HLB Project; (ii) delay of works of five subcontractors nominated by Customer I; and (iii) late delivery of lampang tiles due to flood in Thailand in August 2016. In December 2019, Customer I confirmed that the RM6.9 million liquidated and ascertained damages would not be imposed against our Group. Accordingly, the relevant RM6.9 million provision will be reversed in the financial year ending 31 October 2020. In December 2019, the final accounts of the HLB project was signed by all relevant parties.

Our Company confirmed that during the Track Record Period and up to the Latest Practicable Date, save as disclosed above, our Directors are not aware of any material delays in the current projects, which have resulted in or are expected to result in material adverse effect on our revenue and/or operational cash flows, or liquidated and ascertained damages being imposed on us.

Adverse weather conditions and other events of force majeure may affect our business operation

Our business operations may be affected by adverse weather conditions. Persistent adverse weather conditions may prevent us from performing works at our construction sites, which may result in our failure in meeting the schedule. Nevertheless, we may still incur operating expenses despite the halt of operations in view of the aforesaid weather conditions, which would undermine our profitability. Besides, our business is subject to outbreak of severe communicable diseases (such as swine flu, avian flu, coronavirus (including COVID-19), etc), natural disasters or other acts of God which are beyond our control. These events may also adversely affect the general economy, infrastructure and society. Acts of wars, strike, riot and terrorism may also cause injury or even loss of lives of our employees, disrupt our operations and damage our works performed. If any such incident occurs, our financial conditions and growth potentials will be adversely affected.

Our business operations may be materially and adversely affected by the outbreak of the coronavirus disease (COVID-19)

There has been a recent outbreak of COVID-19 since 2019. On 16 March 2020, the Malaysian government announced the Control Order issued under the Prevention and Control of Infectious Diseases Act 1988 which takes effect from 18 March 2020 to 31 March 2020 to combat the rise of COVID-19 cases in the country. Furthermore, on 25 March 2020, the Malaysian government has announced that the Control Order have been extended for another two weeks until 14 April 2020. With effect of the Control Order, our construction works have been suspended and our administrative staff have been working from home.

While the immediate impact of the COVID-19 outbreak on our business have been relatively minimal so far, we cannot guarantee that the COVID-19 outbreak will not worsen. There is no assurance that our suppliers of materials would be able to (a) maintain their normal business operation without disruptions; and/or (b) deliver the materials to us without delay in the event that transportation restrictions are imposed, and there is no guarantee that we would be able to source materials from alternative suppliers in time to satisfy the purchase orders of our customers or for use in our building construction projects if COVID-19 persists for a substantial period. In addition, notwithstanding the precautionary measures implemented by us, there is no assurance that the workers or personnel of our Group, the main contractors or other subcontractor working at the construction sites would not be infected by COVID-19, in such event the relevant workers or personnel would need to be quarantined and the building construction projects handled by them may be suspended or delayed as a result. On the other hand, while we are allowed to take into account buffer time in devising the relevant timetable for a project, we had not taken into account the outbreak of COVID-19 specifically in devising the duration of the buffer time at the time. Hence, if the outbreak of COVID-19 persists or any personnel working at the construction site(s) are infected with COVID-19 from time to time whereby the construction site(s) have to be suspended correspondingly, the original buffer time may not be able to absorb the delay or disruption to the construction site(s). Moreover, the outbreak of COVID-19 in Malaysia may have a material adverse impact on national and local economies, which may lower the demand for construction services in Malaysia.

There is no assurance that outbreak of COVID-19 in West Malaysia can be effectively controlled, or another outbreak of COVID-19 or other disease outbreak will not happen in the future. These adverse impacts, if materialise and persist for a substantial period, may significantly and adversely affect our business operation and financial performance.

We may not be able to bill and/or receive in full amount of contract assets

Our Group generally recognises the value of work performed as revenue based on the input method. There is normally a timing difference between the completion of contract work, the payment certificates by our customer, the subsequent issue of invoice by us up to the payment by our customers.

Contract assets represent our Group's rights to payment from customers for the building construction services. The contract assets consist of: (i) unbilled revenue, which arises when our Group completed the relevant services under such contracts and pending formal certification by the customers; and (ii) retention receivables, which arises when the customers withhold certain amounts payable to our Group as retention monies to secure the due performance related to possible work during the contract period and the defect liability period of the contracts. Any amount previously recognised as a contract asset is reclassified as trade receivables at the point when it becomes due for billing and is invoiced to the customer.

Our contract assets are normally affected by (i) the number, contract sum and stage of projects on hand; (ii) the amount of works completed by our Group at the time close to the end of each reporting period, by reference to the actual costs incurred to date and the total budgeted costs for the projects; (iii) the timing to certify the application of payment progress for billings, which may vary from period to period; (iv) amount of works certified by our customers; and (v) depending on the terms of contract, the amount of the retention monies held by our customers yet to be released.

Our Group recorded contract assets of approximately RM36.7 million, RM65.2 million and RM101.3 million as at 31 October 2017 and 2018 and 2019 respectively. As at the Latest Practicable Date, approximately RM59.0 million or 58.2% of our contract assets as at 31 October 2019 had been subsequently certified by our customers, and thus billed, of which approximately RM36.1 million, or 61.2% had been subsequently settled. Please refer to the paragraph headed "Financial Information – Analysis of Selected Consolidated Statements of Financial Position Items – Contract assets/liabilities" in this prospectus for further details.

There is no assurance that we will be able to bill and receive the full amount of contract assets as we may not be able to reach an agreement with our customers on the value of our work done. If we are not able to do so, our operations, liquidity and financial position may be adversely affected.

We may face risk of recoverability of deferred tax assets, which may adversely affect our results of operations and financial positions in the future

We recorded deferred tax assets of approximately RM3.4 million, RM1.9 million and RM3.2 million as at 31 October 2017, 2018 and 2019 respectively. For details on the movements of our deferred tax assets during the Track Record Period, please refer to Note 28 of the Accountants' Report set out in Appendix I to this Prospectus. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

We determine the probability of the realisation of deferred tax assets primarily by using estimates with respect to historical operating results and expectations of future earnings. If our estimates and assumptions regarding future taxable income or tax liability are not accurate, or if we fail to recover such deferred tax assets, our results of operations and financial positions would be adversely affected in the future.

We may not be able to retain our core management team and key employees for business operations, who has contributed to our Group's success

Our Group's continued success depends significantly on our ability to identify, hire, train and retain suitable, skilled and qualified employees, including our Executive Directors, senior management and key employees. These key personnel include the co-founder of our Group, the chairman of the Board, one of our Executive Directors and Controlling Shareholders, Mr. Low, who has over 30 years of experience in the building construction industry in West Malaysia and is supported by our experienced management team comprising our executive Directors and senior management. We rely on our co-founder and management team as set out in the section headed "Directors and Senior Management" in this prospectus for their extensive knowledge and professional experience in our Group and the industry, as well as their in-depth understanding of market conditions and the regulatory regime. There is no assurance that we will be able to retain the services of our existing Directors, senior management or key employees in the future, or manage to recruit suitable replacements with comparable experiences and qualifications. Failure to retain any of these Executive Directors, senior management members or key employees, or inability to find suitable replacement in a timely manner, could adversely affect our sustainability and development of our business.

We may fail to exercise sufficient control over our subcontractors and employees and therefore fail to prevent breaches of contracts

We cannot guarantee that our subcontractors and our employees will exercise due diligence and care or comply with our policies or measures during the course of work or we will be able to effectively control their behaviour, and therefore we may fail to prevent breaches of the contracts with our customers. If there is any breach of our contracts, our Group may be involved in disputes, legal proceedings, etc, which may materially and adversely affect our reputation, business operation and financial results.

Personal injuries, property damages or fatal accidents may occur if safety measures are not followed at our construction sites

In order to ensure our compliance with the statutory regulations, we adopted and implemented safety management plan during the Track Record Period. Please refer to the paragraph headed "Business – Workplace Safety" in this prospectus for details. We continuously monitor and supervise our employees and subcontractors in the implementation of all such safety measures and procedures during the execution of works. However, we cannot guarantee that our employees or those of our subcontractors can always adhere to all applicable rules, laws or regulations. If any such person fail to abide by the safety measures at our construction sites, personal injuries, property damage or fatal accidents may occur in greater number and/or to a serious extent. These may adversely affect the financial position of our Group to the extent that we may not be able to recover fully from our insurance policies. They may also cause our relevant qualifications or licences to be suspended or not renewed.

During the Track Record Period, we recorded 63 workplace accidents resulting in one fatal case and 62 injuries.

The fatal accident occurred in June 2019 at the site of Lot 5009, Kawasan Perusahaan Perai Mukim 1, Seberang Perai Tengah, Penang, Malaysia at which our Group was engaged to construct a factory. A subcontracting worker of our subcontractor sustained a fatal injury when he fell from the ceiling of the second floor at the site while installing cable trays on the ceiling.

For details regarding the fatal accident, including the views of our Directors, Sole Sponsor and Malaysian Legal Advisers as well as our post-accident remedies, please refer to the paragraph headed "Business – Workplace Safety" in this prospectus. During the Track Record Period and up to the Latest Practicable Date, save for the aforesaid fatal accident, there had not been any fatal or severe accidents or major injuries arising from the projects of our Group.

We may be involved in disputes or legal proceedings as a result of non-compliance with laws and regulations

Our operation is subject to various laws and regulations, any non-compliance may lead us to be subjected to legal proceedings or unfavourable decrees that may result in liabilities. Our Group may also be involved in disputes, legal proceedings in relation to any act of negligence, error or omission committed by our employees and/or any delay in the completion of our projects.

We may have to divert significant amount of internal resources to handle such disputes, litigations and other legal proceedings, which can be both costly and time consuming. Regardless of the merits of the case, these disputes may damage our relationship with the relevant customers, suppliers, subcontractors or staff, which may affect our reputation in the building construction industry, and in turn adversely affect our business operations, financial results and profitability. The occurrence of any of the above events may have material adverse impact on our business operations, reputation as well as our financial position. For details of our litigation and claims, please refer to the paragraph headed "Business – Legal Proceedings" in this prospectus.

We are exposed to certain types of liabilities that may not be fully covered by our insurance or generally not insured against and our insurance expenses may increase from time to time

We have purchased insurance policies which are in line with industry practice and also are generally required by our customers to cover our business operations. However, we may be subject to liabilities if we are not insured adequately or at all, or liabilities against which cannot be insured, such as losses suffered due to war, acts of terrorism, earthquakes and other natural disasters.

If events for which we do not have any or sufficient insurance cover arises, we may have to bear the associated losses, damages or liabilities ourselves, in which cases our business operations and financial results may be adversely affected. Even if we have insurance policies, our insurers may not fully compensate us for all potential losses, damages or liabilities regarding our properties, our employees or our business operations.

In addition, our insurers will review our policies regularly and we cannot guarantee that we can renew our policies on similar or other acceptable terms or at all. For FY2017, FY2018 and FY2019, our total insurance expenses amounted to approximately RM95,000, RM606,000 and RM550,000 respectively. Any further increases in insurance costs (such as an increase in insurance premiums) or reductions in insurance coverage may materially and adversely affect our business operations and financial results.

Our business operates under various licences and certificates and the loss of or failure to obtain or renew any or all of these licences and certificates could materially and adversely affect our business

The Malaysian construction industry is highly regulated, with various government bodies governing the approval of licences and certificates including the CIDB, which governs the operations of our Group in Malaysia. As such, we are bound by the terms of the licences and certificates awarded by such authority, which dictates the types and nature of activities we engage in.

Under the CIDB Act, it is mandatory for all contractors (whether main contractors or sub-contractors) to register with the CIDB before undertaking and completing any construction work in Malaysia. As at the Latest Practicable Date, our operating subsidiary undertaking construction works have obtained the requisite licences, permits and approvals for the conduct of our operations. We have obtained the PPK accreditation since August 1999 and are eligible to participate in any non-government projects. In June 2019, we have obtained the SPKK and are eligible to participate in government projects. All licences and certificates are granted subject to our compliance with conditions imposed by the relevant authorities and/or under the relevant laws, rules or regulations. Such licences and certificates are valid for a limited period of time and are subject to periodic reviews and renewal by the relevant authorities. Please refer to the paragraph headed "Business – Licences and Permits" in this prospectus for further details of the licences of our Group and relevant validity periods.

As at the Latest Practicable Date, our Group has not experienced any revocation or suspension of our licences and certificates prior to their expiration. However, there can be no assurance that our licences and certificates will not be revoked or suspended prior to their expiration in the future. We have also been successful in renewing our existing licences and certificates with the relevant authorities. Nevertheless, CIDB may revoke or suspend our licences or certificates if certain conditions are not met, such as the payment of construction works levies within the prescribed period. There can also be no assurance that we will be able to renew such licences, certificates or other clearances from the relevant authorities. Any revocation or non-renewal of our licences and certificates by the relevant authorities or failure on our part to obtain new licences and certificates from the relevant authorities if required will have a material impact on our ability to continue our business operations and affect our profitability. Please refer to the paragraph headed "Regulatory Overview – Laws and Regulations in Malaysia – A. Construction Activities – A1. CIDB Act" in this prospectus for further details.

Our business plans and strategies may not be implemented successfully in accordance with the expected time frame or within the estimated budget

Our Directors are of the view that the future plans of our Group have been prepared after due and careful consideration with reference to the future prospects of the industry, our competitive advantages and other relevant factors. However, our plans and strategies may be hindered by risks including but not limited to those mentioned in this section. There is no assurance that our business plans can be successfully implemented. Failure in implementing our plans could materially and adversely affect our business, financial condition and results of operations.

The financial performance of our Group for the year ending 31 October 2020 will be affected by certain non-recurring expenses incurred by our Group in relation to Listing

The financial results of our Group will be affected by certain non-recurring expenses incurred by our Group in relation to the Listing. Our estimated listing expenses primarily consist of fee paid or payable to professional parties and underwriting fees and commission in relation to the Listing. The estimated expenses in relation to the Listing is estimated to be approximately HK$54.0 million (equivalent to approximately RM28.4 million), of which (i) approximately HK$28.5 million (equivalent to approximately RM15.0 million) is directly attributable to the issue of Offer Shares which is to be accounted for as a deduction from equity; (ii) approximately

HK$16.5 million (equivalent to approximately RM8.7 million) have been charged to profit or loss of our Group for FY2019; and (iii) approximately HK$9.0 million (equivalent to approximately RM4.7 million) will be further charged to profit or loss of our Group subsequent to the Track Record Period upon the Listing of our Company. The listing expenses above are the latest practicable estimate and are for reference only, and the actual amount may differ from this estimate.

Whether or not the Listing eventually occurs, a major portion of the listing expenses will be incurred and recognised as expenses, which will reduce our net profit and therefore may negatively affect our financial performance for the year ending 31 October 2020. In addition, if the Listing were to be postponed due to market conditions, we would also need to incur additional listing expenses, which would further affect our future net profit negatively. As a result, our business, financial performance, results of operations and prospect would be materially and adversely affected.

RISKS RELATING TO CONDUCTING BUSINESS IN MALAYSIA

Our performance depends on market conditions and trends in the building construction industry and the overall economy of Malaysia

Our businesses and operations have been and are expected to continue to be located in Malaysia. The future growth and level of profitability of the building construction industry in Malaysia depend primarily upon the continued availability of construction projects. The nature, extent and timing of such projects will be determined by the interplay of a variety of factors, including general economic conditions, political environment, government spending, resale prices and rental yields (as the case may be), and other factors which are beyond our control. These may affect the availability of construction projects from the public sector, private sector or institutional bodies. If there is any recurrence of recession in Malaysia, deflation or any changes in Malaysia's currency policy, or if the demand for construction services in Malaysia deteriorates, our operational and financial performance could be adversely affected.

The RM may be subject to fluctuation in the currency exchange rate or foreign exchange control imposed by Malaysian government in the future, which may have a material adverse effect on our business, operations and financial position

Our revenue and expenses have been and are expected to continue to be primarily denominated in RM and we are exposed to the risks associated with the fluctuation in the currency exchange rate of RM. Should RM appreciate against other currencies, the value of the proceeds from the Share Offer and any future financings, which are to be converted from Hong Kong dollar or other currencies into RM, would be reduced and might accordingly hinder the business development of our Group due to the lessened amount of funds raised. On the other hand, in the event of the devaluation of RM, the dividend payments of our Company, which are to be paid in Hong Kong dollars after the conversion of the distributable profit denominated in RM, would be reduced. Hence, substantial fluctuation in the currency exchange rate of RM may have a material adverse effect on the business, operations and financial position of our Group and the value of the investment in our Shares.

The Central Bank of Malaysia had, in the past, imposed selective exchange controls by pegging RM to US$ in September 1998. On July 2005, the peg of RM to US$ was replaced with a managed float system in view to respond to and benefit from the structural changes occurring in the region and in the international environment. There is no guarantee that the Malaysian government will not impose more restrictive or additional foreign exchange controls. Any imposition, variation or removal of exchange controls may lead to less independence in the Malaysian government's conduct of its domestic monetary policy and increased exposure of the Malaysian economy to the potential risks and vulnerability of external developments in the international markets.

The change in value of RM may also be affected by changes in Malaysia's political and economic conditions. On 24 February 2020, the Malaysia's prime minister, Tun Dr. Mahathir bin Mohamad, resigned unexpectedly. The sudden resignation of the prime minister led to political uncertainty and instability in Malaysia and may cause short-term fluctuations to the economy and exchange rate of RM to foreign currencies. Since the announcement of his resignation on 24 February 2020 up to 29 February 2020 on which Tan Sri Muhyiddin Bin Haji Muhammad Yassin was appointed as the new prime minister, the RM has slightly depreciated against Hong Kong dollar as the RM to Hong Kong dollar exchange rate has dropped by approximately 1.3% from the highest point to the lowest point during this period. The political instability may also have temporary and limited impact on the macroeconomy of Malaysia and hence may affect our business, financial condition, results of operation and prospects.

Our principal operating subsidiaries are incorporated in Malaysia and a significant portion of our assets are located in Malaysia. It could be difficult to enforce a foreign judgment against our Malaysian subsidiary, our Directors or our executive officers

Our operating subsidiaries are incorporated under the laws of Malaysia and our major assets are located in Malaysia. Enforceability of certain foreign judgments in Malaysia is by virtue of the Reciprocal Enforcement of Judgments Act 1958, in which a foreign judgment permitted by the said Act must be registered before it can be enforced. As a result, it could be difficult to enforce a foreign judgment against our Malaysian subsidiaries, our Directors and our executive officers.

Our operating costs and profitability may be affected by changes in regulatory requirements in Malaysia

Our operations are subject to laws and regulations that relate to matters such as licensing, employment of foreign workers, workplace health and safety, and environmental protection in Malaysia, which are summarised in the section headed "Regulatory Overview" in this prospectus. In the event our operations fail to meet such laws and regulations, we may be subject to fines or be required to take remedial measures, and our ability to secure new projects may also be affected. If any of these events occurs, it may adversely affect our reputation, business, results of operations and financial condition. Additionally, any changes in such requirements may result in our Group incurring additional compliance costs and thereby increasing our operating costs and adversely affecting our profitability.

RISKS RELATING TO OUR SHARES

There is no existing public market for the Shares and the liquidity, market price and trading volume of the Shares may fluctuate

Prior to the Listing, there is no public market and hence established price for our Shares. The Listing of, and the permission to deal in, the Shares on the Stock Exchange do not guarantee that an active public market can be developed or, if developed, it will be sustained following completion of the Listing. The market price and trading volume of our Shares may be volatile. There are numerous factors which may influence the market price and trading volume of our Shares, such as the followings:

- actual or anticipated variations in our Group's financial performance;
- acquisitions or other transactions made by our Group or its competitors;
- industrial or environmental accidents suffered by our Group;
- recruitment or loss of key personnel;
- potential litigation or regulatory investigations;
- the general economic, market or regulatory conditions or other developments affecting our Group or our industry; and
- other events or factors that are beyond our Group's control.

Future issues and sales of Shares in the public market may adversely affect the prevailing market price of the Shares

Prevailing market price of Shares may, after the Listing, decline as a result of issuance of new Shares or other securities relating to the Shares by our Company, the sale of a substantial amount of Shares or other securities relating to the Shares in the public market, or the perception that such issue or sale may occur. The Shares held by our Controlling Shareholders are subject to certain lock-up undertakings for periods up to 12 months after the Listing. We cannot give any assurance that they will not dispose of Shares they may own now or in the future.

Dividends declared in the past may not be indicative of our dividend policy in the future

Dividends paid in prior periods may not be indicative of future dividend payments. We cannot guarantee when, if and in what form dividends will be paid in the future. The declaration of dividend is proposed by our Board and is based on, and limited by, various factors including without limitation our business and financial performance, capital and regulatory requirements and general business conditions. We may not have sufficient profits or cash flow to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable.

RISKS RELATING TO STATEMENTS MADE IN THIS PROSPECTUS

Our Group cannot guarantee the accuracy of certain statistics and industry information contained in this prospectus

Certain facts, statistics and information presented in this prospectus, relating to the industry in which we operate have been derived from various publications and industry-related sources prepared by government officials or independent third parties. In particular, we have commissioned SHINEWING BAS, an independent market research agency, to prepare a market research report, certain information and statistics from which have been extracted and set forth in the section headed "Industry Overview" in this prospectus. We believe that the sources of the information are appropriate for such information, and the Sole Sponsor and our Directors have taken reasonable care to extract and reproduce the information in this prospectus. In addition, we have no reason to believe that such information is false or misleading or that any fact that would render such information false or misleading has been omitted. However, neither our Group, our Directors, the Sole Sponsor, nor any parties involved in the Listing have independently verified, or make any representation as to, the accuracy of such information and statistics. It cannot be assured that statistics and data derived from such sources will be prepared on a comparable basis or that such information and statistics will be stated or prepared at the same standard or level of accuracy as, or consistent with, those in other publications within or outside Hong Kong. Accordingly, such information and statistics may not be accurate and should not be unduly relied upon.

Investors should read this entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or media regarding us and the Share Offer

There may be press or other media, which contains certain information regarding us or the Share Offer that do not appear in this prospectus. We have not authorised the disclosure of such information in any press or media, and neither the press reports, any future press reports nor any repetition, elaboration or derivative work were prepared by, sourced from, or authorised by us. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness or reliability of any such information. To the extent that any such information is not contained in this prospectus or is inconsistent or conflicts with the information contained in this prospectus, we disclaim any responsibility, liability whatsoever in connection therewith or resulting therefrom. Accordingly, prospective investors should not rely on any such information. In making the decision as to whether to subscribe for and/or purchase our Shares, prospective investors should rely only on the financial, operational and other information included in this prospectus.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties

This prospectus contains certain statements that are “forward-looking” and indicated by the use of forward-looking terminology such as “aim”, “anticipate”, “believe”, “consider”, “could”, “estimate”, “expect”, “forecast”, “going forward”, “intend”, “may”, “might”, “ought to”, “plan”, “potential”, “project”, “seek”, “shall”, “should”, “will” or “would” or similar expressions. Prospective investors are cautioned that reliance on any forward-looking statement involves risk and uncertainties, any or all of those assumptions could prove to be inaccurate and as a result, the forward looking statements based on those assumptions could also be incorrect.

The risks and uncertainties in this regard consist of those identified in this section as discussed above. In light of these and other risks and uncertainties, the enclosure of forward-looking statements in this prospectus should not be regarded as representations by our Group that the plans and objectives will be achieved, and you should not place undue reliance on such statements. Please refer to the section headed “Forward-looking Statements” in this prospectus for further details.

In preparation for the Share Offer, our Company has sought the following waiver from strict compliance with the relevant provisions of the Listing Rules.

WAIVER FROM STRICT COMPLIANCE WITH RULE 8.12 OF THE LISTING RULES

Pursuant to Rule 8.12 of the Listing Rules, our Company must have a sufficient management presence in Hong Kong. This normally means that at least two of our Executive Directors must be ordinarily resident in Hong Kong.

Currently, all of our Directors, save for our Independent Non-executive Director, Mr. Wong Chi Wai, are based in Malaysia, given that our principal business operations are primarily located, managed and conducted in Malaysia. Our management and operation has been under the supervision of our Executive Directors in Malaysia and has proven to be effective. Therefore, the Board is of the view that the appointment of two additional Executive Directors to reside in Hong Kong or the relocation of our Executive Directors to Hong Kong would not only increase the administrative expenses of our Group, but would also reduce the effectiveness and responsiveness of the decision making process of the Board, especially when business decisions are required to be made within a short period of time. Therefore, our Company does not and will not in the foreseeable future have two Executive Directors ordinarily residing in Hong Kong.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 8.12 of the Listing Rules on the following conditions to ensure that effective communication is maintained between the Stock Exchange and our Company:

(i) our Company will appoint two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our Company's principal channel of communication with the Stock Exchange. The two authorised representatives to be appointed are Mr. Low Seah Sun, the chairman of the Board and an Executive Director and Ms. Lam Yuen Ling Eva, the company secretary of our Company. Ms. Lam Yuen Ling Eva is ordinarily residing in Hong Kong. Each of the authorised representatives will be available to meet with the Stock Exchange within a short notice upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of the two authorised representatives is authorised to communicate on behalf of our Company with the Stock Exchange;

(ii) both of the authorised representatives have means to contact all members of the Board (including the Independent Non-executive Directors) and of the senior management team of our Company promptly at all times as and when the Stock Exchange wishes to contact the Directors for any matters. To enhance the communication between the Stock Exchange, the authorised representatives and our Directors, our Company will implement a policy that (a) each Executive Director and Independent Non-executive Director will have to provide his/her respective office phone numbers, mobile phone numbers, residential phone numbers, fax numbers and email addresses to the authorised representatives and his/her respective alternates; (b) in the event that an

Executive Director or Independent Non-executive Director expects to travel and be out of office, he/she will have to provide the phone number of the place of his/her accommodation to the authorised representatives; and (c) all the Executive Directors and Independent Non-executive Directors and authorised representatives will provide their office phone numbers, mobile phone numbers, residential phone numbers, fax numbers and email addresses to the Stock Exchange;

(iii) our Company will promptly inform the Stock Exchange of any changes on the authorised representatives;

(iv) all Directors (including the Independent Non-executive Directors) who are not ordinarily resident in Hong Kong have confirmed that they possess valid travel documents to visit Hong Kong when so required and would be able to come to Hong Kong and meet the Stock Exchange within a reasonable period of time when required; and

(v) our Company has appointed Titan Financial Services Limited to act as the additional channel of communication with the Stock Exchange for the period commencing on the date of the initial listing of the shares of our Company on the Main Board of the Stock Exchange and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the date of its initial Listing.

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Low Seah Sun	No 18 C Medan York 10450 Georgetown Pulau Pinang Malaysia	Malaysian
Low Wui Linn	No 18 C Medan York 10450 Georgetown Pulau Pinang Malaysia	Malaysian
Seah Peet Hwah	36 PSRN Hijau 11600 Jelutung Pulau Pinang Malaysia	Malaysian
Cheang Wye Keong	12-A Jln Rambai 3 Paya Terubong 11060 Pulau Pinang Malaysia	Malaysian
Lau Ah Cheng	Gambier Heights, 103-6-2 Persiaran Bukit Gambier 11700 Gelugor Pulau Pinang Malaysia	Malaysian
Independent Non-executive Directors		
Ng Kok Seng	48 (PTD 107123) Jln Impian Emas 67/1 Tmn Impian Emas Johor Bahru Malaysia	Malaysian
Wong Chi Wai (黄智威)	Flat/RM 901 Leung Fat House Cheung Fat Estate Tsing Yi, Hong Kong	Chinese

Name	Residential Address	Nationality
Yeo Chew Yen Mary	No 28, LRG Lembah Permai 1 11200 Tanjung Bunga Pulau Pinang Malaysia	Malaysian

Please refer to the section headed "Directors and Senior Management" in this prospectus for further information.

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor	**Titan Financial Services Limited** Suites 3201–02, 32/F COSCO Tower Grand Millennium Plaza 183 Queen's Road Central Hong Kong *(a corporation licensed under the SFO and permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities as defined in the SFO)*
Joint Bookrunners, Joint Lead Managers and Public Offer Underwriters	**Realord Asia Pacific Securities Limited** Suite 2402, 24/F Jardine House 1 Connaught Place Central Hong Kong **China Tonghai Securities Limited** 18/F–19/F China Building 29 Queen's Road Central Hong Kong **SPDB International Capital Limited** 33/F SPD Bank Tower One Hennessy 1 Hennessy Road Hong Kong **AMC Wanhai Securities Limited** 1605, 16/F West Tower Shun Tak Center 168–200 Connaught Road Sheung Wan Hong Kong

Joint Lead Managers and Public Offer Underwriters	**Conrad Investment Services Limited** 23/F, Tung Hip Commercial Building 244–248 Des Voeux Road Central Sheung Wan Hong Kong
	Target Capital Management Limited 6/F, 18 King Wah Road North Point Hong Kong
	Augustine Securities Company Limited Suite 1803, 18/F, Tower 1 The Gateway, Harbour City 25 Canton Road Tsim Sha Tsui Kowloon Hong Kong
Legal Advisers to our Company	*As to Hong Kong law:* **Wong, Wan & Partners in Association with Seyfarth Shaw** Suite 3701, 37/F Edinburgh Tower The Landmark 15 Queen's Road Central Central Hong Kong
	As to Malaysian law: **Rosli Dahlan Saravana Partnership** Level 16 Menara 1 Dutamas Solaris Dutamas No. 1, Jalan Dutamas 1 50480 Kuala Lumpur Malaysia
	As to Cayman Islands laws: **Appleby** 2206–19 Jardine House 1 Connaught Place Central Hong Kong

Tax adviser to our Company	**Deloitte Tax Services Sdn Bhd** Level 16, Menara LGB 1 Jalan Wan Kadir Taman Tun Dr Ismail 60000 Kuala Lumpur Malaysia
Legal advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong law:* **Hastings & Co.** 5th Floor, Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong *As to Malaysian law:* **Peter Ling & Van Geyzel Advocates & Solicitors** B-19-4, Tower B Northpoint Office Suites Mid Valley City No. 1 Medan Syed Putra Ultara 59200 Kuala Lumpur Malaysia
Auditors and reporting accountant	**Deloitte Touche Tohmatsu** *Certified Public Accountants* 35/F One Pacific Place 88 Queensway Admiralty Hong Kong
Internal control consultant	**SHINEWING Risk Services Limited** 43/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Industry consultant	**SHINEWING Business Advisory Services Limited** 43/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong

Property valuer	**AVISTA Valuation Advisory Limited** 23rd Floor, Siu On Centre No. 188 Lockhart Road Wanchai Hong Kong
Compliance adviser	**Titan Financial Services Limited** Suites 3201–02, 32/F COSCO Tower Grand Millennium Plaza 183 Queen's Road Central Hong Kong *(a corporation licensed under the SFO and permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities as defined in the SFO)*
Receiving bank	**Industrial and Commercial Bank of China (Asia) Limited** 33rd Floor, ICBC Tower 3 Garden Road Central Hong Kong

Registered office	PO Box 1350 Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Headquarters and principal place of business in Malaysia	309-E, 1st floor Silver Square Perak Road 10150 Penang Malaysia
Principal place of business in Hong Kong registered under Part 16 of the Companies Ordinance	Unit 3311, 33/F Shui On Centre Nos. 6–8 Harbour Road Wanchai Hong Kong
Company's website	**www.rimbaco.com.my** *(information of this website does not form part of this prospectus)*
Company secretary	Ms. Lam Yuen Ling Eva (林婉玲), *FCIS, FCS(PE)* Unit 3311, 33/F Shui On Centre Nos. 6–8 Harbour Road Wanchai Hong Kong
Authorised representatives	Mr. Low Seah Sun No 18 C Medan York 10450 Georgetown Pulau Pinang Malaysia Ms. Lam Yuen Ling Eva (林婉玲), *FCIS, FCS(PE)* Unit 3311, 33/F Shui On Centre Nos. 6–8 Harbour Road Wanchai Hong Kong
Audit committee	Mr. Wong Chi Wai (黃智威) (*Chairman*) Mr. Ng Kok Seng Ms. Yeo Chew Yen Mary

Remuneration committee	Ms. Yeo Chew Yen Mary (*Chairman*) Ms. Seah Peet Hwah Mr. Wong Chi Wai (黃智威)
Nomination committee	Mr. Low Seah Sun (*Chairman*) Mr. Ng Kok Seng Mr. Wong Chi Wai (黃智威)
Principal share registrar and transfer office in the Cayman Islands	**Ocorian Trust (Cayman) Limited** PO Box 1350 Clifton House 75 Fort Street, Grand Cayman KY1-1108 Cayman Islands
Hong Kong Branch Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712–1716 17th Floor Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
Principal bankers	**CIMB Bank Berhad** 8th Floor Bangunan KWSP Lot 3009 Off Lebuh Tenggiri 2 Bandar Seberang Jaya 13700 Seberang Jaya Pulau Pinang Malaysia **OCBC Bank (Malaysia) Berhad** 36 Lebuh Pantai 10300 Pulau Pinang Malaysia

We have extracted and derived the information and statistics in the section below, unless otherwise specified, from the Industry Report. We believe that the sources of the information and statistics in this section are appropriate sources for such information and statistics and have taken reasonable care in the extraction and reproduction of such information and statistics. We have no reason to believe that such information and statistics is false or misleading or that any fact has been omitted that would render such information and statistics false or misleading. Our Directors have further confirmed, after making reasonable enquiries and exercising reasonable care, that there is no adverse change in the market information since the date of the publication of Industry Report which may qualify, contradict or have an impact on this section. The information in this section has not been independently verified by our Group, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective affiliates, directors or advisers or any other persons or parties involved in the Share Offer, and no representation is given as to its completeness, accuracy or fairness. Accordingly, you should not place undue reliance on the information in this section.

Except as otherwise noted, all the data and forecasts contained in this section are derived from the Industry Report.

SOURCE AND RELIABILITY OF INFORMATION

Background of SHINEWING BAS

We commissioned SHINEWING BAS, an independent consulting firm specialised in market analysis and business consulting services, to conduct an analysis of the construction industry in Malaysia and prepare the Industry Report. The information in the Industry Report is derived by data and intelligence obtained from: (a) primary research via personal interviews with key knowledge leaders; (b) secondary research by gathering data and qualitative information to support the analysis and identify trends of the industry; and (c) management discussion to collect in-house background information of the Group. The Industry Report provides an analysis of the market situation, market size, historical trends, competitive landscape and future development.

SHINEWING BAS is a consulting firm based in Hong Kong and has sound experience in market analysis, due diligence and business consulting services in various industries. The Industry Report has been prepared by SHINEWING BAS which is independent of our Group's influence. The information and statistics set forth in this section have been extracted from the Industry Report. We have paid a fee of HK$500,000 to SHINEWING BAS to prepare the Industry Report and consider that such fee reflects market rates. The payment of such amount is not conditional on our Group's successful Listing or on the results of the Industry Report.

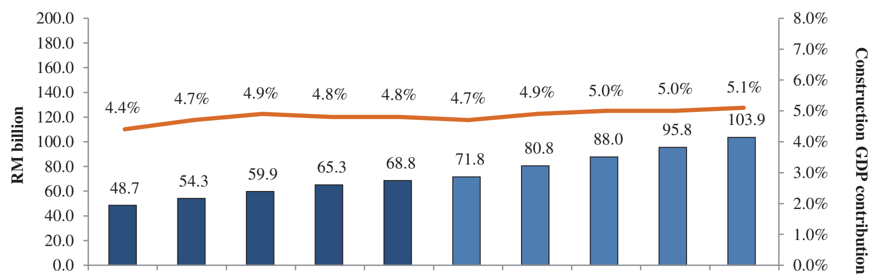
Assumptions and parameters used in the Industry Report

In compiling the Industry Report, SHINEWING BAS has adopted the following assumptions: (1) it is assumed that the global economy remains in steady growth across the period from 2019 to 2023; (2) the external environment is assumed to have no radical shocks, such as financial crises or natural disasters, that will influence the demand and supply of the construction industry in Malaysia from 2019 to 2023; and (3) As the coronavirus disease 2019 (COVID-19) outbreak in early 2020 becomes pandemic and has spread to Malaysia, the impact of the coronavirus pandemic to the construction industry and market in Malaysia has been taken into consideration in the calculation and forecast below. The following parameters are used in the Industry Report: GDP and GDP growth rate in Malaysia from 2014 to 2018, domestic and foreign direct investment trend in Malaysia from 2014 to 2018, industrial building volume, commercial building volume and residential building volume in Malaysia from 2014 to 2018, residential property price in Malaysia from 2014 to 2018, and price trends of major raw materials from 2014 to 2018.

OVERVIEW OF ECONOMY IN MALAYSIA

In 2010, the Malaysian government initiated the Economic Transformation Program target to turn Malaysia into a high income economy by 2020. To achieve the target of high-income status, the construction sector is set to play a key role. The construction GDP has remained an upward trend from RM48.7 billion in 2014 to RM68.8 billion in 2018, at a CAGR of 9.1%. The upward trend is expected to continue from RM71.8 billion in 2019 to RM103.9 billion in 2023, at a CAGR of 9.7%. The rising construction GDP was contributed by the increasing construction activities resulting from the mounting property and infrastructure investments. The diagram below sets forth the construction GDP and its contribution to total GDP.

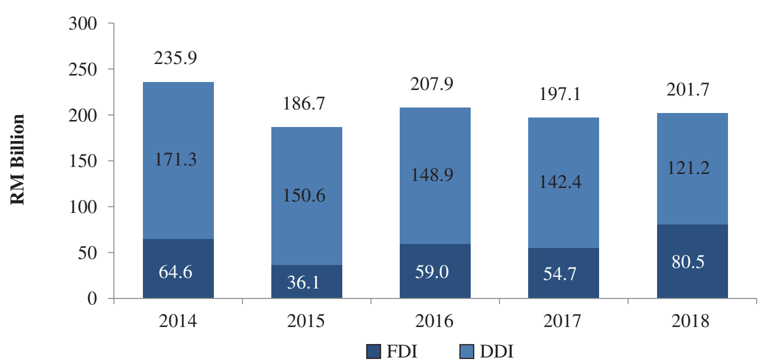
Construction GDP and Contribution in Malaysia from 2014 to 2023



Sources: The Department of Statistics Malaysia (DOSM); SHINEWING BAS analysis

The total direct investment registered a slight decrease from RM235.9 billion in 2014 to RM201.7 billion in 2018, at a CAGR of -3.8%. The foreign direct investment ("**FDI**"), in particular, decreased in 2015 but recovered afterwards. The FDI increased to RM80.5 billion in 2018 from RM64.6 billion in 2014, at a CAGR of 5.7%. Despite the dip in direct investment, Malaysia's net inflow of FDI improved considerably in the fourth quarter of 2018. The FDI was primarily channeling into the manufacturing sector with RM4.6 billion, followed by non-financial sector with RM4.1 billion. As a result, the total direct investment slightly rebounded to RM201.7 billion in 2018.

Direct Investment in Malaysia from 2014 to 2018

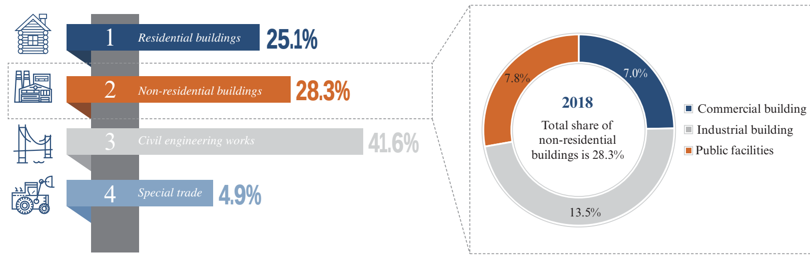


Note: FDI refers to foreign direct investment; DDI refers to domestic direct investment.

Sources: Malaysian Investment Development Authority; SHINEWING BAS analysis

MARKET OVERVIEW OF THE CONSTRUCTION INDUSTRY IN MALAYSIA

The construction industry in Malaysia can be divided into four market segments based on building types, namely residential buildings, non-residential buildings, civil engineering works and special trades. Residential buildings refer to buildings intended for dwelling purpose; non-residential buildings refer to properties for manufacturing and business activities, which can be further categorised into industrial buildings, commercial buildings, and public facilities, for example factories, shopping malls, hotels and hospitals. Civil engineering works refer to the construction of infrastructure such as bridges, roads, railways, utility plants, harbor and refineries. Special trade activities refer to various auxiliary construction works including but not limited to demolition, site preparation, land reclamation, electrical and mechanical works, building service works. The diagram below illustrates the breakdown of building types in terms of value of construction works done in 2018.



Note: The percentage refers to the value of construction of the respective building segments account for the total value of construction works done in Malaysia in 2018. The percentage number might not sum up to 100% due to rounding.

Sources: Department of Statistics, Malaysia; SHINEWING BAS analysis

Impacts of the coronavirus disease 2019 (COVID-19) on Malaysia's construction industry

As the COVID-19 pandemic continues to spread, Southeast Asian countries such as Malaysia, which saw its first confirmed case in January 2020, is actively taking countermeasures and steps to reduce the spread of the coronavirus amid the sharp increase of confirmed cases. As of 23 March 2020, confirmed coronavirus cases in Malaysia surged by 205% to 1,306, compared to 428 on 15 March 2020. Despite the spike of COVID-19 cases in the past week, the number of confirmed cases in Malaysia remains relatively small compared to other countries around the globe. In anticipation of a relief package to blunt the impacts to economic growth if the spread of virus continues, it is possible that the Malaysian government may introduce measures in the future such as the provision of funding to support lending program for distressed enterprises, offering unemployment insurance to protect laid off workers, a tax cut for individuals and corporates as well as issuing checks to low-income households. Although these measures, if introduced, may cause short-term cash crunch to the Malaysian government, SHINEWING BAS is of the view that such moves are not likely to impact the construction industry of Malaysia in the medium and long run. Given the experiences of the past few global economic recession, it is commonly observed that governments of different countries may enact fiscal policies to jump-start the economy by increasing government spending. One of the effective measures will be to launch infrastructure projects as well as other public sector construction projects, which help to alleviate unemployment and improve sales of construction-related sectors. As a result, SHINEWING BAS expects that the Malaysian government will commit government spending on public sector construction projects, in an effort to help mitigate the economic impacts despite other expected relief measures in the future. As of the short-term impact on the construction industry, the impacts may be small or minimal. The construction projects might experience project delay or postponement due to the Control Order. Yet, the restrictions are for a short period and the construction sector can easily catch up on the progress throughout the course of construction.

License and Certificate Requirements

Construction contractors in Malaysia are required to obtain relevant license(s) in order to be eligible to perform construction activities. Contractors shall register their license(s) in the CIDB. Under Section 25 (1) of the Malaysian Construction Industry Development Board Act 1994 (Act 520)), the registered contractor shall hold the Contractor Registration Certificate which also known as the Perakuan Pendaftaran Kontraktor (PPK).

Additionally, contractors are required to register to the CIDB for Government Work Procurement Certificate, also known as SPKK, if they wish to participate in government projects. The SPKK is a certificate issued by CIDB to the contractor to certify that the holder has met the requirements and guidelines of the Ministry of Finance and eligible to participate in any government procurement in construction in accordance with the prescribed qualifications. In addition to SPKK, local contractors who wish to participate in government projects which are designated to allocate to indigenous contractors of Malaysia only must obtain the Bumiputera Status Certificate, also known as Sijil Taraf Bumiputera (STB).

Value of Construction Work Done in Malaysia

The construction industry in Malaysia witnessed the value of construction work done increased from RM102.5 billion in 2014 to RM145.5 billion in 2018, at a CAGR of 9.1%. The construction industry in Malaysia is expected to be stable from 2019 to 2023, with the forecasted value of construction work done increasing from RM150.7 billion in 2019 to RM185.8 billion in 2023, at a CAGR of 5.4%.

Having benefitted from the growth of the residential property price which increased from RM330,428 per unit in 2014 to RM416,993 per unit in 2018, Malaysian developers were increasingly interested in the residential property development during the historical period, driving the supply of residential building across the country. From 2014 to 2018, the residential segment witnessed a growth at a CAGR of 4.6%. The future growth of the segment will be supported by the construction of affordable housing, with an expected CAGR of 3.9% from 2019 to 2023. As mentioned in the Malaysian Budget Speech 2019, the government will allocate RM1.5 billion for public housing programs.

Given the increased supply of residential property in the historical period, Malaysia experiences a property glut. Yet, the property market still witnessed positive growth. According to the provisional figure published by the National Property Information Centre of Malaysia, the number of overhang residential units slightly increased from 32,313 in the second half of 2018 to 32,810 in the first half of 2019, representing 1.5% change. The transaction volume and value of residential units increased by 6.1% and 9.5% respectively in the first half of 2019, compared to that of the first half of 2018. The annual growth of transaction volume and value of residential units was 1.4% and 0.4% respectively in 2018. Such changes imply that the sentiment and prospect of the property market in Malaysia remain positive. Yet, the property glut had impacts the property market. According to the Department of Statistics of Malaysia, the value of construction work done of private residential buildings decreased by 4.7% in 2019 compared to that of 2018. On the other hand, the value of construction work done of public residential buildings (project owners including government and public corporations) increased by 35.5% in 2019 compared to that of 2018. The changes in the public and private sector imply that: (1) the private developers are reducing the supply of private residential property to the market due to the property glut; and (2) the Malaysian government is constructing and increasing the supply of affordable housing to the market to tackle the increasing property price. The property glut also impacts the project financing, where banks are cautious about the short-term prospect of the property market and they are more prudent on providing project financing, including performance bonds, for construction contractors. Such impact is also reflected by the reduced value of construction work done of private residential buildings.

The construction of industrial buildings experienced a surge in the historical period. The investment in the manufacturing sector stimulated construction activities in Malaysia. According to the Malaysian Investment Development Authority, the investment in the manufacturing sector increased from RM71.9 billion in 2014 to RM87.4 billion in 2018, at a CAGR of 5.0%. Moreover, according to the National Property Information Centre ("**NAPIC**"), the existing stock of industrial buildings increased from 97,704 units in 2014 to 115,397 units in 2018 at a CAGR of 4.2%. The industrial segment is promising in the forecast period. Given the influx of investment in the manufacturing industry and the escalating trade disputes between the US and China, more manufacturers are attracted to invest in Malaysia. Some of them intend to relocate their manufacturing facilities to manage risk. The new government policy is also expected to stimulate the development of manufacturing industry. Industry4WRD (a national policy of Malaysia launched in 2018, which was designated to call for digital transformation of the manufacturing sector and its related services by facilitating companies to embrace Industry 4.0 in a systematic and comprehensive manner), a national policy on Industry 4.0 (a concept of factory development which towards automation and data exchange in manufacturing technologies and processes which include cyber-physical systems (CPS), the internet of things (IoT), industrial internet of things (IIOT), cloud computing), was launched on 31 October 2018. The policy aims to transform the nation's manufacturing sector by adopting Industry 4.0, and ultimately make Malaysia a preferred manufacturing location. Therefore, the demand for construction in the industrial segment is positive in the forecast period.

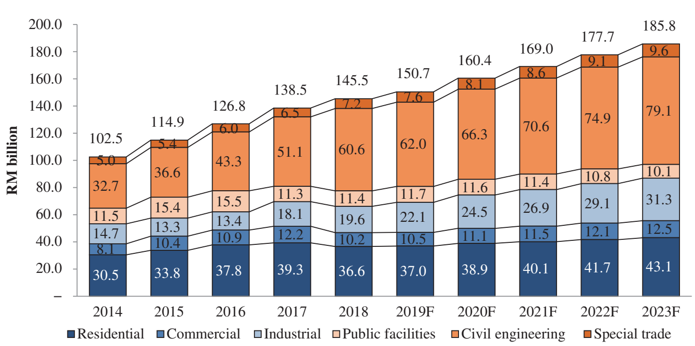
Demand for new commercial properties was mostly led by the expanding market of commercial buildings. Construction of office buildings was one of the key drivers. According to the NAPIC, from 2014 to 2018, the existing stock of purpose-built office buildings increased from

19,553.1 thousand square meter to 21,834.4 thousand square meter at a CAGR of 2.8%. The commercial segment is forecasted to expand at a CAGR of 4.6% from 2019 to 2023. Growth is expected, yet at a slower rate compared to that of the historical period.

The civil engineering segment, which accounted for more than 40% of the total output, was a major growth driver from 2014 to 2018. As the Malaysian government has pledged to develop infrastructure to improve transportation and promote economic viability by connecting the rural areas, several mega infrastructure projects, including Klang Valley Mass Rapid Transit Line 2 (MRT2) and Light Rail Transit Line 3 (LRT3) commenced construction in 2016. Given the large size of those infrastructure projects, the civil engineering segment rose 18.4%, 17.9% and 18.6%, respectively, in 2016, 2017 and 2018. However, amidst concerns over the fiscal health of the government, the new administration has committed to reducing government debt by scrutinising some of the previously approved mega projects. In April 2019, the Malaysian government agreed to resume the construction of the East Coast Rail Link (ECRL) after negotiation with the Chinese counterpart. Several infrastructure projects are also retendered to reduce the construction cost. Those projects will provide growth momentum to the construction industry in the forecast period.

Note that the COVID-19 has spread to Malaysia, the Malaysia government announced the nationwide movement control measure on 16 March 2020 and 25 March 2020. The Control Order, with effect from 18 March to 14 April 2020, includes a ban on mass gathering, including religious, sports, social and cultural events. All houses of worship and businesses are to close, except supermarkets, markets, mini markets and convenience stores. Given the nationwide Control Order implemented by the Malaysian government, the construction activities in Malaysia are expected to slow down during the said period. Yet, such control is expected to be temporary in which its effects on the construction industry and construction market in Malaysia are anticipated to be insignificant. Construction activities will resume and catch up on their original schedule in the later period, as long as the pandemic of the coronavirus in Malaysia will be gradually under control. Therefore, the impact of coronavirus to the construction industry and construction market in Malaysia is insignificant.

The value of Construction Work Done in Malaysia from 2014 to 2023F



CAGR	2014–2018	2019F–2023F
Residential	4.6%	3.9%
Non-residential		
Industrial	7.5%	9.1%
Commercial	5.9%	4.6%
Public Facilities	-0.2%	-3.6%
Civil Engineering	16.7%	6.3%
Special Trade*	9.3%	6.2%
Total	9.1%	5.4%

Note: Special trade activities refer to various auxiliary construction works.

Sources: Construction Industry Development Board, Malaysia (CIDB); Department of Statistics, Malaysia; SHINEWING BAS analysis

The construction industry in West Malaysia witnessed growth from 2014 to 2018, where the value of construction work done increased from RM88.8 billion in 2014 to RM125.7 billion in 2018, at a CAGR of 9.1%. The value of construction in West Malaysia is expected to grow from RM132.3 billion in 2019 to RM166.2 billion in 2023, at a CAGR of 5.9%.

West Malaysia is the major market for the construction industry in Malaysia, which accounts for the major portion of the value of construction work done in Malaysia. In the historical period, West Malaysia accounted for over 85% of the total value of construction work done in Malaysia. Hence, the value of construction work done in West Malaysia shares a similar trend with that in overall Malaysia. The growth in West Malaysia is mainly driven by the construction of residential, commercial, industrial and civil engineering projects.

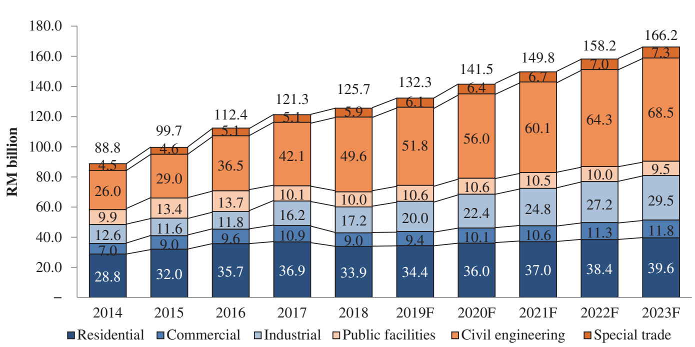
The value of construction work done for residential buildings grew at CAGR 4.2% in the historical period. The positive growth was attributed to the prosperous residential property market, leading to the developers' effort in developing new residential projects, particularly in the major areas such as Kuala Lumpur and Selangor. However, continuous residential property development in West Malaysia led to the accumulation of unsold units. According to the NAPIC, as at the fourth quarter of 2018, about 95% of the 32,313 overhang residential units were located in West Malaysia. Given the number of overhang residential units, the construction of new residential properties is slowing down and the growth of the value of construction work done is expected to drop to a CAGR of 3.6%.

Given the rising rental of office buildings, developers invested in constructing new purpose-built office buildings which led to the value of construction work done of commercial buildings grew at 6.4% in the historical period. Yet, the available space of purpose-built office increased from 2,851.0 thousand square meter in 2014 to 3,788.0 thousand square meter in 2018, in which over 90% were located in West Malaysia. The development pace of office buildings started to slow down in 2018, and hence the growth of the value of construction work done is forecasted at a CAGR of 5.7%.

West Malaysia is the hub for industrial buildings in Malaysia and over 85% of the industrial buildings are located in West Malaysia. Resulting from the U.S-China trade dispute, West Malaysia benefited from some relocation of factories from China to Malaysia. Such relocation trend and the construction activities of new industrial buildings are expected to persist, and drive the growth of the value of construction work done for industrial buildings from a CAGR of 8.0% in the historical period to 10.2% in the forecast period.

The value of construction work done for civil engineering substantially increased at a CAGR of 17.5% in the historical period. The substantial growth was attributed to the construction of mega infrastructure projects, such as MRT2 and LRT3. However, as the Malaysian government is concerned with the high national debt, some of the previously approved infrastructure projects are cancelled or postponed, resulting in a CAGR of 7.2%, a lower growth of the value of construction work in the forecast period. The growth rate is expected to continue, as the construction of ECRL, which crosses several states in West Malaysia including Kelantan, Terengganu, Pahang and Selangor, resumes in 2019 and it is expected to bring momentum to the growth of the value of construction work done in the forecast period.

The Value of Construction Work Done in West Malaysia from 2014 to 2023F



CAGR	2014–2018	2019F–2023F
Residential	4.2%	3.6%
Non-residential		
Industrial	8.0%	10.2%
Commercial	6.4%	5.7%
Public Facilities	0.3%	–2.6%
Civil Engineering	17.5%	7.2%
Special Trade*	7.2%	4.7%
Total	9.1%	5.9%

Note: Special trade activities refer to various auxiliary construction works.

Sources: *Construction Industry Development Board, Malaysia; Department of Statistics, Malaysia; SHINEWING BAS research and analysis*

Building Material Prices in Malaysia

Major building materials include ready-mixed concrete, steel reinforcement, cement and timber. The table below sets forth the prices of the major building materials in Malaysia from 2014 to 2023.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014–2018	2019F–2023F
Ready-mixed concrete (RM/m^3)	250.1	264.2	263.3	253.0	257.7	258.8	261.8	263.9	266.5	268.8	0.7%	1.0%
Steel reinforcement (RM/tonne)	2,363.4	2,089.6	2,437.2	2,718.8	2,402.3	2,498.4	2,566.0	2,633.5	2,701.1	2,768.6	0.4%	2.6%
Cement (RM/50kg bag)	18.7	18.9	19.3	19.1	19.0	19.6	19.9	20.3	20.7	21.1	0.4%	1.9%
Timber (RM/tonne)	2,633.3	2,862.0	3,031.8	3,050.9	3,081.4	3,130.6	3,195.0	3,250.8	3,299.9	3,343.9	4.0%	1.7%

Sources: CIDB; SHINEWING BAS analysis

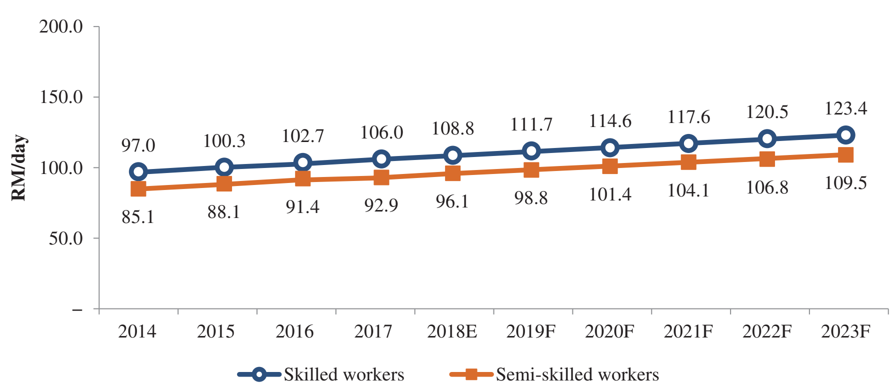
The prices of building materials in Malaysia had registered a slight increase during the historical period. The price hikes were attributed to the increasing construction activities resulting from the bolstering property market and rising public investment in infrastructure. Moving forward, the forecasted positive growth of the construction material prices is supported by the resumption of ECRL construction and the government's effort in driving affordable housing construction, together with the increasing construction activities in Malaysia.

Average Daily Wages of Construction Workers in Malaysia

The daily wage of skilled workers increased from RM97.0 in 2014 to RM108.8 in 2018, at a CAGR of 2.9%. The daily wage of semi-skilled workers increased from RM85.1 in 2014 to RM96.1 in 2018, at a CAGR of 3.1%. The daily wage of skilled workers is expected to rise from RM111.7 in 2019 to RM123.4 in 2023, at a CAGR of 2.5%. The daily wage of semi-skilled workers expected to increase from RM98.8 in 2019 to RM109.5 in 2023, at a CAGR of 2.6%.

The increase of daily wage was led by the rise in minimum wage in Malaysia. The Minimum Wages Order was first implemented in January 2013 at the range of RM800 to RM900 per month depending on geographical regions, and was further raised to RM1,100 per month in November 2018. The growth in the workers' daily wage is expected to be stable in the forecast period. The Malaysian construction industry is expected to experience a positive growth between 2019 and 2023, which supports the demand for construction workers and their daily wage growth.

Average daily wage of construction workers in Malaysia from 2014 to 2023F



Note: The 2018 figure is subject to revision and adjustment by CIDB in 2020.

Sources: CIDB; SHINEWING BAS analysis

Common practices of the construction industry in Malaysia

In the construction industry in Malaysia, is not uncommon in the industry for companies that take on sizable building construction projects and the main contractor appoints various subcontractors to carry out construction works with respect to their expertise. The use of subcontractors enables the main contractor to undertake complex projects in a timely and cost-efficient manner.

In respect of the progress payment, it is generally the case that the customer will pay out the monthly progress payment to the main contractor with reference to the value of the construction works completed and certified. The main contractor will then further settle the progress payment with its subcontractor. However, there are circumstances where the developer may not be able to pay the progress payment on time and in full to the main contractor. It is not uncommon that, in this, case, the main contractor may settle the progress payment with its subcontractors prior to the progress payment received from the customer.

The liquidity position of a main contractor is one of the competition factors in the industry. Good liquidity position indicates to the customer that the main contractor has lower credit risk and that the main contractor has the financial capability to complete the project and fulfill the contractual obligations. Additionally, the main contractor with good liquidity position is able to settle the progress payment on time and in full with subcontractors. This helps the main contractor to maintain a long-term sustainable relationship with its subcontractors, which can enhance the main contractor's competitiveness.

MARKET OVERVIEW OF THE CONSTRUCTION INDUSTRY IN PENANG

The Value of Construction Works Done in Penang

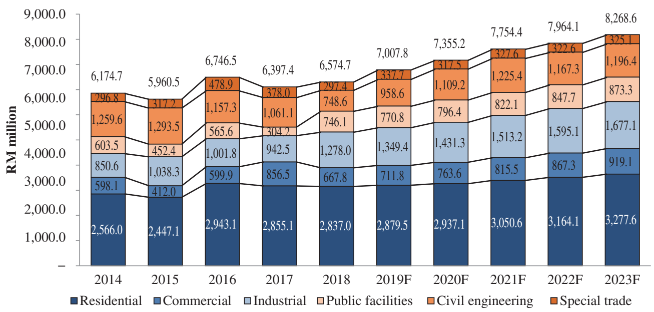
The construction industry in Penang slightly expanded from 2014 to 2018, where the value of construction work done increased from RM6,174.7 million in 2014 to RM6,574.7 million in 2018, at a CAGR of 1.6%. The value of construction works done in Penang is expected to increase from RM7,007.8 million in 2019 to RM8,268.6 million in 2023, at a CAGR of 4.2%.

In view of the property market boom, property developers made substantial investment in residential property development during the historical period, driving the demand for residential building construction. From 2014 to 2018, the residential segment of construction industry experienced a moderate growth at a CAGR of 2.5%. The growth was supported by the optimistic anticipation of the residential property market, with the all house price index ascended from 159.8 in 2014 to 190.9 in 2018. The construction of residential buildings is expected to grow steadily at a CAGR of 3.3% from 2019 to 2023. The growth can be supported by Penang's robust economic fundamentals and upcoming infrastructure projects for transportation such as the Penang Transport Master Plan, which is a comprehensive plan formed by the Penang State government to improve transportation within the entire state by the establishment of multiple transportation mode. Moreover, the expected growth is also supported by the improving homebuyer sentiment reflected by the increasing residential property transaction value. According to the NAPIC, the transaction value of residential properties in Penang slightly increased from RM5,364.6 million in 2016 to RM5,412.9 million in 2017 at 0.9%, and further increased to 5,465.2 million in 2018 at 1.0%.

The influx of direct investment in Penang manufacturing sector stimulated the construction activities in the industrial segment. Penang is long known for its strong electronic & electrical ("**E&E**") manufacturing hub in Malaysia. The mature supply chain and the well-developed ecosystem has helped to draw E&E multinational companies to set up operations in Penang. The year-on-year growth rate of direct investment in both years of 2014 and 2017 increased by 108.6% and 151.8%, respectively. The surge of direct investment substantially contributed to the construction of new industrial buildings in Penang, resulting in the value of construction work done grew at a CAGR of 10.7% from 2014 to 2018. In the forecast period, the expansion of the industrial segment is expected to be driven by the increasing investment in Penang's manufacturing sector. The surge in direct investment in 2017 has financed the construction of new industrial buildings, which are expected to be completed in the forecast period. Also, as a consequence of the U.S.-China trade war, it is expected that overseas manufacturers might relocate part of their production facilities base from China to Penang, given Penang's well-developed supply chain for the E&E industry. Therefore, the U.S.-China trade war is likely to benefit the construction of industrial buildings in Penang for the relocation of E&E manufacturing facilities in the long run.

Commercial properties such as shops and shopping malls were built in tandem to residential property development. For instance, M Mall O2O, which is Phase 2 of Penang Times Square was opened in 2016. The investment in developing new shops and shopping malls has been the major driving factor of construction activities in the commercial segment. Moving forward, the commercial segment is expected to experience strong growth, at a CAGR of 6.6% from 2019 to 2023. The growth is supported by the positive sentiment in the market with the transaction value of the commercial property increased by 5.9% in 2018 compared to that of 2017.

The Value of Construction Works Done in Penang from 2014 to 2023F



CAGR	2014–2018	2019F–2023F
Residential	2.5%	3.3%
Non-residential		
Industrial	10.7%	5.6%
Commercial	2.8%	6.6%
Public Facilities	5.4%	3.2%
Civil Engineering	-12.2%	5.7%
Special Trade*	0.0%	-0.9%
Total	1.6%	4.2%

Note: Special trade activities refer to various auxiliary construction works.

Sources: *Construction Industry Development Board, Malaysia; Department of Statistics, Malaysia; SHINEWING BAS analysis*

COMPETITIVE LANDSCAPE OF THE CONSTRUCTION INDUSTRY IN MALAYSIA AND PENANG

Industry Structure

The construction industry in Malaysia is fragmented, which consists of a considerable number of registered contractors in the industry. According to the CIDB, as of August 2019, there were a total of 100,664 registered contractors, in which 8,701 of them were G7 contractors who are entitled to undertake any construction projects without limitation on the value of the construction works. The value of construction work done in Malaysia rose from RM102.5 billion in 2014 to RM145.5 billion in 2018, at a CAGR of 9.1%. The value of construction work done is expected to increase from RM150.7 billion in 2019 to RM185.8 billion in 2023, at a CAGR of 5.4%. The top five construction companies in Malaysia accounted for 7.3% of the total market share in 2018. Our Group's revenue in 2018 was RM156.8 million, which accounted for 0.1% of the total market share.

Top Five Main Contractor in Malaysia

Rank		Revenue in 2018 (RM Million)	Share of Total Industry Revenue (%)
	Top 5 companies		
1	Company A	3,679.1	2.5
2	Company B	2,132.2	1.5
3	Company C	2,092.8	1.4
4	Company D	1,705.4	1.2
5	Company E	1,029.6	0.7
	Other		
N/A	The Company	156.8	0.1%
N/A	Other players	134,751.1	92.6%
	Total	**145,547.0**	**100.0%**

Source: SHINEWING BAS analysis

Market Drivers and Opportunities

Increasing investment in the manufacturing sector: Malaysia's vigorous economy along with the trade disagreement between China and U.S. are set to attract substantial investment to the manufacturing sector in Malaysia, sparking construction activities of industrial facilities across the country. Firstly, the foreign direct investment in the manufacturing sector increased to RM58.0 billion, where it rose by 169.8% in 2018 as compared to 2017. In particular, the FDI has been the major contributor, perking up more than double in 2018 with a total of 241 FDI projects approved, strengthening the demand for construction. Secondly, although the prolonged U.S.-China trade war has taken a toll on the international trade, partly weakening the manufacturing activities, the trade disagreement may partly benefit Malaysia by spurring companies to relocate their manufacturing plants to Malaysia. Particularly, the long-established E&E manufacturing sector in Malaysia, especially Penang, will allow overseas companies to transit smoothly and deploy investment easily. As a result, the well-established E&E manufacturing sector is expected to give edges to Malaysia especially Penang in capturing the re-directing foreign investment, boding well for the construction of industrial buildings.

Affordable housing measures untaken by the Malaysian government: The government initiatives of public housing will underpin the demand for housing construction, benefiting building contractors. To assist the lower income group of the population to own a house or apartment, the Malaysian government has undertaken a multitude of initiatives to enhance the accessibility of affordable housing. According to the Malaysian Budget Speech 2019, one of the major initiatives is to allocate RM1.5 billion for public housing programs. In addition, the government will also offer exemption of the stamp duty for first-home buyer as well as improve the availability and accessibility of loans from financial institutions. These measures will save cost for home buyers and stimulate the demand for public housing, which in turn drives the needs for residential building construction.

New township development in Penang: To bolster the vibrant economy in the state, Penang is developing new towns with multi-billion Malaysian ringgit worth of integrated-development mega projects such as the Penang International Commercial City (a massive mixed development project which comprises shopping malls, medical centers, high-rise office blocks, hotels, and residential buildings) with an estimated cost of RM9 billion, The Light City which cost about RM4 billion and the South Reclamation Project. These new township developments feature a dynamic combination of high-rise residential properties, office towers, commercial complexes, open spaces and social amenities. Particularly, the township developments propel the construction of high-rise commercial buildings as they address the pent-up demand for newer and prime offices in Penang. According to Coldwell Banker Richard Ellis, the new supply of offices in Penang in the past ten years was limited, and the office occupancy rate has remained high at approximately 80% in the region. Office occupiers are seeking newer office buildings with a premier commercial neighborhood that serve their contemporary needs and enhance their corporate image. As a result, the prospect of the construction industry in Penang remains promising in light of the emerging new towns in Penang.

Penang Transport Master Plan (PTMP): In its endeavor to create a highly livable and economically vibrant community in Penang, the Penang State Government initiated the Penang

Transport Master Plan, also known as PTMP, which will spark the increasing construction activities. The plan is a comprehensive transport strategy which sets the framework for an integrated transportation system to combat worsening traffic congestion across the state. The plan is expected to cost RM27 billion and comprise various transportation modes such as elevated light rail transit (LRT), monorail, bus rapid transit (BRT) and tram. It also includes the development of new highways and transport interchanges such as Pan-Island Link 1, Butterworth – Kulim Expressway (BKE IC), North Coast Pair Road. The PTMP undertaken by the Penang State Government sparks long-term demand for the construction of infrastructure projects, serving as a strong growth driver in the construction industry of Penang.

Entry Barriers

New entrants need to have a strong financial strength to be competitive in the market: Being one of the major selection criteria taken by the customers, solid financial strength is essential for contractors to ensure that the construction projects goes smoothly. To commence a construction project, it is a common practice in the industry for the customer of the construction project to request the awarded main contractor to provide a performance bond, which is 5% of the total contract sum, backed by a bank or an insurance company in favor of the customer. Additionally, contractors need to be backed by sufficient startup cost because contractors will undertake cost related to construction material procurement, engagement with subcontractors and the leasing of necessary machinery and equipment upfront, which require large capital commitment. Furthermore, contractors will only receive their progress payment in the later stage of the project after work progress is certified. Therefore, new entrants who lack strong financial backing will find it onerous to compete with current players and to win large-scale projects.

Experienced contractors have a solid track record and gained trust from clients: Experienced contractors who have accumulated solid track record can enjoy edges in securing projects, deterring new industry players from entering the market. In the construction sector, the proven track record of construction works is viewed as one of the key criteria in shortlisting contractors. New industry players who are short of solid job references and years of experience accumulation can hardly compete with the well-established players. In addition, new industry players without a mature network may not be invited for the potential business opportunities. Their competitiveness will be substantially weakened as they may experience difficulties in finding capable subcontractors and skilled labor force in the absence of a mature network with suppliers.

Impacts of the U.S.–China trade war on Malaysia' Economy and the Construction Industry

Malaysia's international trade contributes considerably to the economic growth. The country's economy is directly susceptible to a potential slowdown and a collateral damage resulting from the trade war. However, the trade war may not be entirely harmful to the Malaysian economy. In fact, some companies have been diversifying their export manufacturing out of China for several years owing to concerns over rising labor cost and land cost. Malaysia could benefit from the recent trade disputes as companies accelerate to hedge against the risk of tariff measures by relocating their production plants from Mainland China to Malaysia. Such relocation resulting from the trade war would benefit Malaysia and further lead to new demand for industrial plants construction, because Malaysia can produce and export goods that have price advantage against products from economies affected by the tariffs, according to the Asian Development Bank. E&E, automotive parts and garment industry will most likely benefit. In addition to the aforementioned industries, the U.S. may also import more chemicals from Malaysia as Malaysia is a competitive alternative to China when it comes to supplying chemical products. This will also spur the new establishment of chemical plants in Malaysia.

Joint venture practices among contractors

It is common in the industry in Malaysia for contractors to form a joint venture agreement when tendering and executing a construction project. The joint venture agreement can be generally made between two to three contractors for various purposes, for example meeting the license requirement for the project or combining the resources of different contractors for sizable construction project. It is also not uncommon that one of the contractors in the joint venture agreement pays fee in advance to another contractor, who is under the same joint venture agreement, for the provision of project management service or other services such as architectural design or construction works, depending on the business negotiation among the contractors under the joint venture agreement.

LAWS AND REGULATIONS IN MALAYSIA

Our Group's business is regulated by, and in some instances required to be licensed under, specific laws of Malaysia. The relevant laws and regulations governing our Group and which are material to our operations are summarised below. The following does not purport to be an exhaustive description of all relevant laws and regulations of which our business is subject to and are only intended to provide general information to the investors.

A. Construction Activities

A1. CIDB Act

The CIDB Act established the CIDB which sets out its functions relating to the construction industry and matters connected therewith.

The CIDB Act states that contractors, be it local or foreign, are required to register with the CIDB and comply with the provisions of the CIDB Act before undertaking or executing any construction work in Malaysia.

A contractor is defined as a person who carries out or completes or undertakes to carry out or complete any construction works and for the purposes of the CIDB Act, any person who has been awarded or executed any contract for construction works, or has undertaken to carry out, manage or complete any construction works, or has carried out, managed or completed any construction works, shall be deemed to be a contractor unless proven otherwise.

Pursuant to the CIDB Act, "construction works" means the construction, extension, installation, repair, maintenance, renewal, removal, renovation, alteration, dismantling, or demolition of:

(i) any building, erection, edifice, structure, wall, fence or chimney, whether constructed wholly or partly above or below ground level;

(ii) any road, harbour works, railway, cableway, canal or aerodrome;

(iii) any drainage, irrigation or river control works;

(iv) any electrical, mechanical, water, gas, petrochemical or telecommunication works; or

(v) any bridge, viaduct, dam, reservoir, earthworks, pipeline, sewer, aqueduct, culvert, drive, shaft, tunnel or reclamation works, and includes:

(A) any works which form an important and integral part of or are preparatory to or temporary for the works described in (i) – (v) above, including site clearance, soil investigation and improvement, earth-moving, excavation, laying of foundation, site restoration and landscaping; or

(B) procurement of construction materials, equipment or workers, necessarily required for any work described in (i) – (v) above.

The perakuan pendaftaran kontraktor or the certificate of registration (PPK) issued by the CIDB for new applicants is valid for a period of two years from the date of the payment of registration fees. However, the PPK for applicants who are renewing their certificates is valid for a period of one to three years depending on the continuous contractor development points earned by the licence holder, unless cancelled, suspended or revoked earlier by the CIDB.

Further, there is also a certificate issued by the CIDB known as the sijil perolehan kerja kerajaan or the government work procurement certificate (SPKK) whereby construction companies which hold the certificate are able to participate in any government projects based on their eligibility and qualification.

In addition, contractors with a sijil taraf bumiputera or bumiputera status certificate issued by the Ministry of Works Malaysia ("**STB**") are able to participate in any government projects which are allocated for the companies with a STB.

Any person who carries out and completes any construction work without proper and due registration with the CIDB 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.

Where the CIDB finds that construction works are being carried out or completed, or undertaken to be carried out or completed by any person who is not registered with CIDB under the CIDB Act or by a registered contractor in contravention of any provision of the CIDB Act, the CIDB may by notice in writing served on him require him to abstain from commencing or proceeding with the construction works or from undertaking to carry out or complete the construction works, with or without conditions pursuant to Sections 30(1) and (1A) of the CIDB Act.

Failure to comply with Section 30 of the CIDB Act constitutes an offence and on conviction, the party in breach of the CIDB Act shall be liable to a fine not exceeding RM5,000 and in the case of a continuing offence, to a fine not exceeding RM1,000 for every day or part of a day during which the offence continues after conviction.

There are 4 categories of registration of contractors pursuant to the Contractor Registration Requirements and Procedures Handbook issued by the CIDB in July 2018 (“**Handbook**”):

(i) civil engineering (CE);

(ii) building construction (B);

(iii) mechanical and electrical (ME); and

(iv) facility (F).

Further, the Handbook also provides the scope of registration which classify the contractors into seven grades, with each grade having the following requirements for tendering capacity and paid-up capital:

PPK

Grade	Tendering Capacity (RM)	Paid-up capital (RM)
G1	Not exceeding 200,000	5,000
G2	Not exceeding 500,000	25,000
G3	Not exceeding 1,000,000	50,000
G4	Not exceeding 3,000,000	150,000
G5	Not exceeding 5,000,000	250,000
G6	Not exceeding 10,000,000	500,000
G7	No limit	750,000

SPKK

	Building/Civil/ Mechanical	Electrical	
Grade	Tendering Capacity (RM)		Paid-up capital (RM)
G1	200,000 and below	Up to 200,000	10,000
G2	200,001 to 500,000	Up to 500,000	25,000
G3	500,001 to 1,000,000	Up to 1,000,000	50,000
G4	1,000,001 to 3,000,000	200,001 to 3,000,000	150,000
G5	3,000,001 to 5,000,000	200,001 to 5,000,000	250,000
G6	5,000,001 to 10,000,000	200,001 to 10,000,000	500,000
G7	Exceeding 10,000,000	200,001 and above	750,000

Every contractor shall declare and submit to the CIDB, in the manner as may be prescribed by the CIDB, any contract which he has been awarded on any construction works pursuant to Section 34(1) of the CIDB Act. For every contract referred to in Section 34(1) of the CIDB Act, whether stamped or not, having a contract sum of above RM500,000, the contractor shall be liable to pay to the CIDB a levy calculated at the rate of a quarter per centum of the contract sum. Where the contractor fails to pay any levy due within the prescribed period by the CIDB, the contractor shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or four times the amount of such levy payable, whichever is higher.

A2. Street, Drainage and Building Act 1974 ("SDBA")

The SDBA has been enacted to amend and consolidate the laws relating to street, drainage and building in local authority areas in Peninsular Malaysia, and for purposes connected therewith.

Section 70A of the SDBA states that where earthworks are to be commenced or carried out for the purpose of the construction of any building, street, drain, sewer, or embankment, or for the laying of any cable or pipe, or for the purpose of any other construction or work whatsoever, the relevant party shall first submit to the local authority the plans and specifications in respect of the earthworks and obtain the approval of the local authority.

Any person who fails to comply with any provision of Section 70A of the SDBA or any direction or order given under such section or does any act to obstruct in any manner whatsoever the entry or the execution of any work authorised to be effected or executed under such section by or on behalf of the local authority shall, upon conviction, be guilty of an offence and shall be liable to imprisonment for a term not exceeding five years or to a fine not exceeding RM50,000 or to both, and in the case of a continuing offence to a fine which may extend to RM500 for every day during which the offence is continues.

Section 70A(10) also states that where a person has been convicted of an offence pursuant to the paragraph above, the local authority may revoke the approval of the plans and specifications given under Section 70(A)(1) of the SDBA, and the person carrying out the earthworks shall upon receipt of the notice of such revocation forthwith cease the whole of the earthworks.

A3. Construction Industry Payment and Adjudication Act 2012 ("CIPAA")

The CIPAA was enacted to facilitate regular and timely payment, provide a mechanism for speedy dispute resolution through adjudication, provides remedies for the recovery of payments in the construction industry and matters connected and incidental thereto.

The CIPAA is applicable to all written construction contracts which are carried out wholly or partly within Malaysia, including construction works entered into by the Government of Malaysia.

Nonetheless, the CIPAA is not applicable to construction contracts entered into by persons for construction works in respect of buildings less than four storeys high and which are wholly intended for the persons' occupation.

B. Labour, Health and Safety

B1. OSHA

Section 15 of the OSHA makes provisions for securing the safety, health and welfare of persons at work, for protecting others against risks to safety or health in connection with the activities of persons at work, to establish the National Council for Occupational Safety and Health and for matters connected therewith.

The OSHA states that it shall be the duty of every employer and every self-employed person to ensure, so far as is practicable, the safety, health and welfare at work of all his employees in particular:

(i) the provision and maintenance of plant and systems of work that are, so far as is practicable, safe and without risks to health;

(ii) the making of arrangements for ensuring, so far as is practicable, safety and absence of risks to health in connection with the use or operation, handling, storage and transport of plant and substances;

(iii) the provision of such information, instruction, training and supervision as is necessary to ensure, so far as is practicable, the safety and health at work of his employees;

(iv) so far as is practicable, as regards any place of work under the control of the employer or self-employed person, the maintenance of it in a condition that is safe and without risks to health and the provision and maintenance of the means of access to and egress from it that are safe and without such risks;

(v) the provision and maintenance of a working environment for his employees that is, so far as is practicable, safe, without risks to health, and adequate as regards facilities for their welfare at work.

For the purposes of the above,

(a) "employee" includes an independent contractor engaged by an employer or a self-employed person and any employee of the independent contractor; and

(b) the duties of an employer or a self-employed person extend to such an independent contractor and the independent contractor's employees in relation to matters over which the employer or self-employed person

(A) has control; or

(B) would have had control but for any agreement between the employer or self-employed person and the independent contractor to the contrary.

Non-compliance of Section 15 of the OSHA will result in an offence and on conviction, the employer or the self-employed person is liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding two years or to both pursuant to Section 19 of the OSHA.

An improvement notice for any non-compliance of the OSHA or a prohibition notice to an employer (if in general an activity is undertaken at the workplace that may create an immediate danger to life or property) may be issued by the Department of Occupational Safety and Health officer.

Non-compliance with such notice without reasonable excuse will result in an offence and on conviction, the employer is liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding five years or to both, and to a further fine of RM500 for each day during which the offence continues.

B2. Destruction of Disease-Bearing Insect Act 1975 ("DDIA")

The DDIA provides for the destruction and control of disease bearing insects and for the medical examination and treatment of persons suffering from insect-borne diseases and for matters connected therewith.

Pursuant to Section 13(1) of the DDIA, no person shall do or perform any act which may, or is liable to, create such conditions as may likely to propagate or harbour disease-bearing insects or permit or allow such conditions to arise or continue. Any person who contravenes Section 13(1) of the DDIA shall be guilty of an offence under the DDIA.

Furthermore, where it appears to the Director General of Health ("**DGH**") or a medical officer of health ("**Medical Officer**") or an inspector of health that any premises or anything therein is likely to propagate or harbour any disease-bearing insects, the aforementioned persons may in writing order such owner or occupier to take specified measures or to do any work in relation to the premises or for the treatment, destruction or removal of anything therein as to make the premises or conditions therein unfavourable to the propagation or harbouring of the disease-bearing insects pursuant to Section 8(1) of the DDIA.

Pursuant to Section 8(3) of the DDIA, the DGH or a Medical Officer or an inspector of health may in the same order direct:

(i) the period within which the specified measures or work shall be taken or done or completed;

(ii) that the premises or any part thereof be closed until the specified measures or work are taken or done or completed and the premises are no longer likely to propagate or harbour disease-bearing insects;

(iii) the intervals within which the specified measures or work are to be taken or done; and

(iv) that the specified measures or work are to be taken or done until the premises or anything therein are no longer likely to propagate or harbour disease-bearing insects.

Under Section 25(1) of the DDIA, the DGH, a Medical Officer, an inspector or a public officer authorised in writing in that behalf by the DGH may compound any offence committed by any person under the DDIA or any regulations made under the DDIA and prescribed by regulations made under the DDIA to be a compoundable offence, by making a written offer to the person suspected of having committed the offence to compound the offence upon payment to the DGH, a Medical Officer, an inspector or a public officer so authorised of an amount not exceeding RM500 within the time specified in the offer. Where an offence has been compounded under Section 25(1) of the DDIA, no prosecution shall be instituted after that in respect of the offence against the person to whom the offer to compound was made.

B3. Prevention and Control of Infectious Diseases Act 1988 ("PCIDA"), Prevention and Control of Infectious Diseases (Declaration of Infected Local Areas) Order 2020 ("PCIDO") and Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) Regulations 2020 ("PCIDR")

The PCIDA was enacted to amend and consolidate the law relating to the prevention and control of infectious diseases and to provide for other matters connected therewith and applies throughout Malaysia.

Pursuant to Section 11 of the PCIDA, the following order and regulation were gazetted:

PCIDO

The Minister of Health Malaysia ("**Minister**"), after being satisfied that all states and federal territories in Malaysia are threatened with an epidemic of an infectious disease, namely COVID-19, declared the following 14 states and federal territories to be "infected local areas":

(i) Johor

(ii) Kedah

(iii) Kelantan

(iv) Malacca

(v) Negeri Sembilan

(vi) Pahang

(vii) Penang

(viii) Perak

(ix) Perlis

(x) Sabah

(xi) Sarawak

(xii) Selangor

(xiii) Terengganu

(xiv) Federal Territory of Kuala Lumpur

(xv) Federal Territory of Putrajaya

(xvi) Federal Territory of Labuan

PCIDR

Pursuant to Regulation 3 of the PCIDR, no person shall make any journey from one place to another place within any infected local area except for the following purposes:

(a) to perform any official duty;

(b) to make a journey to and from any premises referred to in Regulation 5;

(c) to purchase, supply or deliver food or daily necessities;

(d) to seek healthcare or medical services; or

(e) any other special purposes as may be permitted by the DGH.

Regulation 5 of the PCIDR further states that:

(1) Any premises providing essential services may be opened provided that the number of personnel and patron at the premises shall be kept to the minimum.

(2) Any premises not providing essential services may be opened provided that the owner or occupier of the premises obtains the prior written permission of the DGH and the DGH may impose any conditions as he thinks fit.

(3) Any premises involved in food supply chain or in selling food and beverages by way of drive-through, take away and delivery may be open subject to any conditions imposed by the DGH as he thinks fit.

"Essential services" include the following:

(i) Banking and finance

(ii) Electricity and energy

(iii) Fire

(iv) Port, dock and airport services and undertakings, including stevedoring, lighterage, cargo handling, pilotage and storing or bulking of commodities

(v) Postal

(vi) Prison

(vii) Production, refining, storage, supply and distribution of fuel and lubricants

(viii) Healthcare and medical

(ix) Solid waste management and public cleansing

(x) Sewerage

(xi) Radio communication including broadcasting and television

(xii) Telecommunication

(xiii) Transport by land, water or air

(xiv) Water

(xv) E-commerce

(xvi) Defense and security

(xvii) Food supply

(xviii) Wildlife

(xix) Immigration

(xx) Customs

(xxi) Hotels and accommodations

(xxii) Any services or works determined by the Minister as essential or critical to public health or safety

Any person who contravenes any provision of the PCIDR commits an offence and shall, on conviction, be liable to a fine not exceeding RM1,000 or to imprisonment for a term not exceeding six months or to both.

If an offence is committed by a body corporate, any person who, at the time of the commission of the offence was a director, manager, secretary or other similar officer of the body corporate or was purporting to act in any such capacity or was in any manner or to any extent responsible for the management of any of the affairs of the body corporate or was assisting in such management:

(a) may be charged severally or jointly in the same proceedings with the body corporate; and

(b) where the body corporate is found guilty of the offence, shall be deemed to be guilty of that offence unless, having regard to the nature of his functions in that capacity and to all circumstances, he proves:

(i) that the offence was committed without his knowledge, consent or connivance; and

(ii) that he took all reasonable precautions and had exercised due diligence to prevent the commission of the offence.

Both the PCIDO and PCIDR have effect for the period from 18 March 2020 to 31 March 2020. On 25 March 2020, the Malaysian government has announced that the Control Order has been extended for another two weeks until 14 April 2020 and the Prevention and Control of Infectious Diseases (Measures within Infected Local Areas) (No. 2) Regulations 2020 came into effect for the period from 1 April 2020 to 14 April 2020 where stricter measures for movements were imposed.

C. Business Operations

C1. Town and Country Planning Act 1976 ("TCPA")

The TCPA was enacted for proper control and regulation of town and country planning in Peninsular Malaysia and for purposes connected therewith or ancillary thereto.

Section 19(1) of the TCPA states that no person, other than a local authority, shall commence, undertake, or carry out any development unless planning permission in respect of the development has been granted to him under the TCPA.

Pursuant to Section 27(2) of the TCPA, in the event of contravention of Section 19 of the TCPA, the local planning authority ("**LPA**") may serve a notice on both the owner and occupier for the land to be restored as far as possible to the condition it was in before the development was commenced.

Such enforcement under Section 27(2) of the TCPA is applicable only if the LPA is satisfied that, had an application for planning permission in respect of the development been made under Section 22 before the development was commenced, undertaken or carried out, it would have, in the proper exercise of its powers under the relevant section, refused to grant planning permission for the development.

Further, a person who, whether at his own instance or at the instance of another person, commences, undertakes or carries out, or permits to be commenced, undertaken or carried out, any development in contravention of Section 19 of the TCPA commits an offence and is liable, on conviction, to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding two years or to both and to a further fine which may extend to RM5,000 for each day during which the offence continues.

C2. Local Government Act 1976 ("LGA")

The LGA empowers every local authority to grant licence or permit for any trade, occupation or premise through by-laws. Every licence or permit granted shall be subject to such conditions and restrictions as the local authority may think fit and shall be revocable by the local authority at any time without assigning any reason therefor.

In exercising the powers conferred under the LGA, the Municipal Council of Penang Island has issued the Municipal Council of Penang Island (Trades, Businesses and

Industries) By-Laws 1991 ("**Penang Municipal By-Laws**"). Pursuant to By-Law 3 of the Penang Municipal By-Laws, no person shall carry on or commence any form of trade, business or industry as specified in the First and Second Schedules of the Penang Municipal By-Laws respectively in any place or premises within the area of the Municipal Council of Penang Island without a licence issued thereof.

By-Law 28 of the Penang Municipal By-Laws states that any person who contravenes any of the provisions of the by-laws shall be guilty of an offence and shall be liable on conviction to a fine not exceeding RM2,000 or imprisonment for a term not exceeding one year or both and to a further fine not exceeding RM200 for every day during which the offence is continued after the conviction.

Similarly, the Municipal Council of Seberang Perai has also issued the Municipal Council Province Wellesley Licence Fees By-Laws 1980 ("**Seberang Perai By-Laws**"). Pursuant to By-Law 4 of the Seberang Perai By-Laws, it shall be an offence for any person to operate any licensable item appearing in the Schedules of the Seberang Perai By-Laws without a valid licence issued by the President (as defined in the Seberang Perai By-Laws).

By-Law 5 of the Seberang Perai By-Laws states that a breach of the Seberang Perai By-Laws or conditions thereunder shall be liable to a fine not exceeding RM2,000 or a term of imprisonment not exceeding one year or both and in the case of continuing offence a sum not exceeding RM 200 for each day during which the offence is continued after the conviction.

D. Environmental protection

Environmental Quality Act 1974 ("EQA")

The EQA was enacted to prevent, abate and control the pollution and enhance the environment and for purposes connected therewith. Malaysia's environmental regulations and policies are implemented by the Department of Environment.

Section 21 of the EQA states that the minister charged with the responsibility for environment protection, after consultation with the Environmental Quality Council, may by regulations specify the acceptable conditions for the emission, discharge or deposit of environmentally hazardous substances, pollutants or wastes or the emission of noise into any area, segment or element of the environment and may set aside any area, segment or element of the environment within which the emission, discharge or deposit is prohibited or restricted.

Pursuant to the EQA:

(i) no person shall, unless licensed, emit or discharge any environmentally hazardous substances, pollutants or wastes into the atmosphere in contravention of the acceptable conditions specified under Section 21 of the EQA.

Any person who contravenes the above shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a period not exceeding five years or to both and to a further fine not exceeding RM1,000 a day for every day that the offence is continued after a notice by the Director General of Environmental Quality ("**DGEQ**") requiring him to cease the act specified therein has been served upon him.

(ii) no person shall, unless licensed, emit or cause or permit to be emitted any noise greater in volume, intensity or quality in contravention of the acceptable conditions specified under Section 21 of the EQA.

Any person who contravenes the above shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a period not exceeding five years or to both and to a further fine not exceeding RM500 a day for every day that the offence is continued after a notice by the DGEQ requiring him to cease the act specified therein has been served upon him.

(iii) no person, unless licensed, shall pollute or cause or permit to be polluted any soil or surface of any land in contravention of the acceptable conditions specified under Section 21 of the EQA.

Any person who contravenes the above shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a period not exceeding five years or to both and to a further fine not exceeding RM1,000 a day for every day that the offence is continued after a notice by the DGEQ requiring him to cease the act specified therein has been served upon him.

(iv) no person, unless licensed, shall emit, discharge or deposit any environmentally hazardous substances, pollutants or wastes into any inland waters in contravention of the acceptable conditions specified under Section 21 of the EQA.

Any person who contravenes the above shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a period not exceeding five years or to both and to a further fine not exceeding RM1,000 a day for every day that the offence is continued after a notice by the DGEQ requiring him to cease the act specified therein has been served upon him.

E. Machineries

Factories and Machinery Act 1967 ("FMA")

The FMA was enacted to provide for the control of factories with respect to matters relating to the safety, health and welfare of persons therein, the registration and inspection of machinery and for matters connected therewith.

Section 3 of the FMA states that "machinery" includes steam boilers, unfired pressure vessels, fired pressure vessels, pipelines, prime movers, gas cylinders, gas holders, hoisting machines and tackle, transmission machinery, driven machinery, materials handling equipment, amusement device or any other similar machinery and any equipment for the casting, cutting, welding or electro-deposition of materials and for the spraying by means of compressed gas or air of materials or other materials, but does not include:

(i) any machinery used for the propulsion of vehicles other than steam boilers or steam engines;

(ii) any machinery driven by manual power other than hoisting machines;

(iii) any machinery used solely for private and domestic purposes; or

(iv) office machines.

Pursuant to Section 19(1) of the FMA, no person shall operate or cause or permit to be operated any machinery in respect of which a certificate of fitness is prescribed, unless there is in force in relation to the operation of the machinery a valid certificate of fitness issued under the FMA.

In the case of any contravention of the above, an inspector of the Factories and Machinery shall forthwith serve upon the person aforesaid a notice in writing prohibiting the operation of the machinery or may render the machinery inoperative until such time as a valid certificate of fitness is issued.

Any person who contravenes Section 19(1) shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM150,000 or to imprisonment for a term not exceeding three years or to both.

F. Employment

F1. Employment Act 1955 ("EA")

The EA regulates all labour relations in Peninsular Malaysia and the Federal Territory of Labuan, a federal territory of Malaysia.

An "employee" pursuant to the EA means:

(i) Any person, irrespective of his occupation, who has entered into a contract of service with an employer under which such person's wages does not exceed RM2,000 a month.

(ii) Any person who, irrespective of the amount of wages he earns in a month, has entered into a contract of service with an employer in pursuance of which:

(a) he is engaged in manual labour including such labour as an artisan or apprentice, provided that where a person is employed by one employer partly in manual labour and partly in some other capacity such person shall not be deemed to be performing manual labour unless the time during which he is required to perform manual labour in any one wage period exceeds one-half of the total time during which he is required to work in such wage period;

(b) he is engaged in the operation or maintenance of any mechanically propelled vehicle operated for the transport of passengers or goods or for reward or for commercial purposes;

(c) he supervises or oversees other employees engaged in manual labour employed by the same employer in and throughout the performance of their work;

(d) he is engaged in any capacity in any vessel registered in Malaysia; or

(e) he is engaged as a domestic servant.

The EA governs, the hours of work and payment of wages to ensure the welfare of employees are protected. Section 60A(1) of the EA provides that an employee shall not be required under his contract of service to work:

(A) more than five consecutive hours without a period of leisure of not less than 30 minutes duration;

(B) more than eight hours in a day;

(C) in excess of a spread over a period of ten hours in one day; and

(D) more than 48 hours in one week.

For the purposes of subparagraph (B) above, the number of hours of work carried out in excess of the normal hours stipulated shall be deemed as "overtime work" pursuant to Section 60A(3). In respect of any overtime work carried out, the employees are entitled to a payment at a rate not less than one and half times his hourly rate of pay irrespective of the basis on which his rate of pay is fixed.

The penalty for non-compliance of the overtime wage rate is provided under Section 100(2), in which the employer shall, by order of the court, pay to the employee concerned the overtime wages due.

Further, the EA also grants the Director General of Labour ("**DGL**") power to inquire into and decide any dispute between an employee and his employer in respect of wages or any other payments in cash due to such employee under any term of the contract of service or provision under the EA.

Pursuant to any decision made thereafter, the DGL may make an order in the prescribed form for the payment by the employer of such sum of money as he deems just. Any person who fails to comply with any decision or order of the DGL commits an offence and shall be liable, on conviction, to a fine not exceeding RM10,000, and shall also, in the case of a continuing offence, be liable to a daily fine not exceeding RM100 for each day the offence continues after conviction.

F2. Minimum Wages Order 2018 ("MWO")

Pursuant to the MWO, the minimum wages rate for employees in Peninsular Malaysia is RM1,100 per month.

F3. Employment (Restriction) Act 1968 ("ERA")

The ERA provides for the restriction of employment in certain business activities in Malaysia of non-citizens and the registration of such non-citizens and for matters connected therewith. The ERA applies throughout Malaysia.

According to Section 5(1) of the ERA, no person shall employ a non-citizen of Malaysia unless there has been issued in respect of that person a valid employment permit.

Section 12(1) of the ERA requires, subject to any exemption which may be granted under the ERA, every non-citizen classified or categorised under a particular employment or business as may be specified by the supreme head of Malaysia, Yang di-Pertuan Agong, shall be registered.

Any person who fails to comply with Section 5 or Section 12 of the ERA commits an offence and shall, on conviction, be liable to a fine not exceeding RM5,000 or to imprisonment for a term not exceeding one year or to both.

Further, every omission or neglect to comply, every act done or attempted to be done contrary to the ERA or any breach of the conditions and restrictions subject to or upon which an employment permit is issued under the ERA shall also constitute an offence under the ERA.

In the event where no penalty is expressly provided, a general fine not exceeding RM1,000 or imprisonment for a term not exceeding six months or both will be imposed and, in the case of a continuing offence, a further fine not exceeding RM100 a day will be imposed.

F4. Employees Provident Fund Act 1991 ("EPFA")

The EPFA provides for the law relating to a scheme of savings for employees' retirement and the management of the savings for the retirement purposes and for matters incidental thereto.

Every employee and every employer of a person who is an employee within the meaning of the EPFA shall be liable to pay monthly contributions on the amount of wages at the rate respectively set out in the Third Schedule of the EPFA.

Pursuant to Section 2 of the EPFA, an "employee" means any person, not being a person of the descriptions specified in the First Schedule of the EPFA, who is employed under a contract of service or apprenticeship, whether written or oral and whether expressed or implied, to work for an employer and an "employer" means the person with whom an employee has entered into a contract of service or apprenticeship and includes:

(i) a manager, agent or person responsible for the payment of salary or wages to an employee;

(ii) any body of persons whether or not statutory or incorporated; and

(iii) any government, department of government, statutory bodies, local authorities or other bodies specified in the Second Schedule of the EPFA and, where an employee is employed with any such government, department, authority or body or with any officer on behalf of any such government, department, authority or body, the officer under whom such employee is working shall be deemed to be an employer.

Any employer who fails, within such period as may be prescribed by the minister charged with responsibility for matters relating to the employees provident fund board, to pay to the employees provident fund any contributions which he is liable under the EPFA to pay in respect of or on behalf of any employee in respect of any month shall be guilty of an offence and shall, on conviction, be liable to imprisonment for a term not exceeding three years or to a fine not exceeding RM10,000 or to both.

F5. Employees' Social Security Act 1969 ("ESSA")

The ESSA provides social security in certain contingencies and makes provision for certain other matters in relation to it.

For the purposes of the ESSA, "employees" include any employee employed by the immediate employer.

All employees in industries to which the ESSA applies irrespective of the amount of wages shall be insured in the manner provided by the ESSA pursuant to Section 5(1) of the ESSA. The ESSA shall not, however, apply to persons described in the First Schedule of the ESSA which, include:

(i) any person whose employment is of casual nature and who is employed otherwise than for the purposes of the employer's industry.

(ii) in so far as the ESSA relating to invalidity pension are concerned a foreign worker, except:

  (a) a non-citizen who is residing permanently in Malaysia and issued with an identity card as described under paragraph 5(3)(b) of the National Registration Regulations 1990;

  (b) a person who:

    (A) lawfully enters Malaysia under a valid immigration pass or permit;

    (B) is allowed to reside in Malaysia for a period of twelve months and above; and

    (C) is issued with an identity card as described under paragraph 5(3)(c) of the National Registration Regulations 1990.

(iii) a person who is born in Malaysia but whose citizenship status cannot be determined, and issued with an identity card as described under paragraph 5(3)(c) of the National Registration Regulations 1990.

The contribution payable under the ESSA in respect of an employee shall comprise contribution payable by the employer and contribution payable by the employee and shall be paid to the social security organisation. There are two categories where the contributions fall into, namely:

(i) contributions payable by or on behalf of the employees insured against the contingencies of invalidity and employment injury; and

(ii) contributions payable by or on behalf of employees insured only against the contingency of employment injury.

Pursuant to Section 94 of the ESSA, if any person fails to pay any contribution or any part thereof which is payable by him under the ESSA or fails to pay within the time prescribed by regulations any interest payable under Section 14A of the ESSA, he shall be punishable with imprisonment for a term which may extend to two years, or with a fine not exceeding RM10,000, or with both.

F6. Employment Insurance System Act 2017 ("EISA")

The EISA provides for the employment insurance system administered by the social security organisation in providing certain benefits and a re-employment placement programme for insured persons in the event of loss of employment which will promote active labour market policies, and for matters connected therewith.

Pursuant to Section 14(1) of the EISA, every employer shall register his industry to which the EISA applies with the social security organisation within such period and in such manner as prescribed.

Any person who contravenes Section 14(1) commits an offence and shall, on conviction, be liable to a fine not exceeding RM10,000 or to imprisonment for a term not exceeding two years or to both.

Pursuant to Section 16(1) of the EISA, all employees in the industries to which the EISA applies shall be registered and insured by the employers in such manner as prescribed by the EISA irrespective of the amount of wages.

Any person who contravenes Section 16(1) commits an offence and shall, on conviction, be liable to a fine not exceeding RM10,000 or to imprisonment for a term not exceeding two years or to both.

The contributions payable under the EISA in respect of an employee shall comprise a contribution payable by the employer and a contribution payable by the employee, the contributions payable shall be paid to the social security organisation at the rate as specified in the Second Schedule of the EISA based on the amount of the monthly wages of the employee insured under the EISA.

G. Taxation

Income Tax Act 1967 ("ITA")

The ITA imposes income tax which is charged for each year of assessment upon the income of any person accruing in or derived from Malaysia or received in Malaysia from outside Malaysia.

Every company, limited liability partnership, trust body or co-operative society shall for each year of assessment ("**YA**") furnish to the Director General of Inland Revenue ("**DGIR**") a return in the prescribed form within seven months from the date following the close of the accounting period which constitutes the basis period for the YA pursuant to Section 77A of the ITA.

Income tax shall be charged for a YA of resident companies with a paid up capital of RM2,500,000 and less, at a rate of 17% for the first RM500,000 and for any sum excess of RM500,000 at the rate of 25% for the YA 2015 and 24% for the subsequent years of assessment.

Pursuant to the Income Tax (Exemption)(No.2) Order 2017, gazette on 10 April 2017, corporate income tax rate was reduced from 24% to the following rates based on the percentage of increase in chargeable income as compared to the immediate preceding YA for the YA 2017 and YA 2018:

Percentage of increase in taxable income from previous YAs	**Percentage point in tax rate reduction**	**Tax rate on incremental taxable income**
		(%)
Less than 5%	Nil	24
5% – 9.99%	1	23
10% – 14.99%	2	22
15% – 19.99%	3	21
Over 20%	4	20

Every employer shall, for each year, furnish to the DGIR a return in the prescribed form not later than 31 March in the year immediately following the first-mentioned year containing the details specified in Section 83(1) of the ITA.

Any person who without reasonable excuse fails to furnish a return in accordance with Section 83(1) of the ITA shall be guilty of an offence and shall, on conviction, be liable to a fine of not less than RM200 and not more than RM20,000 or to imprisonment for a term not exceeding six months or to both.

Pursuant to Section 107(1), where any income in respect of gains or profits from an employment or in respect of any pension, annuity or periodical payment falling under the Income Tax Act 1967 is payable to an individual, then, if the DGIR so directs, the person by whom the income is payable shall make deductions out of the income on account of tax which is or may be payable by that individual for any year of assessment.

An employer who fails to comply with Section 107(1) shall be liable to pay the amount of tax which he has failed to deduct and such amount of tax shall be a debt due from that employer to the Government of Malaysia and shall be payable forthwith to the DGIR in accordance with Section 107(4) of the ITA.

Pursuant to Section 107C(10) of the ITA, where the tax payable under an assessment for a year of assessment exceeds the revised estimate or deemed revised estimate, whichever is later, or if no such revised estimate is furnished or there is no such deemed revised estimate, the estimate of tax payable for that year of assessment, by an amount of more than 30% of the tax payable under the assessment, then, without any further notice being served, the difference between that amount and thirty per cent of the tax payable under the assessment shall be increased by a sum equal to 10% of the amount of that difference, and that sum shall be recoverable as if it were tax due and payable under the ITA.

Further, the tax due and payable may be recovered by the government of Malaysia by civil proceedings as a debt due to the government of Malaysia pursuant to Section 106 of the ITA.

H. Exchange Control

Central Bank of Malaysia Act 2009 ("CBM"), Financial Services Act 2013 ("FSA") and Foreign Exchange Administration Rules ("FEA Rules")

Foreign exchange control in Malaysia is governed by the FSA. The controller of foreign exchange, the Central Bank of Malaysia existing under the CBM, acts as the foreign exchange dealings regulator in Malaysia ("**Controller**"). Under the FSA, the Controller has issued FEA Rules and notices which constitute the Controller's general permissions and directions.

The FEA Rules are applicable to both residents and non-residents of Malaysia defined under the CBM. As at current, non-residents are free to remit out divestment proceeds, profits, dividends or any income arising from investments in Malaysia. Repatriation, however, must be made in foreign currency.

HISTORY AND DEVELOPMENT

Background and establishment of our Group

We have over 30 years of experience in the provision of construction services in West Malaysia. Our history can be traced back to October 1985, when our Controlling Shareholder, Executive Director and chairman of the Board Mr. Low, and one of his long-term business partners Mr. Ow jointly founded our principal operating subsidiary Rimbaco as a limited liability company in Penang, Malaysia. The formation of Rimbaco was financed by Mr. Low and Mr. Ow's personal resources and Rimbaco was owned by them in equal shares. In November 1985, Mr. Low invited two more business partners of his, namely Mr. Cheang and Mr. Lau, both being our Executive Directors and Controlling Shareholders, to run the business with him. In April 1987, Mr. Ow's wife Ms. Seah, our Executive Director and a Controlling Shareholder, joined Rimbaco following Mr. Ow's decease. Subsequent to a series of share transfers and allotments, by March 2000, Rimbaco was owned by Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau as to 40%, 30%, 20% and 10%, respectively, and this ownership structure has remained unchanged until the completion of the Reorganisation. For details of the respective background and industry experience of Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau, please refer to the section headed "Directors and Senior Management" in this prospectus.

During our long-term presence in the West Malaysian construction industry, we have completed various major development projects commissioned by leading local and multinational enterprises as main contractor or subcontractor, ranging from factories, commercial buildings, to residential blocks, hotel, shopping mall and hospital etc. For details of our key achievements and milestones, please refer to the paragraph headed "Our Key Business Milestones" in this section below.

Our Key Business Milestones

Set out below are the key achievements and milestones of our Group in the course of our 34 years' business development:

Month/Year	Key milestones
October 1985	Rimbaco was incorporated in Penang, Malaysia
December 1990	Rimbaco Property was incorporated in Penang, Malaysia
August 1999	Rimbaco obtained the Grade 7 Certificate of Registration (PPK) from CIDB to participate in any non-government construction works
October 2000	Rimbaco's quality management system was accredited ISO9001:2000, which was subsequently renewed and upgraded to ISO9001:2015
October 2004	Rimbaco's health and safety management system was accredited OHSAS18001:2004, which was subsequently renewed and upgraded to OHSAS18001:2007
February 2008	Rimbaco was, for the first time, awarded the main contractor engagement for a commercial complex construction project, which is a 10-storey commercial complex, by a property development company with a contract sum of more than RM117 million
April 2012	Rimbaco was awarded the turnkey main contractor engagement for a tyre plant and manufacturing facility by a Japanese tire and rubber products company with a contract sum of more than RM195 million
May 2013	Rimbaco was awarded the main contractor engagement for a commercial complex development project by Customer H, a property development company, with a contract sum of more than RM254 million

Month/Year	Key milestones
September 2016	Rimbaco was awarded the main contractor engagement in an industrial complex construction project by Customer A, a global manufacturer of medical devices, with a contract sum of RM212 million
December 2017	Rimbaco was awarded the main contractor engagement for a commercial complex development project by Crimson Omega Sdn. Bhd. with a contract sum of more than RM517 million
November 2018	Rimbaco was awarded the Eminent Eagle Award at the Golden Eagle Award 2018 for Malaysia 100 Excellent Enterprises
June 2019	Rimbaco obtained the Grade 7 Government Work Procurement Certificate (SPKK) from CIDB to participate in any government projects, based on their eligibility and qualification

Corporate History and Structure

Our Group comprises (i) our Company; (ii) an intermediate holding company, namely RBC International; and (iii) two operating subsidiaries, namely Rimbaco and Rimbaco Property. As at the Latest Practicable Date, we also have an associated company, namely Mascolite, in which we hold 47.37% of its issued shares. The following describes the corporate history and structure of each member of our Group and our associated company.

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 28 February 2019. Upon incorporation, the authorised share capital of our Company was HK$380,000 divided into 38,000,000 Shares with par value HK$0.01 each. The principal business activity of our Company is investment holding and it is incorporated as part of the Reorganisation. Our Company serves as the listing vehicle for the Listing and the holding company of our Group. As at the date of incorporation, one Share was allotted, issued and credited as fully paid to an initial subscriber, an Independent Third Party, which was transferred to RBC Venture at par on the same date. Following the share transfer, our Company further allotted and issued 99 Shares to RBC Venture, credited as fully-paid. Immediately following the allotment and issue of the said Shares, our Company was directly and wholly owned by RBC Venture.

On 17 June 2019, in consideration of the acquisition of Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau's respective interests in the share capital of Rimbaco and Rimbaco Property by our Company's wholly-owned subsidiary RBC International, our Company allotted and issued 900 Shares to RBC Venture (as directed by the sellers). Following the share swap, the number of Shares owned by RBC Venture in our Company was increased to 1,000 Shares.

RBC International

RBC International was incorporated in the BVI as a limited liability company on 12 March 2019, and was authorised to issue a maximum of 50,000 shares of par value US$1 each, of which 100 shares were allotted, issued and credited as fully-paid to our Company. RBC International has been a directly and wholly owned subsidiary of our Company since its incorporation. The principal business activity of RBC International is investment holding and it was incorporated as part of the Reorganisation.

Rimbaco

Rimbaco is our Group's principal operating subsidiary and is principally engaged in the provision of general contractor services in West Malaysia. Rimbaco was incorporated in Penang, Malaysia as a limited liability company on 17 October 1985 with an initial issued share capital of RM2 divided into two shares. As at the date of incorporation, Mr. Low and Mr. Ow each subscribed for and was allotted and issued one share of Rimbaco.

Since its incorporation, a number of share transfers and allotments and issues of shares in the capital of Rimbaco were effected. On 10 March 1986, the issued share capital of Rimbaco was increased to RM50,000 divided into 50,000 shares where Rimbaco allotted and issued 19,999, 19,999, 5,000, and 5,000 shares to Mr. Low, Mr. Ow, Mr. Cheang and Mr. Lau, respectively, following which Rimbaco was directly owned by Mr. Low, Mr. Ow, Mr. Cheang, and Mr. Lau as to 40%, 40%, 10% and 10%, respectively.

On 9 July 1987, the issued share capital of Rimbaco was increased to RM100,000 divided into 100,000 shares where Rimbaco allotted and issued 20,000, 20,000, 5,000, and 5,000 shares to Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau, respectively, following which Rimbaco was directly owned by Mr. Low, Mr. Ow, Ms. Seah, Mr. Cheang and Mr. Lau as to 40%, 20%, 20%, 10% and 10%, respectively.

On 1 August 1990, the issued share capital of Rimbaco was increased to RM125,000 divided into 125,000 shares where Rimbaco allotted and issued 10,000, 10,000, 2,500, and 2,500 shares to Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau, respectively, following which Rimbaco was directly owned by Mr. Low, Mr. Ow, Ms. Seah, Mr. Cheang, and Mr. Lau as to 40%, 16%, 24%, 10% and 10%, respectively.

On 20 June 1991, due to the passing of Mr. Ow, the 20,000 shares held by Mr. Ow were transferred to his spouse, Ms. Seah, following which Rimbaco was directly owned by Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau as to 40%, 40%, 10% and 10%, respectively.

Subsequent to a series of share transfers and allotments that took place between October 1991 and October 2005, the issued share capital of Rimbaco was increased to RM2,000,000 divided into 2,000,000 shares, and Rimbaco was directly owned by Mr. Low, Ms. Seah, Mr. Cheang, and Mr. Lau as to 40%, 30%, 20%, and 10%, respectively. From 28 October 2005 up to the Reorganisation, the above shareholding structure remained unchanged.

Rimbaco Property

Rimbaco Property is one of our Group's operating subsidiaries, and is principally engaged in the hiring of construction equipment for Rimbaco. Rimbaco Property was incorporated in Malaysia as a limited liability company on 4 December 1990 with an initial issued share capital of RM4 divided into four shares. As at the date of incorporation, Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau each subscribed for and was allotted and issued one share of Rimbaco Property.

On 18 March 1991, the issued share capital of Rimbaco Property was further increased to RM50,000 divided into 50,000 shares where Rimbaco Property allotted and issued 19,999, 19,999, 4,999 and 4,999 shares to Mr. Low, Ms. Seah, Mr. Cheang, and Mr. Lau, respectively, following which Mr. Low, Ms. Seah, Mr. Cheang, and Mr. Lau held 40%, 40%, 10% and 10% of the entire issued share capital of Rimbaco Property, respectively. From 18 March 1991 up to the Reorganisation, the above shareholding structure remained unchanged.

Disposal of Infinity Vantage

Infinity Vantage was incorporated in Penang, Malaysia as a limited liability company on 23 April 2014 with an issued share capital of RM2 divided into two shares. Infinity Vantage was established for the sole purpose of developing a piece of land in Negeri Sembilan, Malaysia pursuant to a joint venture agreement entered with an Independent Third Party. From the commencement date of the Track Record Period to 14 December 2017, Infinity Vantage was held by Rimbaco and two Independent Third Parties as to 55% and 45%, respectively. As the property development project eventually lapsed due to the shareholders of Infinity Vantage unable to reach a consensus on the valuation of the piece of land in Negeri Sembilan, Infinity Vantage had remained inactive. In order to better allocate the Group's resources and consolidate the Group's business on the provision of construction services, on 15 December 2017, Rimbaco transferred 3,200, 2,400, 1,600 and 800 shares of RM1 per share in Infinity Vantage, being 10% of the entire issued share capital of Infinity Vantage, to Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau at the consideration of RM3,200, RM2,400, RM1,600 and RM800, respectively. On 30 October 2018, Rimbaco further transferred 5,760, 15,120, 10,080 and 5,040 shares of RM1 per share in Infinity Vantage, being 45% of the entire issued share capital of Infinity Vantage, to Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau at the consideration of RM5,760, RM15,120, RM10,080 and RM5,040, respectively. As advised by the Malaysian Legal Advisers, the above-mentioned transfers of shares were properly and legally completed and settled on 15 December 2017 and 2 January 2019 respectively.

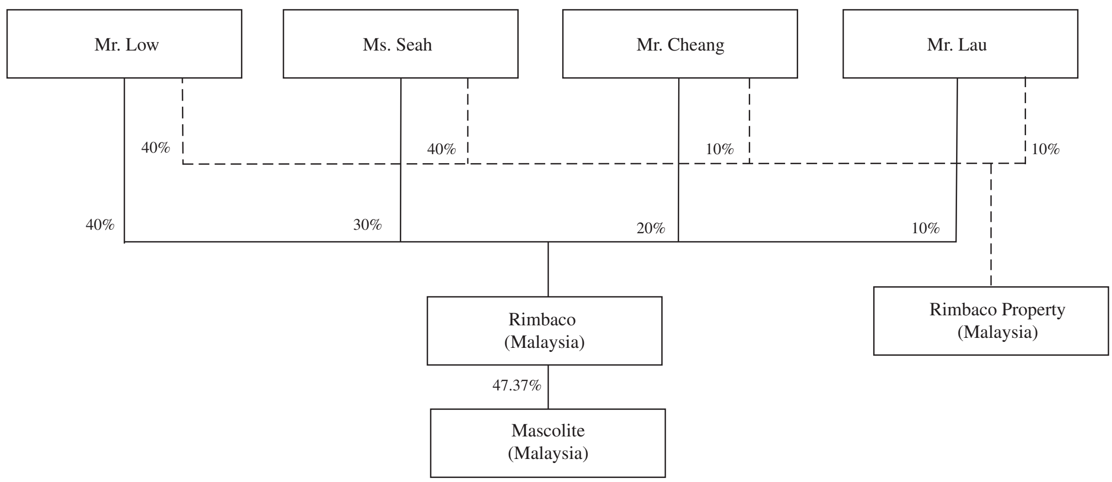
Since Infinity Vantage has not conducted any business other than entered into a joint venture agreement with an Independent Third Party, and as the business activities of Infinity Vantage is different from and unrelated to our Group, our Directors are of the view that the disposal of Infinity Vantage would have an insignificant impact on our Group. Our Directors also confirm that since Infinity Vantage's incorporation and immediately prior to its disposal, other than a lawsuit where Infinity Vantage brought a claim for damages suffered by Infinity Vantage resulting from breach of the joint venture agreement by the Independent Third Party, who refused to return the RM7.0 million Infinity Vantage initially advanced to the Independent Third Party for the development of the land pursuant to the Joint Venture Agreement when the property development project lapsed, it was not involved in any material non-compliance incidents, litigation, claims or arbitration proceedings. Our Directors confirm that the lawsuit was irrelevant to, and did not arise out of, our normal business operation. As at the Latest Practicable Date, the lawsuit against the Independent Third Party is pending for result.

Mascolite

As at the Latest Practicable Date, we have an associated company, namely Mascolite. Mascolite was incorporated in Malaysia as a limited liability company on 18 July 1990. The principal business of Mascolite is trading of building materials, including the sale of partition board, gypsum board and ceiling board. Mascolite is owned by (i) Rimbaco as to 47.37%, (ii) three Malaysian individuals, all being Independent Third Parties, as to 50%, and (iii) Rimbaco Holdings as to 2.63%. For detailed information of Rimbaco Holdings, please refer to the section headed "Relationship with the Controlling Shareholders – Rule 8.10 of the Listing Rules – Our Relationship with Rimbaco Holdings". During the Track Record Period, Rimbaco occasionally purchased building materials from Mascolite, which in total amounted to approximately RM7,971. These purchases were conducted in our ordinary course of business and on normal commercial terms.

REORGANISATION

In preparation for the Listing, our Group underwent the Reorganisation. The following chart sets forth the corporate and shareholding structure of the Group immediately prior to the Reorganisation:



The Reorganisation involved the following steps:

Step 1 – Incorporation of our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 28 February 2019 with an authorised share capital of HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. As at the date of incorporation, one Share was allotted, issued and credited as fully-paid to an initial subscriber, an Independent Third Party, which was then transferred to RBC Venture at par on the same date. On the same date, 99 new Shares were allotted, issued and credited as fully-paid to RBC Venture. After such allotment and issue of Shares, our Company was directly wholly owned by RBC Venture.

Step 2 – Incorporation of Rimbaco International

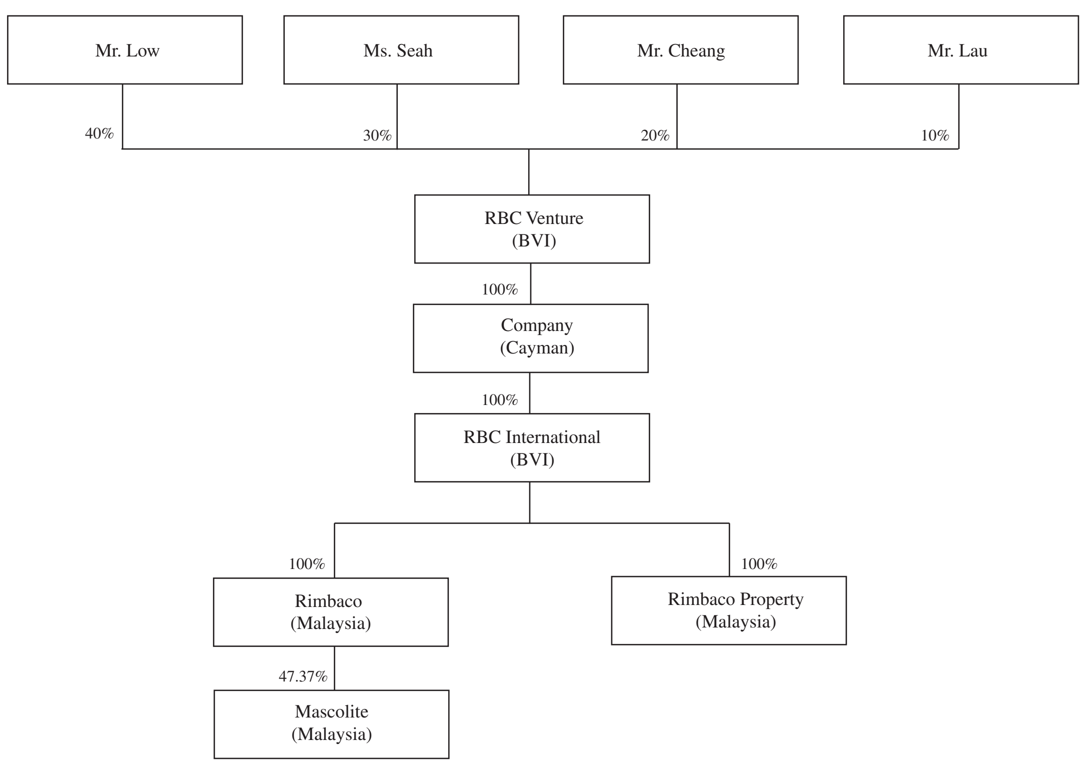
RBC International was incorporated in the BVI as a limited liability company on 12 March 2019 and is authorised to issue a maximum of 50,000 shares of US$1 each, of which 100 shares were allotted, issued and credited as fully-paid to our Company. RBC International has been a direct wholly-owned subsidiary of our Company since its incorporation.

Step 3 – Acquisition of Rimbaco and Rimbaco Property

On 17 June 2019, Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau as the sellers and our Company as the purchaser entered into a share sale agreement pursuant to which the sellers agreed to transfer their respective shareholdings in Rimbaco and Rimbaco Property, collectively being the entire share capital of Rimbaco and Rimbaco Property, to our Company's nominee RBC International. In consideration, our Company allotted and issued 900 Shares to RBC Venture (as directed by the sellers). After the share swap, Rimbaco and Rimbaco Property became the indirect wholly-owned subsidiaries of our Company, and our Company is owned by Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau as to 40%, 30%, 20% and 10%, respectively.

As at the Latest Practicable Date, save for the Capitalisation Issue and the Share Offer (which will take place on the Listing Date), all of the steps of the Reorganisation have been properly and legally completed and settled. Our Directors have confirmed that the change of shareholdings under the Reorganisation would not require any approval or permit from any relevant government authorities in Malaysia, and that we have made all necessary filings with the competent government authorities with respect to the Reorganisation.

The following chart shows the shareholding and corporate structure of our Group immediately after completion of the Reorganisation but before completion of the Capitalisation Issue and the Share Offer:

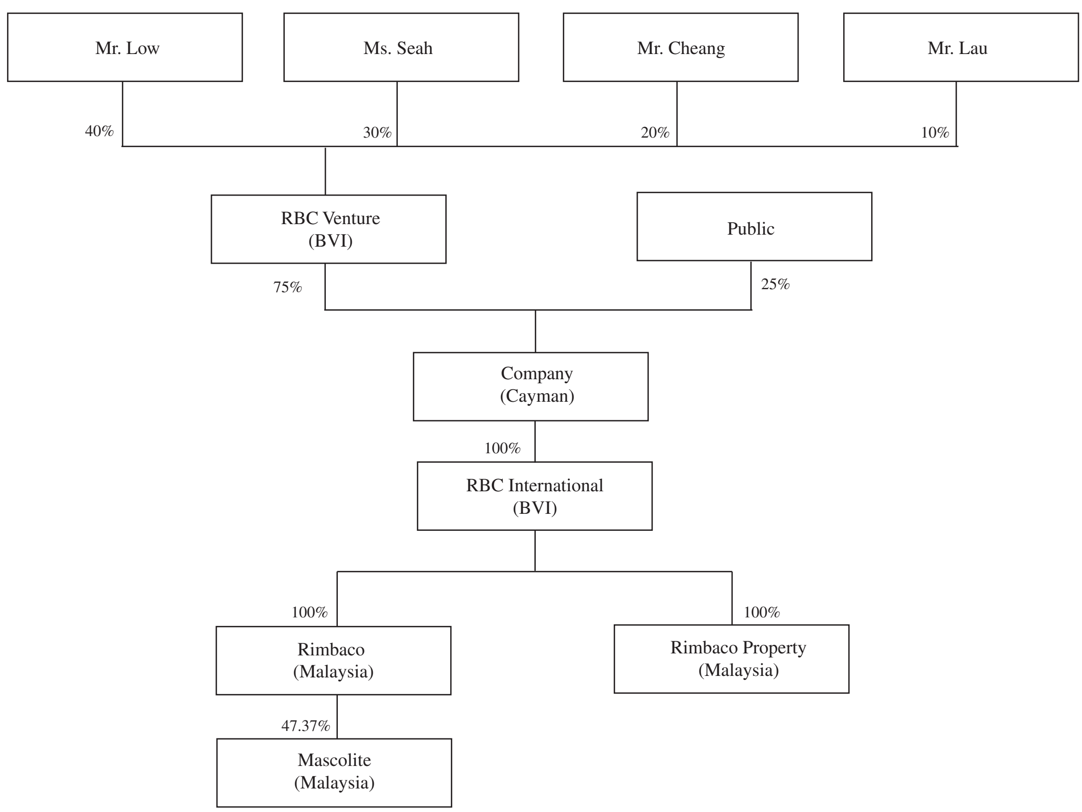


CAPITALISATION ISSUE

Conditional upon the crediting of our Company's share premium account as a result of the issue of the Offer Shares pursuant to the Share Offer, our Directors are authorised to capitalise an amount of HK$9,449,990 standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of 944,999,000 Shares for allotment and issue to persons whose names appear on the register of members of our Company immediately prior to the Listing Date, on a pro rata basis.

CORPORATE STRUCTURE IMMEDIATELY AFTER COMPLETION OF THE CAPITALISATION ISSUE AND THE SHARE OFFER

The following chart shows the shareholding and corporate structure of our Group immediately after completion of the Capitalisation Issue and the Share Offer (assuming that the Over-allotment Option or any options which may be granted under the Share Option Scheme, is not exercised):



OVERVIEW

Founded in 1985, we have been a Malaysia-based building construction contractor focusing on the provision of building construction services for (i) factories, including low-rise processing facilities and manufacturing plants; and (ii) institutional, commercial and/or residential buildings such as private hospitals, hotels, shopping malls, high-rise residential buildings and commercial/residential complex. We also undertake small-scale ancillary construction works, including but not limited to renovation works, repair works and electrical works. During the Track Record Period and up to the Latest Practicable Date, we participated in 21 building construction projects, of which 13 were factory projects and eight were institutional, commercial and/or residential projects with an aggregate original contract sum of approximately RM1,655.0 million. As at the Latest Practicable Date, we had six building construction projects in progress with an aggregate original contract sum of approximately RM979.0 million. Some of the remarkable construction projects we had completed over the years or that are on-going as of the Latest Practicable Date include the Crimson Omega Project with an original contract sum of approximately RM518.0 million, the GRB Project with an original contract sum of approximately RM249.9 million, Project A with an original contract sum of approximately RM212.0 million and the Eco Medi Projects with an aggregate original contract sum of approximately RM110.5 million.

According to the Industry Report, the building construction industry in Malaysia is highly fragmented and competitive, whereby the five largest main contractors in Malaysia in aggregate accounted for less than 8.0% of the total revenue of the building construction services in Malaysia in 2018. The value of construction work done in Malaysia rose from RM102.5 billion in 2014 to RM145.5 billion in 2018 at a CAGR of 9.1%. The value of construction work done is expected to increase from RM150.7 billion in 2019 to RM185.8 billion in 2023, at a CAGR of 5.4%. Our Directors believe that our competitive strengths as set out below in this section are able to distinguish us from our competitors and to capture the opportunities in the growing market.

The following table sets out a breakdown of our Group's revenue, gross profit and gross profit margin by project types during the Track Record Period:

	FY2017				FY2018				FY2019			
	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin
	(RM'000)	*(%)*	*(RM'000)*	*(%)*	*(RM'000)*	*(%)*	*(RM'000)*	*(%)*	*(RM'000)*	*(%)*	*(RM'000)*	*(%)*
Factory projects(1)	318,593	91.7	47,924	15.0	65,096	41.5	15,427	23.7	101,192	38.6	15,906	15.7
Institutional, commercial and/or residential projects(2)	26,968	7.8	(7,705)	(28.6)	86,619	55.2	8,011	9.2	158,771	60.5	14,781	9.3
Others(3)	1,743	0.5	1,222	70.1	5,131	3.3	2,853	55.6	2,511	0.9	1,761	70.1
Total:	347,304	100.0	41,441	11.9	156,846	100.0	26,291	16.8	262,474	100.0	32,448	12.4

Notes:

(1) Factory projects refer to projects that provide building works for factories including low-rise processing facilities and manufacturing plants, each with a contract sum (after taking into account of adjustment(s) and variation order(s)) of RM1.5 million or more.

(2) Institutional, commercial and/or residential projects refer to projects that provide building works for institutional, commercial and/or residential buildings, such as private hospitals, hotels, shopping malls, high-rise residential buildings and commercial/residential complex, each with a contract sum (after taking into account of adjustment(s) and variation order(s)) of RM1.5 million or more.

(3) Others refer to small-scale ancillary construction works, including but not limited to renovation works, repair works and electrical works, each with a contract sum (after taking into account of adjustment(s) and variation order(s)) of not more than RM1.5 million.

Our revenue decreased from approximately RM347.3 million for FY2017 to approximately RM156.8 million for FY2018, which was mainly due to the commencement of work of two new institution, commercial and/or residential projects in mid or late FY2018 and the completion of the two sizeable factory projects in FY2017. Our revenue increased from approximately RM156.8 million for FY2018 to approximately RM262.5 million for FY2019, which was mainly due to increase in revenue from three sizeable institutional, commercial and/or residential projects during the year.

In general, our factory projects had higher profit margin than our institutional, commercial and/or residential projects for FY2017, FY2018 and FY2019. Our gross profit decreased from approximately RM41.4 million for FY2017 to approximately RM26.3 million for FY2018, which was mainly due to the combined effect of completion of two sizeable factory projects in FY2017 and commencement of work of two new sizeable institutional, commercial and/or residential projects in mid or late FY2018. Our gross profit margin increased from approximately 11.9% for FY2017 to approximately 16.8% for FY2018, which was mainly due to the completion of several factory projects with lower Start-up Costs and the improvement from gross loss for FY2017 to gross profit for FY2018 for institutional, commercial and/or residential projects. Our gross profit increased from approximately RM26.3 million for FY2018 to approximately RM32.4 million for FY2019, which was mainly due to commencement of work of three sizeable institutional, commercial and/or residential projects during FY2018, which contributed lower amount or no revenue and gross profit in FY2018 as compared with in FY2019. Our gross profit margin decreased from approximately 16.8% for FY2018 to approximately 12.4% for FY2019, which was mainly due to completion of several factory projects with lower Start-up Costs before FY2019 and the majority of revenue was contributed by institutional, commercial and/or residential projects, which had lower profit margin than factory projects.

We have obtained the PPK qualification since August 1999 and are eligible to participate in any non-government projects. In June 2019, we have obtained the SPKK and are eligible to participate in government projects. Under both qualifications, we are registered with CIDB as a Grade G7 contractor for Category B (building construction), Category CE (civil engineering construction) and Category ME (mechanical and electrical). Grade G7 is the highest grade registrable under CIDB and allows us to undertake building construction and infrastructure works of unlimited tender/contract sum. We have also been awarded with a number of certifications including the ISO 9001 certification for our quality management system and the OHSAS 18001 certification for our occupational health and safety management system.

With our qualification and certifications, we are able to undertake a wide spectrum of projects for the construction of different types of buildings. Our customers include leading local and multinational factory owners and property developers, some of which are (or whose holding companies are) listed on the Stock Exchange of Singapore, the Tokyo Stock Exchange or the New York Stock Exchange. In December 2017, we were awarded the Crimson Omega Project with an original contract sum of approximately RM518.0 million for the design and construction of a commercial/residential complex consisting of a nine-storey commercial podium with parking lots, a 18-storey office building, a 18-storey hotel and a 30-storey service apartments in Penang with an aggregate GFA of approximately 4.2 million square feet.

During the Track Record Period, we secured new projects mainly through tender or request for quotation by customers on a project-by-project basis. We are mainly engaged as a main contractor for our building construction services. During the Track Record Period and up to the Latest Practicable Date, out of the 21 building construction projects we participated, 14 were awarded by project owners directly and seven were awarded by the project owners' main contractors. The scope of our building construction services generally includes overall project management and implementation, engaging subcontractors and suppliers, developing detailed work programmes, building designs and structural drawings, coordination with our customers, subcontractors and suppliers and the overall supervision of the works carried out by our workers and subcontractors. Upon contracts being secured, our project team will use its best endeavours to ensure that the works conducted by our workers and subcontractors conform to the contract requirements regarding quality, safety, and environmental protection in carrying out the projects and that the projects are completed on schedule and within budgets. The following table sets out a breakdown of our Group's revenue by our role as a main contractor or a subcontractor during the Track Record Period:

	FY2017			FY2018			FY2019		
	No. of projects	**Revenue**	**% of total revenue**	**No. of projects**	**Revenue**	**% of total revenue**	**No. of projects**	**Revenue**	**% of total revenue**
		(RM'000)	*(%)*		*(RM'000)*	*(%)*		*(RM'000)*	*(%)*
Factory projects:									
Main contractor	4	255,086	73.4	5	52,609	33.5	4	101,192	38.6
Subcontractor	2	63,507	18.3	3	12,487	8.0	–	–	–
Institutional, commercial and/or residential projects:									
Main contractor	2	11,221	3.2	3	56,783	36.2	4	111,550	42.5
Subcontractor	2	15,747	4.6	3	29,836	19.0	2	47,221	18.0
Others	–	1,743	0.5	–	5,131	3.3	–	2,511	0.9
Total	10	347,304	100.0	14	156,846	100.0	10	262,474	100.0

OUR COMPETITIVE STRENGTHS

Our Directors believe that our competitive strengths as set out below have driven our growth in revenue and gross profits and distinguished us from our competitors:

(1) Long operational history, good reputation and strong customer base in the building construction industry

Our Group is an active building construction company established more than 34 years ago. During the Track Record Period and up to the Latest Practicable Date, we undertook 21 building construction projects in West Malaysia with an aggregate original contract sum of approximately RM1,655.0 million. We believe that our track record and our ability to satisfy our customers have created a good reputation in the building construction industry in West Malaysia. During the years of operation, we are able to deliver satisfactory works to our customers under time constraints. According to the Industry Report, the major factors a project owner or main contractor consider in selecting their contractors are their reputation, track record, quality of works and liquidity position.

Further, we have established stable business relationships with our five largest customers, ranging from two years to seven years. By maintaining good customer relationships, there are more opportunities and higher chances for our Group to be invited to submit tenders or provide quotations. Moreover, our Directors believe that our ability in obtaining building construction projects from listed companies with international presence during our years of operation has increased our recognition and visibility in the market and enabled us to attract potential business opportunities. For example, since 2013 and up to the Latest Practicable Date, Eco Medi Glove Sdn Bhd, the Malaysia subsidiary of a Singapore listed company, had awarded us eight individual contracts for the construction of (i) phase one to phase six of its first manufacturing facility located in Penang, Malaysia for the production of cleanroom and medical gloves; (ii) a two-block hostel in Perak, Malaysia; and (iii) its second manufacturing facility located in Perak, Malaysia for the production of cleanroom and medical gloves.

(2) Established stable business relationships with our subcontractors and suppliers

We subcontract most of the works under the projects we have undertaken to our subcontractors under the supervision of and management by our project team. For details of our services, please refer to the paragraph headed "Our services and operations – Our Services" in this section below.

The availability of quality subcontractors who could satisfactorily perform the works subcontracted to them is therefore vital to the smooth and timely completion of the projects we have undertaken. We keep a pre-approved list of subcontractors and have established stable business relationships with most of our major subcontractors during the Track Record Period whom we have worked with for approximately two year to eight years. Our Directors believe that an established relationship with our subcontractors enables us (i) to secure their quality and timely services; (ii) to maintain effective communications with them to smoothen operations; and (iii) to better perform budget control over the works we subcontracted to them.

We would procure materials for our workers to carry out their assigned construction works. We would also procure materials for our subcontractors for various types of work, depending on the industry norm and specifications of the materials used. We keep a pre-approved list of suppliers and have established stable business relationships with most of our major suppliers during the Track Record Period whom we have worked with for approximately one year to nine years. Our Directors believe that established business relationships with our suppliers enable us to ensure the quality of materials used in our projects and allow our Group to have adequate supply of materials at reasonable price, especially when there is a limited supply.

(3) Ability to take on different types of building construction projects with large contract sums

During the Track Record Period, we have tendered and being awarded various remarkable building construction projects of different building types, including a mega-sized commercial/residential complex and a number of manufacturing plants. Our long-established reputation, project management expertise and strong execution capability enable us to be a competitive market player in the industry.

During the Track Record Period and up to the Latest Practicable Date, we participated in 21 building construction projects, of which 13 were factory projects and eight were institutional, commercial and/or residential projects with an aggregate original contract sum of approximately RM1,655.0 million. As at the Latest Practicable Date, we had six building construction projects in progress with an aggregate original contract sum of approximately RM979.0 million. Over the years, we have undertaken a number of remarkable building construction projects, in terms of their project scales and contract sums. For example, Project A with an original contract sum of approximately RM212.0 million involves the building of a manufacturing plant with a GFA of approximately 495,000 square feet and the GRB Project with an original contract sum of approximately RM249.9 million involves the construction of an eight-storey shopping mall with a GFA of approximately 1.3 million square feet. The most remarkable project we participated during the Track Record Period was the Crimson Omega Project with an original contract sum of approximately RM518.0 million for the construction of a mega-sized commercial/residential complex. The GFA of the said project amounted to approximately 4.2 million square feet.

Leveraging on our project management experience and execution capabilities, our Group is capable of undertaking sizable building construction projects. Our Group has obtained PPK qualification since August 1999 and is eligible to participate in non-government projects. In June 2019, our Group has obtained SPKK from CIDB and is eligible to participate in government projects. Grade G7 is the highest grade registrable under CIDB and allows us to undertake building construction and infrastructure works of unlimited tender/contract sum.

(4) Experienced and professional management teams

We have an experienced and professional management team with extensive operational expertise and in-depth understanding of the building construction industry in West Malaysia, which allows us to be informed of market trends when formulating our market position and developing business strategies.

Our Executive Directors, Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau, have over 30 years of experience in the building construction industry in West Malaysia. Their experience and knowledge enable our Group to better understand the market dynamics and industry trends. Our Group is further supported by our competent and dedicated senior management team who possesses technical expertise, in-depth knowledge and understanding of their respective fields of responsibility. Most of them have been working with our Group for over five years and have developed strong synergies in the working and management style which complement their diverse backgrounds. For further details, please refer to the section headed "Directors and senior management" in this prospectus for the qualifications and experience of our Directors and senior management team.

While, our Directors, senior management, project team members possess industry and technical knowledge in building construction services, our site workers are equipped with the relevant practical skills and experience. We believe our management's expertise and knowledge of the building construction industry in West Malaysia, together with our qualified and experienced project team and site workers, will enable us to take up projects of various scales and building types and fulfil our customers' requirements with efficient and timely implementation of our building construction projects.

(5) Commitment to safety, quality and environment through well-established management system and stringent quality control

We have established a set of quality management measures and have committed to a high safety standard and environmental impact control. Through systematic and effective control of our operations and our monitoring procedures over our workers and subcontractors, we strive to ensure compliance with safety, quality and environmental requirements in order to deliver high quality building construction services to our customers. In recognition of our quality assurance procedures, our quality management system was accredited with ISO 9001:2000 in October 2000 and subsequently upgraded to ISO 9001:2015 in October 2017.

We have also set up an occupational health and safety management system to promote safe working practices among all employees and to prevent the occurrence of accidents through promoting safety awareness at the front line level. Furthermore, we have set up an environmental management system to promote awareness for environmental conservation and to prevent pollution of the environment resulting from our works. Our occupational health and safety management system was first accredited with OHSAS 18001 in October 2004.

We believe that our strong commitment to safety, quality and environment as well as our stringent quality assurance system will enhance our reputation as a quality and reliable building construction service provider.

OUR BUSINESS STRATEGIES

Our principal business objectives are to enhance our reputation as an established building construction contractor in West Malaysia and to create long-term Shareholder's value. We intend to achieve our business objectives by pursuing the following key business strategies:

(1) Strengthen our presence in the building construction industry in West Malaysia

Given our proven building construction track record, local knowledge and reputation, we plan to further enhance our market presence in the building construction industry by tendering more remarkable building construction projects. According to the Industry Report, Johor, Selangor, Pahang and Penang in West Malaysia have been amongst the top five states of Malaysia in terms of total value of investment projects approved by the Malaysian Investment Development Authority ("**MIDA**") in the manufacturing sector in 2018. In particular, Johor, Selangor and Penang have recorded a total of 493 investment projects approved by the MIDA in the manufacturing sector in 2018 and together accounted for approximately 68.4% of the total investment projects approved in Malaysia. Leveraging on our reputation and experience, our Directors believe that we are able to capture the opportunities created by these new projects and in turn expand our domestic reach.

With reference to the Industry Report, the approved foreign direct investment increased from approximately RM21.5 billion in 2017 to approximately RM58.0 billion in 2018, which represents a growth of approximately 169.8%. The CAGR of the value of construction work done in Malaysia manufacturing sector is expected to record approximately 9.1% during 2019 to 2023 (approximately 7.5% during 2014 to 2018). The growth of the manufacturing sector will drive the demand for manufacturing plants or processing facilities. The overall growth prospects in the Malaysian building construction industry will give us an advantage in maintaining strong growth, increasing our market presence and strengthening our position in the market.

In order to capture the positive outlook of the building construction industry as stated above, we intend to establish a branch office in Kuala Lumpur to expand our geographic coverage in West Malaysia. According to the Industry Report, MIDA has in 2018 an approved contract sum of approximately RM18.9 billion of investment projects in Selangor, the state where Kuala Lumpur locates at, which is the state with the second highest MIDA approved contract sum among all the states in Malaysia. Kuala Lumpur is the national capital and the largest city in Malaysia. Positioned as the financial and economic centre of

Malaysia, multinational corporations or conglomerates are prone to set up their operations in Kuala Lumpur. Our Directors believe that establishing a branch office in Kuala Lumpur will benefit our Company in the long run as (i) there will be more opportunities to obtain building construction contracts from multinational customers which have branch offices established in the capital of Malaysia; and (ii) our Company may tender for building construction projects in Selangor to broaden the income stream of our Company. Based on the above, our Directors decide to allocate approximately RM1.0 million, which consists of (i) internal resources of approximately RM0.2 million; and (ii) net proceeds of approximately RM0.8 million (equivalent to approximately HK$1.5 million) or approximately 1.9% of the net proceeds from the Share Offer, for establishing a branch office in Kuala Lumpur.

The following table illustrates the estimated set-up costs of the Kuala Lumpur branch office:

	Approximate costs *(RM'000)*
Rental costs for 34 months	243
Renovation costs	45
Salary costs for 34 months	666
Other expenses	74
Total	1,028

Set out below are details of the additional manpower we plan to recruit for the Kuala Lumpur branch office:

Type of job position	**Estimated monthly salary** *(per person)*[(1)]	**Number of staff to be employed**
Project consultant	Approximately RM10,000	1
Quantity surveyor	Approximately RM6,800	1
Administrative clerk	Approximately RM2,800	1

Note:

(1) The monthly salary range is calculated with reference to (i) the salaries of our existing employees of the relevant positions; (ii) information publicly available from recruitment agents for similar types of job positions; or (iii) the prevailing conditions of the labour market in Malaysia.

(2) Strengthen our liquidity position for paying Start-up Costs and performance bonds in order to obtain remarkable projects with concurrent durations

According to the Industry Report, the liquidity position of a contractor is one of the competing factors in the industry. Good liquidity position indicates to the customer that the contractor has lower credit risk and that the contractor has the financial capability to complete the building construction project and fulfill the contractual obligations. In addition, a contractor with good liquidity position is able to settle the progress payment on time and in full to their subcontractors. This helps the contractor to maintain a long-term sustainable relationship with its subcontractors and therefore enhances the contractor's overall competitiveness.

One of our business strategies is to strengthen our liquidity position, and hence, our financial position. In order to take on remarkable building construction projects at concurrent durations and to fulfill the need for Start-up Costs and issuance of performance bonds, approximately RM16.9 million (equivalent to approximately HK$32.1 million), or approximately 39.4% of our net proceeds from the Share Offer will be used for strengthening the capital base of our Company so as to maintain sufficient cash position for submitting tenders and sufficient funding for the commencement of potential building construction projects (out of which (i) approximately RM13.9 million will be allocated for payment of Start-up Costs for building construction projects that we have submitted tenders; (ii) approximately RM1.3 million will be allocated for satisfying performance bond requirements for building construction projects that we have submitted tenders; and (iii) the remaining balance of approximately RM1.7 million will be used as funding of future building construction projects). During the Track Record Period, we have at least rejected three tender invitations. To the best estimates of our Directors, these three tender invitations had an aggregate contract sum of approximately RM273.6 million.

During the tendering process, our potential customers would normally request for information on our financial position and our capability in providing performance bonds as part of their assessment to consider whether our Group has sufficient financial resources to implement and complete their building construction projects. Strengthening the capital base of our Company would therefore be essential for our Company to tender for remarkable projects in the future and increase our tender success rate.

In line with the industry practice, we generally have a net cash outflow at the early stage of the building construction projects primarily due to (i) funds being locked up for performance bonds and retention monies; and (ii) payment of Start-up Costs. We would then have a net cash inflow after receiving progress payments from our customers for the building works we completed.

Generally, performance bonds are required by our customers to secure the satisfactory performance of the contracts by our Group. A performance bond usually represents 5% of the contract sum which shall remain valid until the CPC is issued and the defect liability period has ended. The aggregate outstanding amount of performance bonds were approximately RM1.6 million, RM7.1 million and RM25.0 million as at 31 October 2017, 2018 and 2019 respectively. During the Track Record Period, the performance bonds requirement was satisfied by way of bank guarantee whereby our customers will demand the bank to pay them if our Group fails to provide satisfactory performance under the contract, in which case the bank will subsequently demand repayment from us. The above performance bonds were given by banks in favour of some of our Group's customers as security for the due performance and observance of our Group's obligations under the building construction contracts entered into between our Group and our customers. In the course of obtaining performance bond in the form of bank guarantees, administration charges were levied by the banks. During the Track Record Period, expenses that our Group paid to the banks in this regard amounted to approximately RM6,600, RM441,000 and RM941,000 respectively. As we plan to actively source for more remarkable building construction projects in West Malaysia, the amount of performance bonds required for carrying out our new building construction projects will therefore be increased. According to the Industry Report, banks in Malaysia have tightened the provision of project financing, including performance bonds to construction contractors for projects in relation to the construction of residential buildings, commercial complex and hotels in 2019. As banks are cautious about the short-term prospect of the residential and commercial segment in Malaysia amid the property glut as stated in the Industry Report, recently they have been more prudent on providing project financing, including performance bonds, for construction contractors. This phenomenon is expected to persist in short to medium term. Relevant policy for project financing might be relaxed when the glut of supply starts to alleviate or the market sentiment becomes optimistic. Such phenomenon has no significant impact on our existing building construction projects. However, given the tightened bank policies, it is expected that our ability to take on new projects and to expand our business would be hindered even if we are awarded with new residential building, commercial complex and/or hotel projects. In this regard, we have to maintain and strengthen our liquidity position to ensure we have a sound financial position when tendering for new projects.

Customers are generally entitled to hold retention monies from the progress payments which is in line with the industry practice. Our customers generally retain 10% of each progress payment while the aggregate amount of the retention monies is subject to a cap of 5% of the original contract sum. Upon issuance of the CPC, half of the retention monies will be released to us, while the remaining amount will be released upon the expiry of the defect liability period. As at 31 October 2018, our contract assets amounted to approximately RM65.2 million, of which approximately RM29.5 million was retention receivables. As at 31 October 2019, our contract assets increased to approximately RM101.3 million and retention receivables has increased to approximately RM43.9 million. Given the billing of contract assets and the settlement of trade receivables depends on the timing of certification of our work by our customers and the credit period granted to them, if there is any delay in certification of our works or in payment of our work by our customers in any projects, our cash inflow would be adversely affected. In such event, we would have difficulty in paying the Start-up Costs of other building construction projects if these projects are to commence at the same time. Hence, the increasing amount of our contract assets, which represented the amount of our uncertified and unbilled completed work, and the amount of retention receivables, coupled with our account receivables, can together reflect our capital pressure as they may not be fully and immediately available to undertake other building construction projects.

As mentioned in the section headed "Future plan and use of proceeds – Reasons for Listing – 3. Cash and cash equivalents were just sufficient to maintain our existing business operation" in this prospectus, our cash and cash equivalents of approximately RM14.3 million as at 31 October 2019 was only able to fund our Group's operating costs for less than one month based on our then operation scale. We therefore rely considerably on our operating cash flows to fund our day-to-day operations, and hence our capacity to implement our business strategies and plans to foster our growth and create greater return and value for our Shareholders would be limited without the support of the net proceeds from the Share Offer. With reference to the paragraph headed "Our services and operations – 2. Tender/quotation assessment and submission" in this section, upon receiving an invitation to submit tender or quotation request from our customers, our tendering team would conduct a preliminary analysis and risk assessment to assess whether our Group has the necessary resources and funding to meet the contract requirements. Based on the above, to maintain sufficient funds is essential for our Group to decide whether our Group is capable to submit tenders and to convince our potential customers to award us with the projects.

The following table sets out the information, including the amount of estimated Start-up Costs that may be required, in relation to the five tenders submitted by our Group of which our Directors consider to have a high chance of success:

Potential customer	Description of works	Estimated contract sum *(RM'000)*	Estimated gross profit margin *(%)*	Estimated Start-up Costs *(RM'000)*	Estimated amount of performance bond *(RM'000)*	Expected commencement date	Tender status	Basis for estimated chance	Expected date of result[1]
Potential Customer K	Basement works of a mixed development	223,800	10.7	18,276	11,190	October 2020	Submitted tender and received a letter of intent from potential Customer K indicating that our tender is being further considered and assessed.	Level of familiarity with potential Customer K and preliminary indications from potential Customer K.	June 2020
Potential Customer M	Construction of a manufacturing facility	40,000	10.0	6,000	2,000	Second quarter of 2020	Submitted tender and received potential Customer M's request to submit a revised tender to reflect the further requirements made to the original drawings.	On-going discussions with potential Customer M.	June 2020

Potential customer	Description of works	Estimated contract sum (RM'000)	Estimated gross profit margin (%)	Estimated Start-up Costs (RM'000)	Estimated amount of performance bond (RM'000)	Expected commencement date	Tender status	Basis for estimated chance	Expected date of result[(1)]
Potential Customer T	Construction of a 2-storey manufacturing plant and a 2-storey office	29,478	8.0	5,424	1,474	Second quarter of 2020	Submitted tender and have made our third submission in late February 2020 after two rounds of interview.	Preliminary indications from potential Customer T during tender interviews together with on-going negotiations with potential Customer T.	June 2020
Potential Customer V	Construction of a 10-storey college building	29,775	10.0	2,977	1,489	Second quarter of 2020	Submitted tender and expect to submit our second submission in early March 2020 after two rounds of interview.	Preliminary indications from potential Customer V during tender interviews together with on-going negotiations with potential Customer V.	June 2020
Potential Customer X	Design and build of a industrial facility	300,000	10.0	45,000	30,000	Second quarter of 2020	Submitted tender addendum in mid-March 2020.	Preliminary indications from potential Customer X and being informed that potential Customer X only received five tender submissions.	June 2020
Total		623,053		77,677	46,153				

Note:

(1) Expected date of result means the date we expect our customers will notify us of the result for the relevant tender submitted.

The potential building construction projects listed in the above table are not related to the building construction projects previously undertaken by us during the Track Record Period.

For any shortfall of the Start-up Costs or performance bond requirements of the potential building construction projects as stated above, our Directors intend to utilise internal resources of our Group or seek for banking facilities, or otherwise our Group will turn down the less profitable building construction projects. As we planned to utilise the net proceeds from the Share Offer for funding part of the Start-up Costs and issuance of performance bonds for the tenders we have submitted or planned to submit, in the event that the Listing is delayed or does not proceed, our Group will either turn down these potential building construction projects or potential tender invitations which would slow down our Group's business development, or our Group will have to seek for further banking facilities to finance the projects awarded. However, as the banks in Malaysia have tightened the provision of project financing, including performance bonds, to construction contractors for projects in relation to residential buildings, commercial complex and hotels in 2019 according to the Industry Report, our Directors are of the view that our Group will have difficulties in seeking further banking facilities. Even if our Group is able to secure further banking facilities, our Directors consider that our Group would be exposed to higher interest rates and finance costs. Should our Group be required to give or procure additional security and/or guarantees, our Group's profit margin or tender price competitiveness would be significantly reduced.

Our Directors are of the view that maintaining our own working capital and internal resources instead of relying on bank borrowings to take on concurrent remarkable projects would enhance our reputation in the market in West Malaysia, hence achieving our business objective of maintaining sustainable business growth. Our Directors believe that the use of net proceeds from the Share Offer for the purpose of strengthening our liquidity position would not only allow us to satisfy the performance bond requirements and other operational and implementation costs related to project start-up, but also increase our competitiveness of our tender submissions as our potential customers would normally require information of our Group's financial strength as part of their assessment. Therefore, our Group intends to apply a portion of the net proceeds from the Share Offer for satisfying our Start-up Costs and performance bonds requirements as requested by our customers.

(3) Directly participate in government projects

After participating in the IP-KN Project in FY2018 as a subcontractor of a government project for the construction of 500 flats, our Group is desirous in participating directly in government projects. Having considered (i) the increase in the number of government projects; and (ii) the advantages of having the Malaysia government as our direct customer as detailed below, our Group has applied to the CIDB for a SPKK in 2019 in order to be eligible to act as the main contractor in government projects.

Our Group has obtained the SPKK from CIDB in June 2019 and is eligible to participate in government projects. Leveraging on the enhanced corporate profile and industry reputation brought by the SPKK, our Directors believe that our Group will have greater business opportunities to enhance income stream by our eligibility to directly participate in government projects in Malaysia.

According to the Industry Report, (i) the value of construction work done of public facilities, which mainly consisted of social amenities such as parks and hospitals, is forecasted to record an increase of approximately 3.2% during 2019 to 2023; and (ii) the government has announced their intention to allocate RM1.5 billion for public housing programs from the Malaysian Budget Speech 2019. The outlook of the public sector in the construction industry is therefore positive in Malaysia in light of the above government policies.

According to the Industry Report, government projects have the following positive characteristics compared to private projects: (i) the outlook of government projects are positive according to the Malaysia government's plan; (ii) the government would be more likely to honor their contractual obligations as compared to private customers and our Group could avoid late payments to be received which is more common in the private sector; and (iii) the government would normally offer shorter payment period as compared to private customers, which may avoid the possible cash flow mismatch situation as described under the paragraph headed "Our liquidity position – (ii) Time lags between payments and receipts" in this section below.

In light of the above, our Directors are of the view that it is beneficial for our Group to be entitled to participate in government projects. As at the Latest Practicable Date, our Group was not engaged in in any tender submissions related to government projects, our tendering team will closely monitor and identify available government projects open for tender and will prepare tenders for suitable government projects.

(4) Lower our construction costs in the long run and enhance operational advantages by acquiring more machinery and equipment and establishing our own warehouse for storage of machinery and equipment

(a) Acquiring more machinery and equipment

During the Track Record Period, we acquired plant and machinery (including transfer from right-of-use assets) at a cost of approximately RM1.5 million, RM2.1 million and RM1.9 million in FY2017, FY2018 and FY2019 respectively. In the operation of our business, we are required to use various types of machinery and equipment. During the Track Record Period, we have acquired various machinery and equipment, such as formwork system and excavator, to facilitate our business operation. In determining the types and quantity of machinery and equipment to be acquired, we would consider various factors including (i) the remaining useful life of our existing machinery and equipment; (ii) the estimated number of potential building construction projects to be taken up by us (including those we have submitted tenders/quotation with results pending); (iii) the estimated usage and types of machinery and equipment for our on-going projects or newly awarded projects; (iv) the types, quantity and operational condition of our existing machinery and equipment; and (v) the scale and complexity of the projects on hand and the projects to be tendered.

We have also rented various types of machinery and equipment, such as tower cranes and passenger hoists, for the execution of our building construction projects during the Track Record Period. As at the Latest Practicable Date, the major types of machinery and equipment that we owned include (i) formwork system; (ii) mobile crane; (iii) concrete pump; (iv) forklift; and (v) excavator. Please refer to the paragraph headed "Machinery and equipment" in this section below for details. Taking into account the normal wear and tear of our machinery and equipment, we plan to utilise approximately RM13.4 million (equivalent to approximately HK$25.5 million), or approximately 31.2% of our net proceeds from the Share Offer for acquisition of additional machinery and equipment to supplement the existing ones in order to improve our operational efficiency. With more self-owned machinery and equipment, our competitiveness in the market can be solidified by further reducing our reliance on suppliers for the hiring or leasing of machinery and equipment for our building construction projects and enhancing our flexibility in managing our work schedules and maintain our work quality and safety.

The new machinery and equipment to be acquired include formwork system, tower crane, placing boom and passenger hoist. We intend to deploy the new machinery and equipment into our (i) on-going Crimson Omega Project; and (ii) five potential building construction projects that we have reasonable chance to be awarded. We believe that we will be able to reduce our construction costs over the long-run by acquiring such machinery and equipment instead of hiring or leasing them. Set out below are details of the additional machinery and equipment we plan to acquire:

Type	**Quantity**	**Estimated capital expenditure** *(RM'000)*
Formwork system[1]	one system that can create a mould covering approximately 8,136 square meter	8,885
Tower crane[2]	three	3,225
Placing boom[3]	one	806
Passenger hoist[4]	two	496
Total		13,412

Notes:

(1) A formwork system is a system used to form a temporary mould such that concrete can be poured or placed into it for the construction of permanent structures.

(2) A tower crane is a mechanical lifting device which is usually fixed to the ground or attached to the side of buildings. Tower cranes provide a combination of height, distance and lifting capacity.

(3) A placing boom is a machinery that connects with stationary pumps or truck-mounted concrete pumps through pipes and operates on the upper levels to place the concrete precisely at its final position.

(4) A passenger hoist is a lifting system used at construction sites to lift workers and materials to upper levels of the buildings in construction.

We intend to allocate approximately RM12.1 million (equivalent to approximately HK$23.0 million) to purchase a formwork system and three tower cranes, or approximately 28.2% of the net proceeds from the Share Offer. As at the Latest Practicable Date, we owned one formwork system and did not own any tower cranes. During the Track Record Period, we rented tower cranes for building construction projects that involved high-rise building construction works and rented formwork system.

Set out below summarises the total number and rental costs of the formwork systems and tower cranes our Group rented during the Track Record Period and up to the Latest Practicable Date:

	FY2017	**FY2018**	**FY2019**	**After the TRP and up to the Latest Practicable Date**
Formwork system:				
Number of units rented[(1)]	2	1	3	2
Average monthly rental costs *(RM'000)*[(2)]	36	255	51[(3)]	75
Tower crane:				
Number of units rented[(4)]	–	6	8	8
Average monthly rental costs *(RM'000)*[(2)]	–	141	170	203

Notes:

(1) As different formwork systems with different specifications are adopted for different building types, the number of formwork system refers to the number of projects requiring the use of one set of formwork system and such number could be different in each month during the same financial year/period, depending on the progress of different building construction projects during the relevant periods.

(2) The average monthly rental costs of respective machinery and equipment is calculated by the total rental costs of respective financial year/period divided by the number of months that we have rented such machinery and equipment in respective financial year/period.

(3) In September 2018, our Group has decided to purchase the set of rented formwork system that was in use in the Crimson Omega Project. Hence, the average monthly rental costs incurred for formwork system had decreased significantly from FY2018 to FY2019.

(4) The number of units rent for tower cranes in each month during the same financial year/period could be different, depending on the progress of different building construction projects during the relevant periods. The number of units rented represent the maximum number of tower cranes rented by our Company in a month in respective financial year/period.

For illustrative purpose only, we set out below an analysis on the financial benefits and costs savings over a 12-month period in acquiring a reconditioned formwork system that can create a mould covering approximately 8,136 square meter and a new tower crane which represent the two largest machinery and equipment (in terms of monetary value) we intend to acquire:

Formwork system

		Comparison
	Purchasing a reconditioned unit *(RM'000)*	**Renting a unit from supplier** *(RM'000)*
Purchase price	8,885	–
Estimated annual operating costs[1]	1,866	–
Rental per month	–	288.0[2]
Total annual cost	1,866	3,456.0

Notes:

(1) The annual operating costs include depreciation (assuming an expected useful life of five years) and costs of repair and maintenance.

(2) The estimated rental cost is based on the quotation we obtained on the formwork system that we intend to deploy for the potential building construction project that we have submitted tender to potential customer K.

Tower crane

		Comparison
	Purchasing a new unit *(RM'000)*	**Renting a unit from supplier** *(RM'000)*
Purchase price	1,075	–
Estimated annual operating costs[1]	226	–
Rental per month	–	29.6[2]
Total annual cost	226	355.2

Notes:

(1) The annual operating costs include depreciation (assuming an expected useful life of five years) and costs of repair and maintenance.

(2) The estimated rental cost is based on the quotation we obtained on tower crane to be deployed for the potential building construction project that we have submitted tender to potential customer K.

Based on the above illustrations, should our Group purchase a reconditioned formwork system and a brand new tower crane, the total annual costs would be lower than renting from our suppliers. Moreover, our Group can sell the formwork system and tower cranes after the end of their useful life, which may bring in additional benefit to our Group apart from the annual cost saving. Accordingly, our Directors are of the view that purchasing additional machinery and equipment will lower our operational costs in the long term.

Our Group is in need to purchase additional formwork system and tower cranes for the following reasons:

(i) for the building construction project that we have submitted tender to potential customer K, our Group is required to deploy a formwork system. As our existing formwork system is currently being occupied by the Crimson Omega Project, a new set of formwork system is required to accommodate the said potential building construction project. For details of such project, please refer to the paragraph headed "Our business strategies – (2) Strengthen our liquidity position for paying Start-up Costs and performance bonds in order to obtain remarkable projects with concurrent durations" in this section;

(ii) during FY2019, our Group had rented at least six tower cranes for each month to be used in the Crimson Omega Project and the analysis on the financial benefits and cost savings in acquiring a new tower crane as stated above showed that purchasing new tower cranes will lower our operational costs in the long term;

(iii) our Group has submitted a tender for the construction of a 10-storey college building in March 2020 with an expected contract sum of approximately RM29.8 million, our Directors expect that our Group will need to deploy one tower crane for the said project; and

(iv) our Directors expect that our Group will need to deploy two tower cranes for the building construction project that we have submitted tender to potential customer K as mentioned in (i) above.

We have acquired a formwork system in September 2018 for carrying out the Crimson Omega Project. The formwork system was fully occupied since then and throughout FY2019. We have also rented formwork system and at least six tower cranes in each month during FY2019, the deployment rates of both formwork system and tower cranes that we rented during FY2019 (calculated by the number of days we rented the machinery and equipment divided by the number of days in FY2019) have been 100%.

Given the factors as stated above, our Directors consider that it is in the interests of our Group to purchase additional machinery and equipment to cope with our business strategies and allow us to have more flexibility in allocating our resources in undertaking building construction projects of varying scale, duration and scope of works. To capture the market opportunities and to bring medium and long-term benefits to our Group, we consider that it is not sustainable to rely on renting machinery and equipment. Renting machinery and equipment would inevitably increase the Start-up Costs of our building construction projects, our ability to finance our building construction projects may be hindered. Furthermore, our chance to be awarded new building construction projects by our customers would be increased if we have the necessary machinery and equipment on hand and reduce the risk not able to rent in the market and ensure timely performance for the progress of our building construction projects.

(b) Acquire a parcel of land and construct a warehouse for storage of our machinery and equipment

During the Track Record Period, most of our machinery and equipment are occupied and stored at the construction sites or stored at a warehouse located at Penang (the "**Penang Warehouse**") rented by our Group from an Independent Third Party. The relevant tenancy agreement of the Penang Warehouse had been terminated in September 2019. The termination of the aforesaid tenancy agreement did not have any material adverse influence on the business operation of the Group as most of our machinery and equipment such as formwork system, mobile cranes, concrete pumps, forklifts and excavator are occupied and stored at the construction sites of our on-going building construction projects. However, our Directors consider that our Company is in need to acquire a parcel of land with a land area of approximately 43,500 square feet and allocate certain area to construct a warehouse (with an estimated useful life of 30 years) for storage and repairment of our machinery and equipment based on the following:

(i) it is necessary for us to find a warehouse for the storage of our existing and newly acquired machinery and equipment or for maintenance purpose when they are not occupied in the construction site;

(ii) the application to obtain the required storage license for the Penang Warehouse for the storage of our self-owned machinery and equipment had been rejected by the Seberang Perai Municipal Council (licensing, planning and building departments) as disclosed in the paragraph headed "Legal compliance" in this section below;

(iii) the parcels of land owned by our Group as detailed in the paragraph headed "Properties" in this section below are only allowed for residential use;

(iv) in case our landlord terminates our tenancy agreement or refuses to renew our tenancy agreement upon its expiration, we would have to incur a substantial amount of costs to relocate our machinery and equipment to a new area and to construct a warehouse therein. The set-up cost for constructing a new warehouse is estimated to be approximately RM1.0 million;

(v) based on the market rate of RM0.4 per square feet of a recent rental quotation we have obtained of an industrial land close to our target industrial land which we plan to acquire and build a warehouse, the annual rental cost for renting a parcel of an industrial land equivalent to the size of our target industrial land of approximately 43,500 square feet would be approximately RM209,000;

(vi) based on the average market rate of approximately RM0.9 per square feet of two recent rental quotations we have obtained of warehouses close to our target industrial land which we plan to acquire and build a warehouse, the annual rental cost for renting a warehouse equivalent to the size of the warehouse that we intend to build of approximately 43,500 square feet would be approximately RM470,000, accordingly the rental cost for similar warehouses for approximately two years is already equal to the estimated set-up cost for the warehouse that we intend to build; and

(vii) Based on the total cost of approximately RM3.4 million for acquisition of a parcel of land and construct a warehouse as stated below and the estimated useful life of 30 years, the estimated average annual costs would be approximately RM113,000, which is lower than the quotation of estimated annual rental costs of approximately RM470,000 as stated above.

Our Directors decide to allocate approximately RM3.4 million, which consists of (i) internal resources of approximately RM0.6 million; and (ii) net proceeds of approximately RM2.8 million (equivalent to approximately HK$5.3 million) or approximately 6.5% of the Share Offer, for acquiring a parcel of land and construct a warehouse. Out of the said RM3.4 million, approximately RM2.2 million will be used to acquire a parcel of industrial land in Penang. Taking into account the rental costs, our Directors believe that the land costs of approximately RM2.2 million could be recovered in approximately 10.5 years.

The following table illustrates the expected costs in relation to the acquisition of a parcel of land and construct a warehouse:

	RM'000
Land cost	2,178
Set-up cost for the warehouse	1,000
Legal fee and stamp duty	165
Miscellaneous costs	44
Total	3,387

(5) Further strengthening our manpower to cope with future business opportunities

We believe that a strong team of employees equipped with the relevant industry knowledge and experience is crucial to our continuing success. In addition, the involvement of our Directors and senior management at different stages of a project, such as preparation and submission of tender or quotation, project implementation and project execution, is crucial to ensure that our projects are completed on time and to the satisfaction of our customers. Furthermore, our Directors believe that a key to our success is our ability to recruit, retain, motivate and develop talented and experienced staff members.

Set out below are details of the additional manpower we plan to recruit by job positions:

Type of position	**Job description**	**Monthly salary range** *(per person)* [(1)]	**Total number of new staff to be employed**
Management role	– One chief operation officer: to oversee the daily operation of the Group and to be responsible for opening the new branch office in Kuala Lumpur – One business development manager: to seek for more suitable building construction projects for the Group so as to expand our market	Approximately RM9,000 to RM25,000	2

Type of position	Job description	Monthly salary range *(per person)* [(1)]	Total number of new staff to be employed
Back office role	– One contract manager: to oversee all matters related to the documentation of building construction projects – Three accounts staff, including one assistant financial controller and two general accounting staff: to handle the internal accounting matters, preparing budgets and monitoring the projects in relation to financial aspect – One information technology staff: to monitor and maintain computer systems and networks of the office	Approximately RM5,000 to RM10,000	5
Machinery and equipment operators	– Two mobile crane operators, two tower crane operators and two excavator operators: to operate the newly acquired mobile cranes, tower cranes and excavators	Approximately RM3,700 to RM5,100	6

Note:

(1) The monthly salary range is calculated with reference to (i) the salaries of our existing employees of the relevant positions; or (ii) information publicly available from recruitment agents for similar types of job positions; or (iii) the prevailing conditions of the labour market in Malaysia.

As the intended additional manpower as stated in the above table are mostly for general business operation, they are not project-specific that can be assigned to different projects.

Our ability to capture the emerging business opportunities and expand our business could be impeded if the level of our existing manpower resources remain unchanged. Without additional manpower, our capacity is limited, we then may not have the efficiency and competitiveness to source for and/or take up new sizable projects for expansion purpose, hence our market position will be weakened in this regard. Therefore, our Directors consider that in view of our business strategies as stated above in this section, we need to recruit additional management and back office staff to cope with our expansion plan, in particular experienced or skilled staff. With our expanding operation scale, our

Directors believe that to recruit a chief operating officer is needed to oversee the daily operation of our Group and the new branch office that we intend to open in Kuala Lumpur. We will also recruit a business development manager and a contract manager to strengthen our tendering team to seek for more suitable building construction projects for our Group to tender for and improve the competitiveness of our tender submission. As we intend to allocate some of our net proceeds from the Share Offer to acquire additional machinery and equipment as mentioned above, we also have to recruit machinery operators such as mobile crane operators, tower crane operators and excavator operators to cope with our operation need.

Based on the above, we plan to utilise approximately RM2.3 million (equivalent to approximately HK$4.4 million) or 5.3% of the net proceeds from the Share Offer for strengthening our manpower (exclude the net proceeds we used for recruitment of new staff in branch office we intend to open in Kuala Lumpur). Such allocation of net proceeds for expanding our workforce is expected to cover up to approximately three years' worth of salaries of the aforesaid additional staff, which is considered by our Directors to be commercially prudent and sensible after taking into account the estimated timing of additional income and cash inflows to be generated as a result of the expansion of workforce and the uncertainties associated thereof. Our Directors consider that our Group should secure funding to cover the salaries of such additional staff for a period at least from the expected time of hiring up to the time when the additional workforce is able to generate sufficient additional income and cash inflows that enables us to cover the increased staff costs.

(6) To release certain personal guarantees of the Controlling Shareholders

Our Controlling Shareholders, Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau, have provided personal guarantees to our Group's principal banks to secure certain loans and credit facilities of our Group. All such personal guarantees will be released and replaced by corporate guarantees provided by our Company upon Listing. In order to release certain of the said personal guarantees, our Group is required by one of our Group's principal banks to maintain a sinking fund of approximately RM2.0 million as a form of collateral to secure the loan and credit facilities granted. Given the above, our Group intends to allocate approximately RM2.0 million (equivalent to approximately HK$3.8 million) from the net proceeds of the Share Offer for such purpose.

Further, Rimbaco Holdings, a company owned by our Controlling Shareholders, assigned a property to the aforesaid bank to secure certain loans and credit facilities of our Group. For the purpose of discharging such collateral upon Listing, our Group intends to allocate approximately RM0.6 million (equivalent to approximately HK$1.1 million), the estimated market value of the property, from the net proceeds of the Share Offer.

OUR LIQUIDITY POSITION

Our Directors are of the view that, in order to strengthen our financial position for tendering different types of high-value building construction projects in the future, it is crucial for us to carefully and prudently maintain a robust liquidity position, particularly in the form of steady and strong level of cash and cash equivalents. A robust liquidity position will ensure our smooth business operations and allow us to devote sufficient resources in the implementation of our business plans.

According to the Industry Report, the liquidity position of a contractor is one of the major competitive factors in the building construction industry. A sound liquidity position indicates to the customer that the contractor has lower credit risk and that the contractor has the financial capability to complete the building construction project and fulfill the contractual obligations. Additionally, a contractor with sound liquidity position is capable of settling the progress payments on time and in full with its subcontractors. This helps the contractor to maintain a long-term sustainable relationship with its subcontractors, which in turn enhance the contractor's competitiveness in the market.

(i) Our cash needs for our current operation scale

Our cash and cash equivalents is generally required to be utilised in the following ways: (a) to satisfy the needs of working capital for the daily operations under our Group's current operation scale; (b) to deposit as funds locked up for the issue of performance bonds (in form of bank guarantees) for the existing projects; and (c) to fund part of the Start-up Costs at project commencement for the new building construction projects from time to time.

(a) Needs of working capital for daily operations

During the Track Record Period, our Group's cash and cash equivalents went through a typical rise and fall cycle each year as affected by the progress of our building construction projects. Our Group had a cash and cash equivalents of approximately RM14.3 million as at 31 October 2019. As at the Latest Practicable Date, our cash and cash equivalents amounted to approximately RM21.6 million.

Our Group requires an ample amount of working capital to run our daily operations and fund our payment obligations from time to time. Based on the current scale of our operations and the costs incurred by us during the Track Record Period, our Directors estimate that currently we have to incur an average monthly operating expense of approximately RM18.5 million (calculated by the total cost of services during the Track Record Period divided by the number of months of the Track Record Period), primarily comprising subcontracting cost, cost of materials, staff costs and administrative expenses, for our daily operations. Based on our cash and cash equivalents of approximately RM21.6 million as at the Latest Practicable Date, it can only support slightly more than one month of our Group's daily operations based on our average monthly operating expense (assuming no further cash inflow after the Latest Practicable Date).

It is crucial for us to fulfil our payment obligations, in particular payments to our workers, suppliers and subcontractors. Failure to do so would lead to a delay in and even a potential failure to complete the building construction project and would adversely affect our reputation in the market. We may also be liable to pay our customers liquidated damages as stipulated in the contracts and may be subject to litigation claims for damages. All the above could seriously affect our Group's reputation and hinder our business development.

(b) Funds locked up for the issue of performance bonds for the existing projects

Generally, performance bonds are required by our customers to secure the satisfactory performance of the contracts by our Group. The performance bond usually represents 5% of the contract sum which shall be provided before project commencement and remain valid until the CPC is issued and the defect liability period has ended. Accordingly, the cash flow requirement at the commencement stage of our projects together with our available cash and financial resources has a significant impact on the number as well as the size of the projects that we could undertake at the same time.

During the Track Record Period, our performance bonds were given by banks in favour of some of Group's customers as security for the due performance and observance of the Group's obligations under the construction contracts entered into between the Group and its customers. According to the Industry Report, banks in Malaysia have tightened the provision of project financing, including performance bonds to construction contractors for projects in relation to residential buildings, commercial complex and hotels in 2019. As banks are cautious about the short-term prospect of the residential and commercial segment in Malaysia amid the property glut, recently they have been more prudent on providing project financing, including performance bonds, for construction contractors. This phenomenon is expected to persist in short to medium term. Relevant policy for project financing might be relaxed when the glut of supply starts to alleviate or the market sentiment becomes optimistic. In this regard, we need to maintain and strengthen our liquidity position to ensure we have sound financial position and sufficient working capital for our business operations when tendering for new projects.

(c) Funding part of the Start-up Costs of new projects from time to time

In line with the industry practice, we generally have a net cash outflow at the early stage of the project and a net cash inflow at the completion stage of the project. Depending on the nature, scope and complexity of the projects to be undertaken, we generally have to incur significant Start-up Costs, before the commencement of the projects.

For illustrative purpose, for the factory projects of contract sum of RM1.5 million or more which commenced during FY2018 and FY2019, the start-up cost ratio (i.e. the Start-Up Costs for the relevant projects divided by the total contract sum of the relevant projects) ranged from approximately 3.0% to approximately 34.8%, and the average start-up cost ratio of those projects were approximately 15.8%. For the institutional, commercial and/or residential projects of contract sum of RM1.5 million or more which commenced during FY2018 and FY2019, the start-up cost ratio ranged from approximately 0.9% to approximately 8.4%, and the average start-up cost ratio of those projects were approximately 3.6%.

It is essential for our Group to carefully and prudently maintain a healthy buffer and strong liquidity position at all times to ensure our smooth business operations, maintain our reputation in the building construction industry, and allow our Group to capture potential business opportunities from time to time.

(ii) Time lags between payments and receipts

In relation to our interim billings:

- In order to receive progress payments, we normally make an application for progress payment for the work done (including contract work and variation order work) and our customer will examine the completed work at that stage and issue a certification upon completion of the relevant works. We generally grant a 14 to 60 days credit period to our customers upon issuance of our invoice;

- Our suppliers generally offer us a credit period ranging from 14 to 60 days after delivery of goods; and

- Our subcontractors generally provide us a credit period ranging from 10 to 60 days after issuance of their invoice.

In light of the above, and in line with the industry practice, we may experience potential time lags between making payments to our suppliers and subcontractors and receiving payments from our customers, resulting in possible cash flow mismatch. As a result, we have to maintain a higher level of cash and cash equivalents for our operational needs and liquidity needs in case of unforeseen circumstances.

(iii) Competitive advantage arising from robust liquidity position

Our Directors are of the view that maintaining a robust liquidity position is a competitive advantage to the healthy development of our business, as our liquidity position will have an impact on our business partners' perception of us:

- our customers may become reluctant to cooperate with us if we have higher credit/financial risks as they may have concerns on our ability to pay our suppliers and subcontractors in a timely manner and hence our ability to deliver on time; and

- our suppliers and subcontractors may have concerns for our financial viability and tighten credit terms given to us for the materials supplied or the subcontracting services rendered if we delay payment to them.

OUR SERVICES AND OPERATIONS

Our services

Our building construction services generally include the implementation of the construction works assigned to us as stipulated in the contract entered into with our customers and the overall management of the entire building construction project. We are mainly engaged as a main contractor and our major responsibilities include:

- planning and implementation of the assigned construction works;
- preparing building designs and structural drawings if required;
- selection of subcontractors;
- sourcing, purchasing and arranging delivery of materials from suppliers;
- coordination with the architects, engineers and design consultants of our customers;
- coordination and supervision of all site works carried out by our workers and subcontractors;
- quality checking and assurance; and
- overall project management.

Our operations

Our operating procedures in relation to the execution of building construction contracts principally involve tendering, price determination and project implementation. We have developed a quality management system covering construction of buildings and was accredited with ISO 9001:2000 and ISO 9001:2015 in October 2000 and October 2017 respectively.

The duration of our building construction projects is affected by a wide range of factors including complexity of the building construction project involved, site conditions, availability of manpower and expectation of our customers. The expected duration of our building construction projects are specified in the contract we entered into with our customers. In general, our Group may have an additional work period of one year or more after the end of our original contract period to handle various matters, including variation orders given by our customers and rectification works during the defect liability period.

The general workflow of our business operations is as follows:

Step	
1	Project identification
2	Tender/quotation assessment and submission
3	Award and signing of contract/confirming quotation
4	Project implementation
5	Practical completion
6	Defect liability period and final completion

1. *Project identification*

We provide building construction services to our customers and generally identify potential building construction projects through tender notice or requests for quotation from our customers. The tender notice or quotation request from our customers generally includes a brief description of the works required, expected contract period and closing time of tender/quotation submission. For some of the tenders, we are required to provide a specified amount as tender bond which will be returned to us upon the announcement of the results of the tender, whether our tender is successful or not.

Sometimes, we may be required by our customers to prepare pre-qualification submissions. Pre-qualification is a process used by our customers to evaluate the eligibility of applicants for tenders and the factors considered in this process include the scale of the applicant company, past experience, proposed resources to be allocated to the building construction project, proposal for project implementation, and safety and environmental protection record. If the customers are satisfied after reviewing our pre-qualification submission, they will then invite us to submit tender.

2. *Tender/quotation assessment and submission*

(a) Tender/quotation review, assessment and preparation process

Our Group has a tendering team which consists of our project director, project manager, contract manager and quantity surveyor and is led by our Executive Director, Mr. Low.

Upon receiving an invitation to submit tender or quotation request from our customers, our tendering team will review the tender information or quotation request which includes the scope of work, complexity, cost, time frame and similar building construction projects previously completed by our Group for an evaluation of the manageability and profitability of the potential building construction project.

Our tendering team will also conduct a preliminary analysis and risk assessment to assess whether our Group has the necessary licences, resources and funds to meet the contract requirements. The results of such analysis and assessment, together with the profitability and manageability of the building construction project, will be considered in the preparation of our tender or quotation.

Our tender generally includes (i) form of tender; (ii) price list for each work task; (iii) description of work elements; and (iv) proposed total contract sum. Our quotation generally includes (i) price list for each work task; (ii) description of work elements; and (iii) the proposed total contract sum.

(b) Pricing strategy

When we prepare our tender or quotation for a potential building construction project, we will estimate the gross profit margin in terms of monetary value and percentage. We generally set our tender or quotation price on a project-by-project basis based on the estimated costs to be incurred plus a mark-up percentage.

Our tender or quotation price depends on various factors, in particular the project's scale, complexity and specifications. At the tender/quotation assessment stage, our tendering team would estimate the costs of undertaking a project with reference to various factors such as (i) the estimated number, types and costs of manpower, materials and machines required; (ii) the difficulties of the works involved; (iii) the expected completion time; (iv) historical fees we received for similar building construction projects; and (v) the prevailing market conditions. Supporting quotations from our suppliers and subcontractors will also be obtained for forming our cost estimates.

Our Executive Director, Mr. Low, is responsible for determining the final price of our tender and quotation to be submitted. Depending on the terms and conditions of the contracts, our customers may give out instructions to vary the contract works which we are generally obliged to follow. Such variation orders could be an addition to, a modification of or cancellation of the original contract works. The value of the variation orders, in particular the addition to or modification of original contract works, is generally ascertained with reference to the rates and prices specified in the contract for analogous work and/or the prevailing market rate, and the total contract sum of the relevant building construction project will then be adjusted accordingly. For any contract works to be cancelled, the total contract sum of that building construction project will be deducted according to the price of each work task as stated in the contract or confirmed quotation.

(c) Submission of tender/quotation and award of contract

The tender or quotation will be prepared by our quantity surveyor of our project team and approved by our Executive Director, Mr. Low, before submission.

After submission of tender or quotation, the customer may clarify with us regarding the particulars of the tender or quotation by way of tender interviews or enquiries. Based on the tender or quotation submitted by our Group, the customer may further negotiate with our Group on the commercial and technical terms.

The time taken for the submission of tender or quotation and award of contract is mainly determined by the respective customer and is generally dependent on the size and complexity of the building construction project.

3. Award and signing of contract

After a successful tender, we will enter into a formal contract with our customers. The terms generally found in such contracts include but not limited to the scope of work, contract period, contract sum and payment terms, variation orders, retention monies, defect liability period, liquidated and ascertained damages, performance bond and termination of contract. For details of the principal terms with our customers, please refer to the paragraph headed "Customers – Principal terms of engagement with our customers" in this section below.

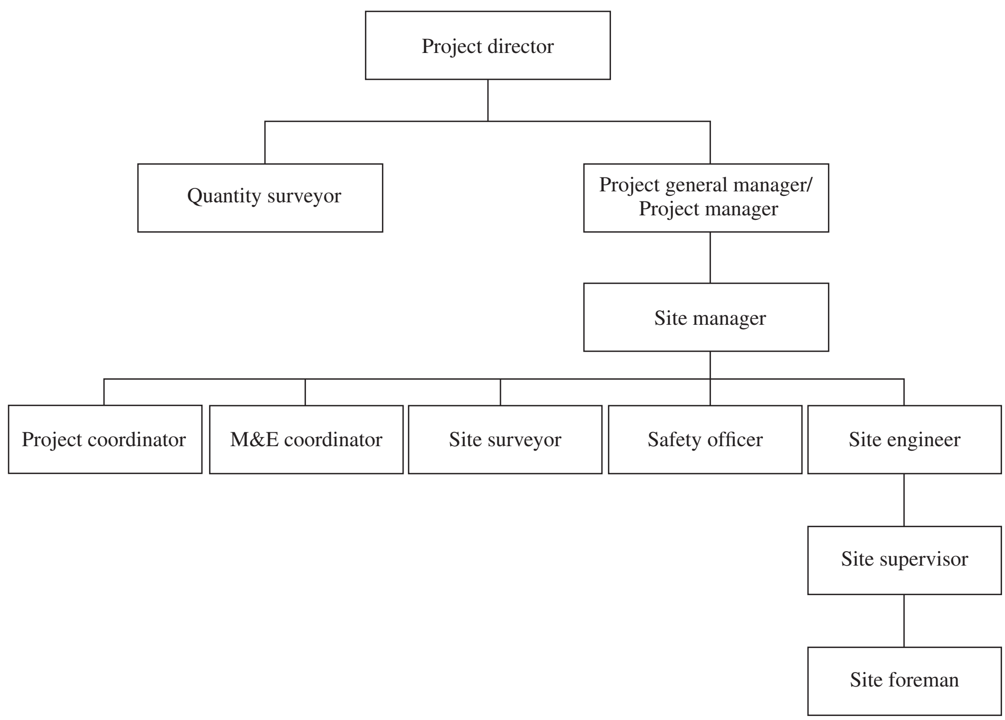
4. Project implementation

The project implementation process generally includes (a) formation of a project team; (b) formulation of a master programme; (c) procurement of materials, procurement or rental of machinery and equipment; (d) implementation of works by our site workers and/or delegation of works to our subcontractors; (e) inspection; and (f) application for payment and certification of work done.

(a) Formation of a project team

A project team is formed for each of our building construction project. In general, our project team comprises a project director, quantity surveyor, project general manager/project manager, site manager, project coordinator, M&E coordinator, site surveyor, safety officer, site engineer, site supervisor and site foreman. Our project team is responsible for the formulation and submission of master programme and the overall management of our building construction projects which includes engaging our subcontractors and sourcing of materials in accordance with the work plan and the work programme as contained in the tender or other contractual documents. Our project team will also provide building designs and drawings for our customers' approval if required. We generally appoint external consultants to prepare the designs and drawings for our project team's review before submission to our customers. Alternatively, our project team may review and provide advice to the designs provided by customers. Typically, our project team will be formed within one week from the time where the relevant building construction project is awarded.

The following chart sets out the key members of our project team formation:



Each key member in the project team is charged with specific responsibilities, as set out below:

Position	Responsibilities
Project director	• Responsible for leading, overall planning, implementation and supervision of the building construction projects • Select appropriate personnel, suppliers and subcontractors with reference to the relevant requirements as set out in the contracts • Review technical and structure drawings • Review payment application and final accounts prepared by site engineers with the coordination of quantity surveyor • Provision of support and resources required to maintain safe and efficient working conditions for the projects
Quantity surveyor	• Inspect the work progress on site • Prepare payment application for submission to our customers • Issue interim payment certificate in response to the interim payment application submitted by our subcontractors or suppliers
Project general manager/Project manager	• Overall site coordination and administration • Manage and control the overall operation, progress and resources of the project • Procurement of materials • Coordinate and attend progress meetings with customers, their consultants and architects, subcontractors and suppliers • Ensure compliance with contractual and statutory requirements

Position	Responsibilities
Site manager	• Plan, coordinate, administrate and control all site activities • Coordinate and supervise the building works delegated to subcontractors • Control and monitor all materials received at site
Project coordinator	• Ensure building works planned/performed are in accordance with customer requirements, especially the drawings and designs of the building construction project • Provide technical support to our project team
M&E coordinator	• Oversee the M&E aspects of the building construction project • Communicate with site foremen about M&E arrangement • Procuring machinery and equipment required
Site surveyor	• Set out alignments and levels for structural or architectural works • Ensure temporary reference points are available for checking
Safety officer	• Oversee the safety aspects of the project, in particular perform daily safety inspection at site • Ensure compliance of workers and subcontractors with the applicable safety laws and regulations, our safety instructions and guidelines • Conduct safety training to workers and subcontractors on site
Site engineer	• Oversee the technical aspects of the building construction project • Design and review the construction plans • Liaise with the consultants, subcontractors, quantity surveyors and site foreman involved in the building construction project

Position	Responsibilities
Site supervisor	• Supervise at construction sites to ensure works are carried out in accordance with specifications and drawings
	• Inspect incoming materials; check M&E aspects and hand tools on site to ensure that they are maintained in good conditions
	• Conduct regular inspections to monitor the progress and quality of the project
	• Develop and implement quality control programs
Site foreman	• Supervise workers and subcontractors on site
	• Report to our site supervisor for the progress of the project and any issues

(b) Formulation of a master programme

For each of the building construction projects undertaken by our Group, a master programme setting out the particulars on the implementation of such project and a project quality plan setting out the specifications, the timing of delivery, the materials and manpower required will be prepared by our project team. The master programme facilitates the overall management of the building construction project.

(c) Procurement of materials, procurement or rental of machinery and equipment

We would purchase required materials for our workers to carry out their works and where necessary, we would also procure or rent machinery and equipment from our suppliers for our building construction projects. Generally, our suppliers would deliver the materials we purchased to the construction sites directly. Our Group determines the quantity of materials to be stored at the construction sites based on the work schedule and all materials will be stored at our construction sites for direct utilisation. Our Group does not keep any materials as our inventory, and as such, materials are procured on a project-by-project basis in accordance with the project specifications. Depending on the requirements of the contract, specifications of the materials to be used, and with reference to industry practice, we would also procure materials for our subcontractors for certain types of works.

To ensure the quality of our services, we have procedures for selecting and engaging suppliers from our list of approved suppliers as detailed in the paragraph headed

"Suppliers" in this section below. We have established stable working relationships with our suppliers and do not foresee any material difficulties in sourcing materials in the future.

The building construction services in our projects generally require the use of machinery and equipment. We may either use our own machinery and equipment or procure or rent from our suppliers based on the specific requirement and complexity of each project. We would store our machinery and equipment at the construction sites. For details of our machinery and equipment, please refer to the paragraph headed "Machinery and equipment" in this section below. Depending on the project requirements and types of work involved, our subcontractors may be required to equip themselves with the necessary machinery and equipment for carrying out their works.

(d) Implementation of works by our site workers and/or delegation of works to our subcontractors

We would delegate most of the construction works to our subcontractors. The works we subcontract to our subcontractors are generally labour intensive or require specific skills, such as piling, excavation, waterproofing, electrical and structural steel works. To ensure high quality of work, we generally prohibit our subcontractors to further subcontract the works to other subcontractors unless they have obtained our consent in advance. With the engagement of our subcontractors, our Directors believe that we are able to diversify our risks and focus on monitoring and quality assurance of our building construction projects.

(e) Inspection

In the course of implementation and execution of our building construction projects, our project team will conduct quality check and inspection on all works completed on a regular basis to ensure that the works performed by our Group and our subcontractors comply with the requirements as set out in the contract. Please refer to the paragraph headed "Quality control" in this section below for further details.

(f) Application for payment and certification of work done

We usually do not receive any upfront payments or deposits from our customers prior to the commencement of work. In order to receive progress payments, we normally make an application for progress payment for the work done (including works specified in the contract and variation orders) for the previous month and our customers will examine the completed work at that stage and issue a certification upon completion of the relevant works. In practice, this certification process generally takes around one week to two weeks. Upon presentation of the certified payment certificate, we usually grant a credit term of 14 days to 60 days to our customers, depending on the terms of the relevant contracts.

Similarly, our suppliers are entitled to receive payments for materials, machinery and equipment delivered to the site according to the payment terms set out in the purchase orders. Our subcontractors are entitled to receive progress payments with similar terms as those between us and our customers. In order to receive progress payments, our subcontractors will also make an application for progress payment and we will verify and inspect the completed work before issuing a certificate. Our subcontractors usually grant us a credit term of 10 days to 60 days after issuance of their invoice.

5. Practical Completion

Generally, there is a practical completion date when our contract works are completed and our customers are satisfied with our work subsequent to inspections performed by our customers' consultants such as architects and quantity surveyors. This date is signified by the issuance of the CPC by the aforesaid consultants, who certified that the works of the project can be handed over to our customer. After that, we would prepare the final accounts of the project to the customer which stated the details of the outstanding balance of the project and the customers' consultants, such as architects and quantity surveyors, would certify the aforesaid final accounts. The customers would make final payments to us after the acknowledgment of the aforesaid final accounts by them. In some cases, the project is considered to be completed when a letter acknowledging the handover of work site is obtained from our customer or final payment is made by our customer.

For some building construction projects, our customers may hold retention monies from the progress payment and/or require us to provide performance bonds. The retention monies and performance bonds will usually be released partially upon the issuance of the CPC. For details of the arrangement on retention monies and performance bonds, please refer to the paragraph headed "Customers – Principal terms of engagement with our customers" in this section below.

6. Defect liability period and final completion

The whole contract period normally includes a defect liability period during which we remain responsible for rectifying any defects identified by our customers or their consultants such as architects without charge. The defect liability period, generally 12 months or 24 months, commences upon the date of practical completion.

The final completion date, representing the end of the project, is signified by the issuance of the making good defects certificate. Such certificate acknowledges that we have fulfilled our obligation to maintain and make good any defects in relation to the building construction project.

Our Directors confirmed that during the Track Record Period, there was no material claim or complaint brought against our Group by our customers and the cost incurred for rectifying defective works was immaterial.

OUR PROJECTS

During the Track Record Period, we provided building construction services mainly for (i) factory projects; and (ii) institutional, commercial and/or residential projects in West Malaysia. We also undertake other small-scale ancillary construction works. During the Track Record Period and up to the Latest Practicable Date, we participated in 21 building construction projects with an aggregate original contract sum of approximately RM1,655.0 million. Out of the 21 projects, 13 were factory projects and eight were institutional, commercial and/or residential projects.

Factory projects

Factory projects refer to the construction of low-rise factory buildings, which are generally being used as processing facilities or manufacturing plants, and with a GFA ranging from approximately 120,000 square feet to 495,000 square feet for each project. During the Track Record Period and up to the Latest Practicable Date, we have undertaken 13 factory projects with an original contract sum ranging from approximately RM3.1 million to approximately RM212.0 million for each project. Customers of our factory projects are mainly leading local and multinational factory owners. For example, during the Track Record Period, we constructed manufacturing plants for cleanroom and medical gloves, semiconductors and medical devices as well as processing facility for oat mills.

Set out below are two remarkable factory projects we have undertaken during the Track Record Period:

Project A

One of the remarkable factory projects we completed during the Track Record Period was Project A, which is for the construction of a manufacturing facility of medical devices located in Penang, Malaysia with an original contract sum of approximately RM212.0 million and an aggregate GFA of approximately 495,000 square feet. Customer A is a subsidiary of a global manufacturer of medical devices listed on the New York Stock Exchange. The building constructed is the first medical device manufacturing facility of Customer A located in Asia.

The Eco Medi Projects

In the Eco Medi Projects, we were responsible for the construction of the different phases of two manufacturing facilities for the production of cleanroom and medical gloves and a hostel that are located in Perak, Malaysia. Since 2013 and up to the Latest Practicable Date, Eco Medi Glove Sdn Bhd awarded us eight contracts. Eco Medi Glove Sdn Bhd is a subsidiary of a global manufacturer of cleanroom and healthcare gloves listed on the Singapore Stock Exchange. During the Track Record Period, we were being awarded from Eco Medi Glove Sdn Bhd of (i) the fourth phase to the sixth phase of the first manufacturing plant; (ii) a hostel; and (iii) first phase of the second manufacturing plant with an aggregate original contract sums of approximately RM110.5 million. The GFA ranges from approximately 120,000 square feet to approximately 252,000 square feet for each phase of the manufacturing plants.

Institutional, commercial and/or residential projects

Institutional, commercial and/or residential projects refer to the construction of institutional, commercial or residential buildings such as private hospitals, hotels, shopping malls, high-rise residential buildings and commercial/residential complex. The GFA of these buildings range from approximately 373,000 square feet to 4.2 million square feet, depending on the nature and size of the respective project. During the Track Record Period up to the Latest Practicable Date, we have undertaken eight institutional, commercial and/or residential projects with an original contract sum ranging from approximately RM2.5 million to approximately RM518.0 million for each project. Our customers of these types of projects are mainly property developers in Malaysia.

Set out below are two of our remarkable institutional, commercial and/or residential projects that we have undertaken during the Track Record Period:

The GRB Project

One of the remarkable commercial projects we completed was the GRB Project, which was for the construction of an eight-storey shopping mall located in Kedah, Malaysia with an original contract sum of approximately RM249.9 million and an aggregate GFA of approximately 1.3 million square feet.

The Crimson Omega Project

Another remarkable commercial project we participated during the Track Record Period was the Crimson Omega Project, which was the construction of a nine-storey commercial podium with parking lots, a 18-storey office building, a 18-storey hotel and a 30-storey service apartment located in Penang, Malaysia with an original contract sum of approximately RM518.0 million and an aggregate GFA of approximately 4.2 million square feet. The Crimson Omega Project is expected to be completed in June 2021.

Artistic impression outlook

Current outlook

Others

During the Track Record Period, we also undertook small-scale ancillary construction works, including but not limited to renovation works, repair works and electrical works. In general, these projects did not involve formal tendering procedures, and our customers would only obtain quotations and place purchase orders with us.

The following table sets out a breakdown of our Group's revenue by project types during the Track Record Period:

	FY2017		FY2018		FY2019	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	(RM'000)	*(%)*	*(RM'000)*	*(%)*	*(RM'000)*	*(%)*
Factory projects[(1)]	318,593	91.7	65,096	41.5	101,192	38.6
Institutional, commercial and/or residential projects[(2)]	26,968	7.8	86,619	55.2	158,771	60.5
Others[(3)]	1,743	0.5	5,131	3.3	2,511	0.9
Total:	347,304	100.0	156,846	100.0	262,474	100.0

Notes:

(1) Factory projects refer to projects that provide building works for factories including low-rise processing facilities and manufacturing plants, each with a contract sum (after taking into account of adjustment(s) and variation order(s)) of RM1.5 million or more.

(2) Institutional, commercial and/or residential projects refer to projects that provide building works for institutional, commercial and/or residential buildings, such as private hospitals, hotels, shopping malls, high-rise residential buildings and commercial/residential complex, each with a contract sum (after taking into account of adjustment(s) and variation order(s)) of RM1.5 million or more.

(3) Others refer to small-scale ancillary construction works, including but not limited to renovation works, repair works and electrical works, each with a contract sum (after taking into account of adjustment(s) and variation order(s)) of not more than RM1.5 million.

On-going and completed projects during the Track Record Period and up to the Latest Practicable Date

During the Track Record Period and up to the Latest Practicable Date, we completed a total of 15 building construction projects and we did not have any loss-making building construction projects. As at the Latest Practicable Date, we had six on-going building construction projects.

The table below sets out details of the movements of the number of on-going building construction projects and completed building construction projects of our Group during the Track Record Period and up to the Latest Practicable Date:

	FY2017		FY2018		FY2019		After the TRP and up to the Latest Practicable Date	
	Number of Projects	Contract Sum[3] *(RM'000)*	Number of Projects	Contract Sum[3] *(RM'000)*	Number of Projects	Contract Sum[3] *(RM'000)*	Number of Projects	Contract Sum[3] *(RM'000)*
Opening on-going building construction projects[1]	6	488,395	5	91,030	7	1,097,183	7	1,046,793
Add: New building construction projects awarded	4	65,370	8	1,079,288[4]	2	7,430	1	14,600
Add: Amount of adjustment/ variation orders	–	5,460	–	7,628	–	6,728	–	3,231
Deduct: Building construction projects completed[2]	5	468,195	6	80,763	2	64,548	2	83,919
Closing on-going building construction projects	5	91,030	7	1,097,183	7	1,046,793	6	980,705

Notes:

(1) A building construction project awarded to us for which we have commenced work but have recognised only part of the revenue for accounting purpose as at a point in time, or a project that has confirmed engagement but not yet commenced work, is categorised as an on-going project.

(2) A building construction project is completed when a CPC is issued, a letter acknowledging the handover of work site is obtained from our customer or final payment is made by customers. Please refer to the paragraph headed "Our Operations – 5. Practical completion" in this section above for further details.

(3) The contract sum does not take into account any (i) variation orders issued by our customers after the Latest Practicable Date and (ii) provision sums being sums of work which may or may not be carried out but was included in the scope of works stipulated in the original contracts.

(4) The contract sum of new building construction projects awarded in FY2018 was mainly attributable to the Crimson Omega Project (i.e. RM518.0 million) and the project engaged by Island Hospital Sdn Bhd (i.e. RM322.4 million) for the construction of a hospital.

Completed building construction projects

The following table sets out information regarding the 15 building construction projects completed by our Group during the Track Record Period and up to the Latest Practicable Date:

FY2017

No.	Customer	Project Name	Description of works	Start date [(1)]	Completion date [(2)]	Approximate contract period [(3)] *(months)*	Original contract sum [(4)] *(RM'000)*	Adjustment/ variation order received on/before Latest Practicable Date *(RM'000)*	Revenue recognised before the TRP *(RM'000)*	Revenue recognised during the TRP *(RM'000)*	Revenue expected to be recognised after FY2019 *(RM'000)*
1	Customer A	Project A	Factory: Construction of a two-storey office, one-storey factory and a one-storey warehouse	14 September 2016	30 July 2017	10	212,000	–	6,203	205,797	–
2	T.T.E Engineering (M) Sdn Bhd	Project L – Phase 1	Factory: Construction of a semiconductor chips facility (Phase 1)	18 April 2016	1 September 2017	16	99,200	–	45,905	53,295	–
3	Customer I[(5)]	HLB	Commercial and residential: Construction of a 27-storey commercial building with 84 units of commercial suites	1 October 2013	28 August 2017	47	93,840	(204)	82,650	10,986	–
4	Customer C	Project C	Factory: Construction of a one-storey factory and a two-storey office	30 May 2016	7 March 2017	9	41,000	886	13,987	27,899	–
5	Eco Medi Glove Sdn Bhd	Eco Medi Phase 4	Factory: Construction of a manufacturing facility (Phase 4 of the first manufacturing plant)	15 August 2016	2 August 2017	12	17,000	3,980	2,982	17,998	–
FY2018											
6	T.T.E Engineering (M) Sdn. Bhd	Project L – Phase 2	Factory: Provision of civil, structural and architectural works for a semiconductor chips facility (Phase 2)	6 October 2017	11 June 2018	8	3,100	–	–	3,100	–

No.	Customer	Name	Description of works	Start date [1]	Completion date [2]	Approximate contract period [3] (months)	Original contract sum [4] (RM'000)	Adjustment/ variation order received on/before Latest Practicable Date (RM'000)	Revenue recognised before the TRP (RM'000)	Revenue recognised during the TRP (RM'000)	Revenue expected to be recognised after FY2019 (RM'000)
7	Era Alpha Sdn Bhd	Exopuri	Commercial: Provision of reinforced concrete works for a 35-storey hotel	1 May 2016	30 September 2018	29	25,300	5,300	6,203	24,397	–
8	T.T.E Engineering (M) Sdn Bhd	Project L – Phase 3	Factory: Construction of a semiconductor chips facility (Phase 3)	10 April 2017	1 February 2018	10	15,868	–	–	15,868	–
9	Eco Medi Glove Sdn Bhd	Eco Medi Phase 5	Factory: Construction of a manufacturing facility (Phase 5 of the first manufacturing plant)	15 August 2017	15 May 2018	9	14,700	2,653	–	17,353	–
10	Customer B	Project P	Factory: Provision of piling works for a four-storey factory	24 July 2018	22 October 2018	3	10,182	680	–	10,862	–
11	T.T.E. Engineering (M) Sdn Bhd	Project L – Phase 4	Factory: Provision of architectural works for the construction of a semiconductor chips facility (Phase 4)	4 December 2017	11 June 2018	6	3,732	–	–	3,732	–
FY2019											
12	Federal Oats Mills Sdn Bhd	FOM	Factory: Construction of a factory with seven storeys	20 April 2018	23 April 2019	12	46,000	–	–	46,000	–
13	Eco Medi Glove Sdn Bhd	Eco Medi Phase 6	Factory: Construction of a manufacturing facility (Phase 6 of the first manufacturing plant)	15 June 2018	30 June 2019	12	13,460	4,700	–	18,160	–
After the TRP and up to the Latest Practicable Date											
14	Customer B	Project B	Factory: Construction of a four-storey factory	20 October 2018	30 November 2019	13	75,738	3,231	–	64,817	14,152

No.	Customer	Name	Description of works	Start date (1)	Completion date (2)	Approximate contract period (3) (months)	Original contract sum (4) (RM'000)	Adjustment/ variation order received on/before Latest Practicable Date (RM'000)	Revenue recognised before the TRP (RM'000)	Revenue recognised during the TRP (RM'000)	Revenue expected to be recognised after FY2019 (RM'000)
15	Eco Medi Glove Sdn Bhd	Eco Medi Hostel	Residential: Construction of a two-block hostel	2 May 2019	13 March 2020	10	4,950	–	–	2,821	2,129

Notes:

(1) "Start date" refers to the commencement date of our contract works as stipulated in the contract or the date of the first purchase order issued by our customer.

(2) "Completion date" refers to the date the CPC is issued, the date the letter acknowledging the handover of work site is obtained or final payment is made by our customers. Please refer to the paragraph headed "Our operations – 5. Practical completion" in this section above for further details.

(3) "Contract period" refers to the period from the Start date to the Completion date.

(4) The original contract sum does not take into account any (i) variation orders issued by our customers; and (ii) provision sums being sums of work which may or may not be carried out but was included in the scope of works stipulated in the original contracts.

(5) Customer H and Customer I have the same ultimate beneficial owners.

On-going building construction projects

As at the Latest Practicable Date, we had a total of six on-going building construction projects: one was factory project and five were institutional, commercial and/or residential projects. Such on-going building construction projects have an aggregate original contract sum of approximately RM979.0 million, of which approximately RM233.8 million had been recognised as revenue during the Track Record Period.

The following table sets out information regarding our on-going building construction projects which had commenced work as at the Latest Practicable Date:

No.	Customer	Name	Description of works	Start date (1)	Estimated completion time (2)	Approximate contract period *(months)*	Original contract sum (3) *(RM'000)*	Adjustment/ variation order received on/before Latest Practicable Date *(RM'000)*	Revenue recognised during TRP *(RM'000)*	Revenue recognised after the TRP and up to the Latest Practicable Date *(RM' 000)*	Revenue expected to be recognised after the Latest Practicable Date *(RM'000)*
1	Crimson Omega Sdn Bhd	Crimson Omega	Commercial: Design and building of a commercial/residential complex consisting of a nine-storey commercial podium with parking lots, a 18-storey office building, a 18-storey hotel and a 30-storey service apartment	1 January 2018	30 June 2021	42	517,973	–	139,149	41,032	337,792
2	Island Hospital Sdn Bhd	IHOS	Institutional: Construction of a 12-storey hospital with basement, car park and underground tunnel	1 September 2018	31 October 2020	26	322,402	–	26,180	15,955	280,267
3	Kementrian Perumahan Dan Kerajaan Tempatan	IP-KN	Residential: Design and building of a high-rise residential building with 500 flats	17 April 2018	16 April 2021	36	89,801	–	41,614	18,147	30,040

No.	Customer	Name	Description of works	Start date [1]	Estimated completion time [2]	Approximate contract period *(months)*	Original contract sum [3] *(RM'000)*	Adjustment/ variation order received on/before Latest Practicable Date *(RM'000)*	Revenue recognised during TRP *(RM'000)*	Revenue recognised after the TRP and up to the Latest Practicable Date *(RM' 000)*	Revenue expected to be recognised after the Latest Practicable Date *(RM'000)*
4	ER Mekatron Manufacturing Sdn Bhd	MTR5	Institutional: Construction of an automated storage and retrieval system for a military navy base	14 November 2016	27 April 2020	41	31,703	1,746	26,793	6,656	–
5	Customer J	CP	Commercial: Construction of a five-storey office	6 September 2019	5 November 2020	14	2,480	–	112	1,248	1,120
6	Eco Medi Glove Sdn Bhd	Eco Medi Plant 2 (Phase 1)	Factory: Construction of a manufacturing plant (Phase 1 of the second manufacturing plant)	2 March 2020	3 January 2021	10	14,600	–	–	112	14,488

Notes:

(1) "Start date" refers to the commencement date of our contract works as stipulated in the contract.

(2) The estimated completion time is based on the estimation of our management with regard to provisions in the contract and the progress of the contract works, but is subject to changes by our customer and/or extension of time granted from time to time.

(3) The original contract sum does not take into account any (i) variation orders issued by our customers; and (ii) provision sums being sums of work which may or may not be carried out but was included in the scope of works stipulated in the original contracts.

Projects in backlog

The aggregate value of backlog of our building construction projects (each with a contract sum (after taking into account of adjustment(s) and variation order(s)) of RM1.5 million or more) represents the estimated total contract sum of our works that remains to be completed as at a certain date. The following table sets forth the movement of backlog of our building construction projects during the Track Record Period and up to the Latest Practicable Date:

	FY2017		FY2018		FY2019		After the TRP and up to the Latest Practicable Date	
	Contract sum *(RM'000)*	Number of contracts attributed	Contract sum *(RM'000)*	Number of contracts attributed	Contract sum *(RM'000)*	Number of contracts attributed	Contract sum *(RM'000)*	Number of contracts attributed
Opening backlog as at each of the beginning of financial year/period	330,771	6	56,041	5	991,112	7	745,306	7
Add: Aggregate contract sum of new projects commenced/ additional variation orders of existing projects[1]	70,830	4	1,086,786	8	14,157	2	17,831	1
Deduct: Aggregate revenue recognised	345,560		151,715		259,963		99,327	
Closing backlog as at each of the end of financial year/period	56,041	5	991,112	7	745,306	7	663,810	6
Number of building construction projects completed		5		6		2		2

Note:

(1) Aggregate contract sum of new projects commenced/additional variation orders of existing projects represents the contract sum of new projects and any variation orders issued by our customers during the contract period.

The following table sets forth the breakdown of the number of building construction projects commenced and completed by project types during the Track Record Period up to the Latest Practicable Date:

	FY2017		FY2018		FY2019		After the TRP and up to the Latest Practicable Date	
	Number of projects commenced	Number of projects completed	Number of projects commenced	Number of projects completed	Number of projects commenced	Number of projects completed	Number of projects commenced	Number of projects completed
Factory projects [1]	3	4	5	5	–	2	1	1
Institutional, commercial and/or residential projects [2]	1	1	3	1	2	–	–	1
Total	**4**	**5**	**8**	**6**	**2**	**2**	**1**	**2**

Notes:

(1) Factory projects refer to projects that provide building works for factories including low-rise processing facilities and manufacturing plants, each with a contract sum (after taking into account of adjustment(s) and variation order(s)) of RM1.5 million or more.

(2) Institutional, commercial and/or residential projects refer to projects that provide building works for institutional, commercial and/or residential buildings, such as private hospitals, hotels, shopping malls, high-rise residential buildings and commercial/residential complex, each with a contract sum (after taking into account of adjustment(s) and variation order(s)) of RM1.5 million or more.

Tender success rate

During the Track Record Period, our building construction projects were generally obtained through submitting tenders. Our tender success rates were stable in the Track Record Period at approximately 33%, 33% and 17% in the respective financial years/period. The following table sets out the statistics of our tenders during the Track Record Period:

	FY2017	**FY2018**	**FY2019[(3)]**
Number of tenders submitted during the given period[(1)]	9	21	12
Number of building construction projects awarded	3	7	2
Tender success rate during the given period[(2)]	33%	33%	17%
Approximate original contract sum of tenders submitted *(RM'000)*	241,616	1,625,643	648,537
Approximate original contract sum of successful tenders *(RM'000)*	62,270	1,085,556	7,430

Notes:

(1) For the purpose of calculating the tender success rate, the number of tenders submitted means the number of projects which we have submitted tender(s) notwithstanding that we may have submitted revised tender(s) in such particular project.

(2) Tender success rate is calculated by dividing the number of projects awarded by the number of tenders submitted during the same financial year or period.

(3) During FY2019, we submitted 12 tenders and, among them, one tender was still pending result as at the Latest Practicable Date.

Our Directors are of the view that our tender success rates are mainly affected by our tendering strategy, which was formulated with reference to the size of the project, the number and outstanding value of our on-going building construction projects, our resources and manpower availability and the market condition.

For FY2017, FY2018 and FY2019, the tender success rates of factory projects that our Group tendered during the respective financial year/period were approximately 29%, 25% and nil. As we have allocated significant resources for the Crimson Omega Project in FY2018, the tenders made by our Group were of less competitive terms but would generate a more favourable profit margin. Our Directors are of the view that to tender for and focus on Crimson Omega Project in FY2018 was beneficial to our Group as (i) the Crimson Omega Project is one of the largest commercial/residential complex construction project ever in Penang and being the main contractor for this project would enhance the reputation of our Group in West Malaysia; (ii) the Crimson Omega Project being the largest building construction project of our Group with a contract sum of approximately RM518.0 million, would secure the stable revenue source for our Group until the financial year ended 31 October 2021; and (iii) the estimated gross profit margin of Crimson Omega Project was approximately 11.0% which the Directors consider that such gross profit margin is competitive to the factory project and would benefit our Group in a longer period given its large contract sum. After Listing, our Group will continue to source more factory projects with additional resources from the Share Offer in order to maintain the gross profit margin of our Group.

Our Directors consider that responding to our customers' invitations by submitting tenders is important to our business development as this practice allows us to (i) keep abreast of up-to-date market data such as manpower and material costs, requirements of our customers and pricing level of our competitors which can serve as reference in our future tendering exercise in similar projects; (ii) maintain our relationship with our customers; and (iii) maintain our presence in the market. During the Track Record Period, our tender success rates were relatively stable. Given our tender strategy and in view of our performance during the Track Record Period, our Directors consider that our overall tender success rate during the Track Record Period has been stable and satisfactory in general.

Recent tendering

As at the Latest Practicable Date, we are still pending for the results of the five tenders that we have submitted with an aggregate original contract sum of approximately RM623.1 million. For details of these tender submissions, please refer to paragraph headed "Our Business Strategies – Strengthen our liquidity position for paying Start-up Costs and performance bonds in order to obtain remarkable projects with concurrent durations" in this section above.

Based on the positive trends and opportunities in the Malaysian building construction industry as set out in the section headed "Industry Overview" in this prospectus, our background and experience, and our continuous efforts to seek new tenders as part of our operations, our Directors believe that we will be able to continue to take up new building construction works in West Malaysia.

The IP-KN Project – Joint venture arrangement with Inspirasi Perkasa Sdn Bhd ("IP")

During the Track Record Period, we had a joint venture arrangement with IP in executing the IP-KN Project. IP is a registered contractor that can undertake government projects that are designated to indigenous contractors and we have the expertise and capacity to take up the project.

On 11 May 2017, our Group and IP entered into an agreement (the "**Agreement**") for the co-execution of the IP-KN Project. Pursuant to the Agreement, IP shall be responsible for the provision of various project management services, including but not limited to (i) negotiate with the relevant government authorities; (ii) prepare the required project documents for the government authorities; (iii) handle matters in relation to rezoning of the designated land for the IP-KN Project; (iv) prepare detailed architectural, structural, mechanical, electrical and other necessary drawings and plans for the relevant government authorities' approval. On the other hand, our Group is responsible for the execution of the building works, including but not limited to the preparation of building designs and implementation of all building construction works. The parties agreed that IP shall be entitled to RM15.0 million of the contract sum of the IP-KN Project for the performance of its duties under the Agreement while our Group shall be entitled to the rest of the contract sum.

In addition, pursuant to the Agreement, we agreed to make advances to IP up to an aggregate amount of RM15.0 million, at the request of IP.

Shortly after IP being awarded of the IP-KN Project, IP awarded us a subcontracting agreement with an original contract sum of approximately RM96.2 million in March 2018 (adjusted to approximately RM89.8 million according to the supplementary agreement in May 2018) in accordance with the terms of the Agreement.

CUSTOMERS

Our customers mainly include leading local and multinational factory owners and property developers. Some of our customers (or whose holding companies) are listed on the Stock Exchange of Singapore, the Tokyo Stock Exchange or the New York Stock Exchange.

Major customers

In FY2017, FY2018 and FY2019, the percentage of our total revenue attributable to our largest customer amounted to approximately 59.3%, 36.1% and 31.6% respectively, while the percentage of our total revenue attributable to our five largest customers in aggregate amounted to approximately 95.1%, 81.1% and 86.1% respectively.

The following tables set out the details of our business relationship with our five largest customers for each of the financial years during the Track Record Period:

For FY2017

Customer	Type of services rendered	Year in which the customer first started to have business relationship with our Group	Approximate amount of revenue attributable to our Group for the year *(RM'000)*	Approximate percentage of revenue attributable to our Group for the year *(%)*
Customer A[(4)]	Construction of factory	2016	205,802	59.3
T.T.E Engineering (M) Sdn Bhd[(1)]	Construction of factory	2016	63,543	18.3
Customer C[(3)]	Construction of factory	2016	27,915	8.0
Eco Medi Glove Sdn Bhd[(2)]	Construction of factory	2013	21,389	6.1
Era Alpha Sdn Bhd[(5)]	Construction of hotel	2016	11,771	3.4
Total			330,420	95.1

For FY2018

Customer	Type of services rendered	Year in which the customer first started to have business relationship with our Group	Approximate amount of revenue attributable to our Group for the year *(RM'000)*	Approximate percentage of revenue attributable to our Group for the year *(%)*
Crimson Omega Sdn Bhd[(6)]	Design and construction of a commercial/residential complex	2015	56,564	36.1
Eco Medi Glove Sdn Bhd[(2)]	Construction of factory	2013	21,598	13.8
Federal Oats Mills Sdn Bhd[(7)]	Construction of factory	2018	20,997	13.4
Inspirasi Perkasa Sdn Bhd[(8)]	Construction of residential flats	2018	14,436	9.2
T.T.E Engineering (M) Sdn Bhd[(1)]	Construction of factory	2016	13,606	8.6
Total			127,201	81.1

For FY2019

Customer	Type of services rendered	Year in which the customer first started to have business relationship with our Group	Approximate amount of revenue attributable to our Group for the year *(RM'000)*	Approximate percentage of revenue attributable to our Group for the year *(%)*
Crimson Omega Sdn Bhd[6]	Design and construction of a commercial/residential complex	2015	82,859	31.6
Customer B[10]	Construction of factory	2018	64,586	24.6
Inspirasi Perkasa Sdn Bhd[8]	Construction of residential flats	2018	27,179	10.4
Island Hospital Sdn Bhd[9]	Construction of private hospital	2018	26,180	10.0
Federal Oats Mills Sdn Bhd[7]	Construction of factory	2018	25,003	9.5
Total			225,807	86.1

Notes:

(1) T.T.E Engineering (M) Sdn Bhd is a company incorporated in Malaysia in 1980 and is a subsidiary of a company listed on the Tokyo Stock Exchange, the principal business activities of which is the provision of contract services for air-conditioning ventilation and electrical systems.

(2) Eco Medi Glove Sdn Bhd is a company incorporated in Malaysia in 2008 and is a subsidiary of a global manufacturer of cleanroom and medical gloves listed on the Stock Exchange of Singapore.

(3) Customer C is a company incorporated in Malaysia in 2011 and the principal business activities of which is the manufacture of aircraft structure parts.

(4) Customer A is a company incorporated in Malaysia in 2015 and is a subsidiary of a global manufacturer of medical devices listed on the New York Stock Exchange.

(5) Era Alpha Sdn Bhd is a company incorporated in Malaysia in 2001 and the principal business activities of which is property development.

(6) Crimson Omega Sdn Bhd is a company incorporated in Malaysia in 1998 and was a subsidiary of a company previously listed on the Bursa Malaysia (now delisted by way of privatisation), the principal business activities of which is property development.

(7) Federal Oats Mills Sdn Bhd is a company incorporated in Malaysia in 1965 and the principal business activities of which is the manufacture of oats.

(8) Inspirasi Perkasa Sdn Bhd is a company incorporated in Malaysia in 1993 and the principal business activities of which is project management and provision of construction works.

(9) Island Hospital Sdn Bhd is a company incorporated in Malaysia in 1994 and it mainly operates as a private hospital.

(10) Customer B is a company incorporated in Malaysia in 2017 and the principal business activities of which is manufacturing of advanced film.

All of our five largest customers during the Track Record Period were Independent Third Parties. None of our Directors, their close associates or our Shareholders (whom to the knowledge of our Directors own more than 5% of the issued Shares) had any interest in any of our five largest customers during the Track Record Period.

We believe that we have been a good service provider to our major customers for their projects. Such business relationships are essential to securing our sources of revenue during the Track Record Period.

Our Directors confirm that during the Track Record Period, we did not enter into any long-term agreement with our customers and our Group did not have any material dispute or claim with any of our customers which adversely affected our financial performance during the Track Record Period.

Customer/Project concentration

In FY2017, FY2018 and FY2019, approximately 59.3%, 36.1% and 31.6% of our revenue was attributable to our largest customer respectively, whereas our five largest customers accounted for approximately 95.1%, 81.1% and 86.1% of our total revenue respectively. In FY2017, FY2018 and FY2019, the revenue recognised under our five largest projects in terms of revenue recognised accounted for approximately 91.2%, 75.4% and 86.0% of our total revenue, respectively.

The majority of the revenue of our Group may derive from a few customers or a few building construction projects. According to the Industry Report, this is not uncommon in the industry for companies that take on sizable building construction projects. Such customer/project concentration is primarily due to the following factors: (i) the business nature of our Group is project-based; (ii) during the Track Record Period, the contract period of a building construction project such as the Crimson Omega Project may span for more than three years which led to a longer revenue recognition period for our Group; and (iii) the existing level of cash flow, resources and workforce of our Group limited the number of building construction projects we can take up concurrently. Our Directors have taken into account the following factors and consider that our Group's business model is sustainable despite the concentration of customer/project:

- A large-scale building construction project which has a large contract sum will inevitably occupy a substantial portion of our resources as well as generate a significant amount of revenue. Therefore, if we decide to participate in a building construction project with a large contract sum, the customer of such project would naturally become our major customer in terms of revenue contribution during the relevant financial period.

- Some of our major customers, such as T.T.E Engineering (M) Sdn Bhd and Eco Medi Glove Sdn Bhd, had awarded us different building construction projects or engaged us for building construction projects in different phases spanning a few years respectively, therefore resulting in them being our top customers for multiple periods during the Track Record Period.

- Except for (i) T.T.E Engineering (M) Sdn Bhd and Eco Medi Glove Sdn Bhd who awarded us different building construction projects or building construction projects in phases, and (ii) Crimson Omega Sdn Bhd and Customer C whose building construction projects span across different financial periods, the ranking and combination of our five largest customers during the Track Record Period were different. This suggested that we did not place undue reliance on a single customer throughout the Track Record Period for revenue generation.

- We are an active player in the building construction industry in West Malaysia. In the event that any of our major customers reduces the number of contracts awarded to us or terminates its business relationship with us, our Directors consider that we would be able to and have the capacity to take up other potential building construction projects from other customers in view of the expected growth of the building construction industry in Malaysia as shown in the Industry Report. Please refer to the paragraph headed "Industry Overview - Competitive Landscape of the Construction Industry in Malaysia and Penang" in this prospectus for further details regarding the building construction industry.

Overlapping of customer and supplier

Crimson Omega Sdn Bhd was one of our five largest customers for FY2018 and FY2019, while Sunshine Paramount Sdn Bhd was one of our five largest suppliers for FY2018 and FY2019. Both Crimson Omega Sdn Bhd and Sunshine Paramount Sdn Bhd belong to the same parent company that was previously listed on the Bursa Malaysia (now delisted by way of privatisation). Crimson Omega Sdn Bhd is a company incorporated in Malaysia in 1998, of which its principal business activities is property development. Sunshine Paramount Sdn Bhd is incorporated in Malaysia in 1985, of which its principal activities include trading of construction materials. In December 2017, Crimson Omega Sdn Bhd awarded us the Crimson Omega Project with an original contract sum of RM518.0 million. Pursuant to the contract terms of the Crimson Omega Project, we are required to purchase concrete, steel wire mesh and steel bar from Sunshine Paramount Sdn Bhd. The agreed contractual purchase prices of the said materials are subject to price adjustments for market fluctuations. During the Track Record Period, the revenue derived from our services provided to Crimson Omega Sdn Bhd amounted to approximately RM56.6 million and RM82.9 million, representing approximately 36.1% and 31.6% of our revenue for FY2018 and FY2019 respectively. Our purchases of raw materials from Sunshine Paramount Sdn Bhd amounted to approximately RM22.8 million and RM33.6 million, representing approximately 17.4% and 14.6% of our total cost of services for FY2018 and FY2019 respectively. Given that we went through a formal tendering process, where the above terms were made known to all tenderers, our Directors consider that such terms of the Crimson Omega Project are normal commercial terms.

Overlapping of customer and subcontractor

T.T.E Engineering (M) Sdn Bhd ("**T.T.E Engineering**") was one of our five largest customers for FY2017 and FY2018 and one of our five largest subcontractors in FY2019. T.T.E Engineering is a company incorporated in Malaysia in 1980 and is a subsidiary of a company listed on the Tokyo Stock Exchange, the principal business activities of which is the provision of contract services for air-conditioning ventilation and electrical systems. Since 2016 and up to the Latest Practicable Date, T.T.E Engineering awarded us four building construction projects with a total contract sum of approximately RM121.9 million for the construction of the different phases of a semiconductor chips facility. During the Track Record period, the revenue derived from our services provided to T.T.E Engineering amounted to approximately RM63.5 million, RM13.6 million and nil, representing approximately 18.3%, 8.6% and nil of our revenue for FY2017, FY2018 and FY2019 respectively. In FY2019, our Group had engaged T.T.E Engineering as our subcontractor for the provision of mechanical ventilation services in another project, of which we acted as the main contractor. The aforesaid project was awarded by Customer B regarding the construction of a four-storey factory. The subcontracting costs paid to T.T.E Engineering amounted to approximately nil, nil and RM14.9 million, representing approximately nil, nil and 6.5% of our total cost of services for FY2017, FY2018 and FY2019 respectively.

Contra-charge arrangements with our five largest customers

According to the Industry Report, it is common in the building construction industry in Malaysia that a project owner may pay on behalf of its contractors for certain expenses of a building construction project, whereby such expenses would be deducted from its payments to that contractor in settling its contractual fees for the project. Such payment arrangement is referred to as contra-charge arrangement and the amounts involved are referred to as contra-charge amounts.

During the Track Record Period, we had contra-charge arrangements with some of our five largest customers. Such contra-charge arrangements included charges for rectification works, security services and electricity charges. Upon our request, or at the discretion of our customers, our customers may pay miscellaneous charges or rectification works expenses on our behalf, and we would settle such amounts with our customers through contra-charge arrangements. Effectively, the payments due to us from our customers would be settled after netting off the contra-charge amounts. During the Track Record Period, as confirmed by our Directors, we had no material dispute with our customers as regards to the contra-charge arrangements and the relevant contra-charge amounts involved did not have any material impact on our business, financial condition or results of operations. In addition, as we settled the contra-charge by netting off with the payments due from our customers, both cash inflows from the project work done and cash outflows from the payment of miscellaneous expense or charges for rectification works were reduced by the same amount. Therefore, the contra-charge arrangement also had no material impact on our cash flow positions during the Track Record Period.

For FY2017, FY2018 and FY2019, the amounts under contra-charge arrangement were approximately nil, RM30,000 and nil, respectively, representing approximately nil, 0.02% and nil of our cost of services for the same periods respectively. The following table sets forth the material contra-charge amounts with our five largest customers and their respective revenue contribution during the Track Record Period:

	FY2017		**FY2018**		**FY2019**	
	(RM'000)	*%*	*(RM'000)*	*%*	*(RM'000)*	*%*
Customer I[1]						
Amount under contra-charge arrangement and approximate % to our total cost of services	–	–	30	0.02	–	–
Revenue derived and approximate % of our total revenue	11,110	3.2	427	0.3	–	–

Notes:

(1) The contra-charge arrangements were mainly for rectification works.

Principal terms of engagement with our customers

In general, there is a standard form of formal contract entered into between our Group and our customers on a project-by-project basis. Variations may be made in accordance with our customers' requests. Set out below are the major terms and conditions:

(i) Scope of work

The contracts generally stipulates the scope of services and may include relevant specifications and requirements to be complied with. The contract may also include the agreed number of workers to be allocated to the relevant building construction project.

(ii) Contract period

Based on the completion timeline as set out in each contract, the contract period may be extended by our customers from time to time pursuant to the terms of the contract.

(iii) Contract sum and payment terms

The contract will set out the original contract sum chargeable by us and the payment terms. The original contract sum chargeable is generally a fixed price contract sum with any price adjustment mechanism such as variation orders depending on the addition or omission of works relating to each specific building construction project.

We are generally entitled to make an application for progress payments for completed works (including works specified in the contract and variation orders) and our customers will examine the completed work at that stage and issue a certification upon completion of the relevant works. For details of the application for payment and certification process, please refer to the paragraph headed "Our operations – 4. Project implementation – (f) Application for payment and certification of work done" in this section above.

During the Track Record Period, all revenue generated from our services was denominated in Malaysian Ringgit. The primary payment methods of our customers are by cheque or telegraphic transfer.

(iv) Variation orders

Our customers may from time to time during the contract period request us to make variations to our scope of services. We charge our customers for variation works separately from the awarded contract sum for the relevant building construction project. For details of variation orders, please refer to the paragraph headed "Our operations – 2. Tender/quotation assessment and submission – (b) Pricing strategy" in this section above for further details.

(v) Retention monies

Our customers are generally entitled to hold retention monies from the progress payments. Our customers generally retain 10% of each progress payment while the aggregate amount of the retention monies is subject to a cap of 5% of the original contract sum. Upon issuance of the CPC, half of the retention monies will be released to us, while the remaining amount will be released upon the expiry of the defect liability period.

(vi) Defect liability period

We are generally responsible during a specified defect liability period for any poor workmanship and product quality problems arising from the project without charge. This period generally lasts for 12 months or 24 months from the date of the issuance of the CPC. As set out in the paragraph headed "Subcontractors – Principal terms of engagement with our subcontractors" in this section below, we generally require a similar defect liability period from our subcontractors.

(vii) Liquidated and ascertained damages

Subject to the terms on the extension of the contract period, if applicable, we may be required to compensate our customers for delays in the completion of our works. Compensation, if any, is calculated on a daily basis according to the contract of the relevant building construction project.

In FY2017, our Group has made a provision for the delay in completion of the HLB Project. We were informed by the consultant of Customer I that the said customer was entitled to deduct a sum of approximately RM6.9 million as liquidated and ascertained damages. Although our Directors consider that the likelihood of our Group being liable for such claim is highly unlikely, we had taken a conservative approach and made a provision of the full amount of such claim in FY2017. Our Directors consider that such delay in completion was not entirely due to our default and was mainly due to (i) late confirmation by Customer I on the drawings and materials to be used in the HLB Project; (ii) delay of works of five subcontractors nominated by Customer I; and (iii) late delivery of lampang tiles due to flood in Thailand in August 2016. In December 2019, Customer I confirmed that the RM6.9 million liquidated and ascertained damages would not be imposed against our Group. Accordingly, the relevant RM6.9 million provision will be reversed in the financial year ending 31 October 2020. In December 2019, the final accounts of the HLB Project was signed by all relevant parties.

To the best estimate of our Directors, a further cost of approximately RM44,400 would be incurred for rectification works identified and completed during the period of 1 October 2019 to 31 March 2020. In respect of the HLB Project, the balances of trade receivables, retention receivables and unbilled revenue as at 31 October 2019 were approximately RM1.1 million, RM2.3 million and RM2.4 million respectively. Save for the above, to the best knowledge of our Directors, there are no disputes between our Group and Customer I.

As at the Latest Practicable Date, approximately RM1.1 million, RM124,500 and RM2.4 million of the above trade receivables, retention receivables and unbilled revenue in respect of the HLB Project as at 31 October 2019 had been settled respectively, representing approximately 100%, 5.4% and 100% of trade receivables, retention receivables and unbilled revenue in respect of the HLB Project as at 31 October 2019 respectively.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, save as disclosed above, our Directors are not aware of any material delays in our building construction projects, which are expected to result in liquidated and ascertained damages being imposed on us.

(viii) Performance bond

In order to secure proper performance and timely implementation of our projects, our customers will generally require us to provide performance bonds in the form of bank guarantees. The above performance bonds were given by banks in favour of some of Group's customers as security for the due performance and observance of the Group's obligations under the construction contracts entered into between the Group and its customers.

In general, a performance bond is required to be provided within a specified period after a tender is awarded to us. During the Track Record Period, the amount of performance bonds required are generally 5% of the original contract sum, and such performance bonds are generally released after the issuance of CPC or completion of the defect liability period.

(ix) Termination of the contract

If our Group fails to execute the works under the contract, without prejudice to any other rights to remedies, our customers may by written notice terminate our contract and our Group may be required to indemnify our customers for any loss arising from the termination.

In the event our customer is the main contractor of the building construction project and if our customer's engagement is terminated by the project owner before our Group has fully performed our obligations as stipulated in the contract entered into between our customer (as main contractor) and us, our customer may by written notice to terminate our engagement as subcontractor and we shall be entitled to receive the full value of all works properly executed by us.

During the Track Record Period, none of our building construction projects were terminated by our customers.

SUPPLIERS

As at the Latest Practicable Date, we had over 530 internally approved suppliers who provide (i) construction materials; (ii) machinery and equipment rental service; and (iii) miscellaneous construction-related services such as transportation of construction waste to our Group.

Our approved suppliers are shortlisted and reviewed by our project director regularly with reference to a number of selection criteria including (i) price; (ii) quality of materials, machinery or services provided; (iii) punctuality in delivery; and (iv) reputation. We generally maintain multiple suppliers for products and services to avoid over-reliance on a single or a few suppliers. When we place purchase orders of construction materials or services, unless our customers require us to procure from suppliers nominated by them, we would select our suppliers from our list of approved suppliers based on factors such as the specific requirements for the relevant building construction project and their price quotations. Generally, upon the building construction project being awarded to us, we may order materials or request services from our suppliers at the commencement stage of work, depending on the type of materials or services required and the expected timetable of the building construction project. In order to maintain flexibility in engaging alternative suppliers to supply different kinds of materials and machinery, we engaged our suppliers by individual purchase orders and have not entered into any long-term supply agreement with any of them. For quality control measures over our suppliers and materials procured, please refer to the paragraph headed "Quality Control".

Credit terms offered by our suppliers range from 14 days to 60 days after delivery of goods. We usually settle payments to our suppliers by cheque in Malaysia Ringgit. During the Track Record Period, save as disclosed in the paragraph headed "Principal terms of engagement with our customers – (vii) Liquidated and ascertained damages" in this section above, we did not experience any material shortage or delay in our suppliers' delivery of materials which would significantly disrupt our works.

For FY2017, FY2018 and FY2019, our five largest suppliers in aggregate accounted for approximately 6.3%, 28.8% and 19.6% of our total cost of services, respectively, while our purchases from our largest supplier accounted for approximately 1.5%, 17.4% and 14.6% of our total cost of services in respective year. For further details regarding the cost of services, please refer to the section headed "Financial Information – Cost of services" in this prospectus.

Major suppliers

The following tables set out the details of our business relationships with our five largest suppliers during the Track Record Period:

For FY2017

Supplier	Major type of goods purchased by our Group from the supplier	Year in which the supplier first started to have business relationship with our Group	Approximate total purchases by our Group from the supplier for the year *(RM'000)*	Approximate percentage of the total cost of services *(%)*
Hock Soon Seng Marketing (M) Sdn Bhd(2)	Steel bar	2011	4,706	1.5
Supplier B(4)	Concrete	2014	4,074	1.3
Macro Dimension Concrete Sdn Bhd(5)	Concrete	2011	3,871	1.3
Komet Industries Sdn Bhd(3)	Steel bar	2011	3,671	1.2
Hanson Building Materials Malaysia Sdn Bhd(1)	Concrete	2011	3,084	1.0
Total			19,406	6.3

For FY2018

Supplier	Major type of goods purchased by our Group from the supplier	Year in which the supplier first started to have business relationship with our Group	Approximate total purchases by our Group from the supplier for the year *(RM'000)*	Approximate percentage of the total cost of services *(%)*
Sunshine Paramount Sdn Bhd(6)	Concrete, steel wire mesh and steel bar	2018	22,750	17.4
Hock Soon Seng Marketing (M) Sdn Bhd(2)	Piles	2011	4,948	3.8
Industrial Concrete Products Sdn Bhd(7)	Concrete	2011	4,028	3.1
Doka Formwork Malaysia Sdn Bhd(8)	Formwork	2018	3,231	2.5
Macro Dimension Concrete Sdn Bhd(5)	Concrete	2011	2,704	2.0
Total			37,661	28.8

For FY2019

Supplier	Major type of goods purchased by our Group from the supplier	Year in which the supplier first started to have business relationship with our Group	Approximate total purchases by our Group from the supplier for the year *(RM'000)*	Approximate percentage of the total cost of services *(%)*
Sunshine Paramount Sdn Bhd(6)	Concrete, steel wire mesh and steel bar	2018	33,605	14.6
API Precast Marketing Sdn Bhd(9)	Piles	2015	5,975	2.6
Hock Soon Seng Marketing (M) Sdn Bhd(2)	Steel bar	2011	1,921	0.8
Oriental Shoring Solutions Sdn Bhd(11)	Piles	2019	1,901	0.8
Supplier C(10)	Steel bar	2018	1,882	0.8
Total			45,284	19.6

Notes:

(1) Hanson Building Materials Malaysia Sdn Bhd is incorporated in Malaysia in 1994 and is a subsidiary of a company listed on the Frankfurt Stock Exchange, the principal activities of which include the production and sale of concrete.

(2) Hock Soon Seng Marketing (M) Sdn Bhd is incorporated in Malaysia in 1990 and the principal activities of which include the trading of building materials.

(3) Komet Industries Sdn Bhd is incorporated in Malaysia in 1996 and the principal activities of which include the trading of steel products.

(4) Supplier B is incorporated in Malaysia in 1989 and is a subsidiary of a company listed on the Bursa Malaysia, and the principal activities of which include the manufacture and sale of concrete.

(5) Macro Dimension Concrete Sdn Bhd is incorporated in Malaysia in 1997 and the principal activities of which include the manufacture of cement and bricks.

(6) Sunshine Paramount Sdn Bhd is incorporated in Malaysia in 1985 and is a subsidiary of a company previously listed on the Bursa Malaysia (now delisted by way of privatisation). Sunshine Paramount Sdn Bhd and Crimson Omega Sdn Bhd, a customer of our Group, belong to the same parent company. Sunshine Paramount Sdn Bhd's principal activities include trading of construction materials.

(7) Industrial Concrete Products Sdn Bhd is incorporated in Malaysia in 1977 and is a subsidiary of a company listed on the Bursa Malaysia, the principal activities of which include the production and sale of concrete.

(8) Doka Formwork Malaysia Sdn Bhd is incorporated in Malaysia in 2011 and the principal activities of which include the sale and rental of formwork and provision of formwork related services.

(9) API Precast Marketing Sdn Bhd is incorporated in Malaysia in 2007 and the principal activities of which include the trading of cement and concrete.

(10) Supplier C is incorporated in Malaysia in 1985 and the principal activities of which include the trading of building materials and steel products.

(11) Oriental Shoring Solutions Sdn Bhd is incorporated in Malaysia in 1991 and the principal activities of which include the provision of geo technical and project management services.

All our five largest suppliers during the Track Record Period were Independent Third Parties. None of our Directors, their close associates or our Shareholders (whom to the knowledge of our Directors own more than 5% of the issued Shares) had any interest in any of our five largest suppliers during the Track Record Period.

Materials

The major materials used by us are steel bar, concrete, cement, piles and timber, which are generally sourced from suppliers located in Malaysia. We would procure materials for our workers to carry out their delegated works. Depending on the requirements of the building construction projects and with reference to the industry practice, we would purchase materials for our subcontractors for certain types of work, especially those involve the use of steel bar, concrete, piles and timber. Before making any purchases, we will take into account certain factors such as the relevant market price, payment terms, the location of the supplier and the delivery time. Our site supervisor will ascertain the quality of the materials delivered. We would conduct stringent laboratory tests on certain materials such as steel bars and concrete. We are provided by our customers or their consultants with the standard requirements of materials to be used and we are liable for the quality of materials used in our building construction projects.

For certain types of works, such as painting works, roofing works and structural steel works, our subcontractors may be required to provide materials for their own use. Nevertheless, in order to ensure that the quality of the materials used satisfies our customers' expectations and conforms with the contractual requirements, our Group would also provide materials for our subcontractors to perform their delegated construction works such as tiling works, carpentry, bar bending and concreting works. In general, our suppliers will deliver the materials we purchased to our construction sites directly. Our Group determines the quantity of construction materials to be stored at the construction sites based on the work schedule and all materials will be stored at our construction sites for direct utilisation. Our Group usually does not keep any materials as our inventory as such materials are procured on a project-by-project basis in accordance with the project specifications. Our Group does not carry any inventories of materials.

For FY2017, FY2018 and FY2019, the material costs amounted to approximately RM38.3 million, RM53.0 million and RM62.9 million, respectively, representing approximately 12.5%, 40.6% and 27.3% of our total cost of services, respectively. For the sensitivity analysis in relation to the costs of raw materials, please refer to the paragraph headed "Financial Information – Cost of services" in this prospectus.

SUBCONTRACTORS

We generally secure our building construction projects through the submission of tenders or quotations which are non-recurrent in nature. Upon being awarded with a building construction project by our customers, we generally divide the entire construction works to be performed into different categories depending on the nature of the construction works involved and the level of expertise required. We will then engage suitable subcontractors whenever necessary to perform each part of the construction works. We generally engage our subcontractors on a project-by-project basis and we do not enter into any long-term contract with our subcontractors which cover the contract period for the relevant project. We would delegate most of the construction works to our subcontractors in particular those that are labour intensive or works that require specific skill sets, such as piling, excavation, waterproofing, electrical and structural steel works.

We coordinate closely with our subcontractors in our building construction projects through maintaining strong communication on project-related matters, particularly on coordination of the progress of the subcontractors' works and the requirements of the building construction project.

In general, we are not limited by the terms under the contracts with our customers in delegating works to our subcontractors. We are liable to our customers for the performance of our subcontractors including but not limited to defects, delay in project schedules and contravention of rules or regulations. Our subcontractors have the responsibility to ensure that all works performed must satisfy the requirements stipulated in the contracts with our customers. The duration of the subcontracting contracts vary depending on the nature of subcontracted works.

Selection criteria of subcontractors

Our Group maintains a list of approved subcontractors which is updated on an on-going basis. As at the Latest Practicable Date, there were over 370 subcontractors under our list of approved subcontractors. We generally only select subcontractors from our approved list of subcontractors for our building construction projects. Our subcontractors are approved and selected after taking into account factors such as their costs, technical expertise, past performance, reliability and quality of services and environmental, health and safety performance for subcontractors. This assessment is performed by our project managers and submitted to our project director for approval.

On an on-going basis, our site managers and site supervisors will assess the performance of our subcontractors for each building construction project based on their (i) ability to meet work schedules in accordance with contract; (ii) timely response to our instructions; (iii) price; (iv) quality of works and services provided; and (v) environmental, health and safety performance. Our site managers and site supervisors would discuss the performance of our subcontractors with the management during regular meetings. Our project director would decide whether such subcontractor being assessed will be retained under our list of approved subcontractors.

For certain building construction projects, our customers may retain their rights to nominate specific subcontractors to undertake certain parts of the works under the relevant contracts. Where a subcontractor is nominated by any of our customers, our Group generally retains the right to object to the use of such nominated subcontractors with supporting reasons.

Major subcontractors

The following tables set out the details of our business relationships with our five largest subcontractors during the Track Record Period:

For FY2017

Subcontractor	Type of services engaged by our Group	Year in which the subcontractor first started to have business relationship with our Group	Approximate subcontracting costs charged for the year *(RM'000)*	Approximate percentage to our total cost of services *(%)*
Polycool HTE Engineering Sdn Bhd[3]	Building services and piping	2012	50,714	16.6
NLE Electrical Engineering Sdn Bhd[4]	Electrical works	2016	39,931	13.0
Pentamex Engineering Sdn Bhd[5]	Fire protection installation works	2012	9,366	3.1
Eng Heng Metal Industries Sdn Bhd[1]	Structural steel works	2012	8,599	2.8
Sebarang (M) Sdn Bhd[6]	Roofing works	2014	7,896	2.6
Total			116,506	38.1

For FY2018

Subcontractor	Type of services engaged by our Group	Year in which the subcontractor first started to have business relationship with our Group	Approximate subcontracting costs charged for the year *(RM'000)*	Approximate percentage to our total cost of services *(%)*
Hock Leong Engineering Sdn Bhd[2]	Structural steel works	2014	4,609	3.5
Eng Heng Metal Industries Sdn Bhd[1]	Structural steel works	2012	3,001	2.3
ZCY Builders Sdn Bhd[7]	Carpentry, bar bending and concreting works	2018	2,716	2.1
Pentrue Builders Sdn Bhd[8]	Building works	2017	2,421	1.9
Ingrand Jovinas Sdn Bhd[9]	Carpentry, bar bending and concreting works	2016	1,591	1.2
Total			14,338	11.0

For FY2019

Subcontractor	Type of services engaged by our Group	Year in which the subcontractor first started to have business relationship with our Group	Approximate subcontracting costs charged for the year *(RM'000)*	Approximate percentage to our total cost of services *(%)*
WWTC Construction Sdn Bhd[10]	Building works	2018	16,246	7.1
T.T.E Engineering (M) Sdn Bhd [11]	Air conditioning and mechanical ventilation work	2016	14,929	6.5
Pentrue Builders Sdn Bhd[8]	Building works	2017	13,314	5.8
Hong Hin Electrical Sdn Bhd[12]	Electrical works	2014	12,550	5.5
Jaya Sarana Engineering Sdn Bhd[13]	Fire protection system installation	2018	5,880	2.6
Total			62,919	27.5

Notes:

(1) Eng Heng Metal Industries Sdn Bhd is a company incorporated in Malaysia in 1996, which engages in the provision of M&E works.

(2) Hock Leong Engineering Sdn Bhd is a company incorporated in Malaysia in 2000, which engages in steel trusses works.

(3) Polycool HTE Engineering Sdn Bhd is a company incorporated in Malaysia in 1987, which engages in the provision of air-conditioning engineering works.

(4) NLE Electrical Engineering Sdn Bhd is a company incorporated in Malaysia in 1990, which engages in the provision of electrical engineering works.

(5) Pentamex Engineering Sdn Bhd is a company incorporated in Malaysia in 2007, which engages in the provision of fire protection systems.

(6) Sebarang (M) Sdn Bhd is a company incorporated in Malaysia in 1974, which engages in the provision of construction services and trading of building materials.

(7) ZCY Builders Sdn Bhd is a company incorporated in Malaysia in 2014, which engages in the provision of construction works.

(8) Pentrue Builders Sdn Bhd is a company incorporated in Malaysia in 2011, which engages in the provision of construction works and trading of building materials.

(9) Ingrand Jovinas Sdn Bhd is a company incorporated in Malaysia in 2016, which engages in the provision of construction works.

(10) WWTC Construction Sdn Bhd is a company incorporated in Malaysia in 2006, which engages in the provision of building construction works.

(11) T.T.E Engineering (M) Sdn Bhd is a company incorporated in Malaysia in 1980 and is a subsidiary of a company listed on the Tokyo Stock Exchange, the principal business activities of which is the provision of contract services for air-conditioning ventilation and electrical systems.

(12) Hong Hin Electrical Sdn Bhd is a company incorporated in Malaysia in 1995, which engages in the provision of electrical engineering works.

(13) Jaya Sarana Engineering Sdn Bhd is a company incorporated in Malaysia in 1979, which engages in the installation and commission of fire fighting system.

For FY2017, FY2018 and FY2019, the subcontracting costs paid to our five largest subcontractors accounted for approximately 38.1%, 11.0% and 27.5% of our total cost of services, respectively.

All our five largest subcontractors during the Track Record Period were Independent Third Parties. None of our Directors, their close associates or our Shareholders (whom to the knowledge of our Directors own more than 5% of the issued Shares) had any interest in any of our five largest subcontractors during the Track Record Period.

Subcontracting process

In the preparation of tender/quotation submissions for the building construction projects, we generally have to review the specifications and requirements of the building construction project in order to evaluate the number and work types of subcontractors we need to engage for such project. Depending on our capabilities, resources, expertise, estimated costs and expected timetable of the building construction project, the number of subcontractors our Group engages will vary from project to project. We would obtain subcontractors' preliminary quotations for our cost estimations before the submission of our tenders/quotations to our customers.

Upon our Group being awarded with a building construction project, we will obtain official quotations from our subcontractors and will subsequently enter into a subcontracting contract with them upon being satisfied with their quotations. Our subcontractors generally make payment application to us on a monthly basis for the works completed in the preceding month. Upon receiving the interim payment application, our project team will assess and verify the works done by our subcontractors and will issue an approval form certifying the value of their works completed. After issuance of the approval form to our subcontractors, we will then make interim payments to our subcontractors. Credit terms provided by our subcontractors typically ranges from 10 to 60 days and payments are generally made by cheque.

Principal terms of engagement with our subcontractors

We generally enter into legally binding subcontracting contracts with our subcontractors on a project-by-project basis. Our subcontractors are required under such contracts to comply with the terms under our contracts with our customers. Our Directors are of the view that such arrangement with our subcontractors is in line with the industry practice and can minimise our liability under the main contracts with our customers. The key terms of our subcontracting contracts are set out below:

(i) Scope of work

The scope of work subcontracted by our Group to our subcontractors can be broadly classified into (i) labour only; and (ii) labour and materials. The following table sets out a breakdown of our Group's subcontracting costs by (i) labour only; and (ii) labour and materials during the Track Record Period:

	FY2017		**FY2018**		**FY2019**	
	RM'000	*%*	*RM'000*	*%*	*RM'000*	*%*
Labour only	17,689	7.7	13,309	31.3	22,324	17.6
Labour and materials	211,824	92.3	29,153	68.7	104,537	82.4
Total subcontracting costs	**229,513**	**100.0**	**42,462**	**100.0**	**126,861**	**100.0**

For contracts specifying labour only, the subcontractors are only required to provide the requisite labour and our Group will provide the materials, machinery and equipment needed to our subcontractors to enable them to carry out the works subcontracted to them. For contracts specifying labour and materials, our subcontractors will equip themselves with all the necessary labour, materials and tools. In general, our Group will provide the necessary machinery and equipment to our subcontractors to enable them to carry out the works subcontracted to them.

(ii) Project duration

The project period, commencement date and expected completion date of the project are stated in the subcontracting contract. Under normal and controllable circumstances, our subcontractors are required to complete the building construction project within the given period stipulated in the contract. Our Group will also notify our subcontractors of the latest project progress from time to time and require such subcontractors to meet the requirements under the project progress reports as provided to them.

(iii) Subcontracting costs and settlement term

Subcontracting costs are determined by factors such as job nature, work complexity and time required. Where our subcontractors are required to equip themselves with the necessary materials and/or machinery, such costs are generally included in the agreed contract sum. Interim payment applications shall generally be submitted by our subcontractors to our Group on a monthly basis. The interim payments, after deducting any retention monies to be retained by our Group, will be made to our subcontractors upon certification of the works completed by them in the preceding month.

(iv) Rights and obligations of the subcontractor

Our subcontractors are required to comply with the relevant terms and conditions and perform their works in accordance with the specifications under our contracts with our customers.

(v) Defect liability period

We generally require a defect liability period of 12 months or 24 months, depending on the terms of contracts with our customers. During such period, our subcontractors are responsible to rectify all works defects identified by us or our customers.

(vi) Retention monies

Our Group usually retains 10% of each interim payment and up to a maximum limit of 5% of the total subcontracting contract sum as retention monies. Half of the retention monies would generally be released to our subcontractors after issuance of the CPC at the relevant project, while the balance shall be released at the end of the defect liability period or the issuance of the making good defects certificate, whichever is later.

(vii) Liquidated and ascertained damages

A clause on liquidated and ascertained damages is generally included such that our Group is entitled to claim for damages for any delay from our subcontractors. The amount of liquidated and ascertained damages for each building construction project is determined on a daily basis with reference to the schedule of fixed rates prescribed in the subcontracting contract.

(viii) Sub-subcontracting

Our subcontractors are generally prohibited to further subcontract the works subcontracted to them without our prior written consent.

Reasons for subcontracting

We have 173 employees as at the Latest Practicable Date, of which 61 of them are site workers. We would delegate most of the construction works, especially those that are labour intensive or that require specific skills, to our subcontractors.

According to the Industry Report, subcontracting arrangement is a usual practice in the building construction industry in Malaysia. As the entire building construction project involves different types of construction work, it may not be cost effective for us to directly undertake all types of construction work involved. Our Directors consider that such subcontracting arrangement is in the interest of our Group because it allows us to (i) select from a pool of subcontractors with different skills that suit the requirements of different building construction projects without the need to retain all of them as our employees; (ii) focus on our role in project management and supervision; and (iii) deploy our resources in a more cost-effective manner without the need to maintain a large number of full-time staff.

Subcontracting risks

Pursuant to the contracts with our customers and the applicable laws and regulations, we are generally liable to our customers for the performance of our subcontractors including but not limited to defects, delay in project schedule and contravention of rules or regulations. We may also be liable under applicable safety regulations if our subcontractors do not ensure that their employees comply fully with our workplace safety measures.

Additionally, we are also generally liable for any potential employee compensation claims and personal injuries claims made by the employees of our subcontractors arising from work injuries which may happen during the course of the building construction projects where we assign works to such subcontractor. We have maintained insurance policies to fully cover personal injuries and third party damages claims made by the employees of our subcontractors.

Given the above risks, we adopt the following measures to control and manage the performance of our subcontractors:

(i) Safety training: We require the workers of the subcontractors to attend site safety briefing sessions and trainings to improve their safety and environmental awareness and assist them in rectifying unacceptable or dangerous practices at the site.

(ii) Constant monitoring and supervision: Our project team conducts daily on-site monitoring and supervision on the work performance of the subcontractors and their workers, and assesses the performance of our subcontractors from time to time to ensure the work quality and project progress. Furthermore, we will perform regular performance appraisal on our approved list of subcontractors, and may remove any subcontractors that fail to meet our standards.

(iii) Compliance with safety and environmental laws: Subcontractors are required to carry out the works in accordance with all relevant and applicable safety, health and environment laws, rules and regulations.

In addition, we are careful in selecting and engaging subcontractors for our projects as stated above and organised relevant safety trainings and implemented quality and workplace safety measures as detailed in the paragraphs headed "Quality control" and "Workplace safety" in this section below. Members of our on-site project team also regularly monitor the site and hold regular meetings with our Directors and senior management during the course of project to discuss major issues concerning work progress, the quality of works and compliance with relevant safety and environmental protection measures by our subcontractors and their workers.

During the Track Record Period, save as disclosed in the paragraph headed "Customers – Principal terms of engagement with our customers – (vii) liquidated and ascertained damages" in this section above, we had not experienced any significant disruption in the provision of works by our subcontractors. We have maintained stable business relationships with a range of two years to eight years with our five largest subcontractors during the Track Record Period.

INVENTORY

During the Track Record Period and as at the Latest Practicable Date, we did not retain any materials as part of our inventory. We make our purchases based on the requirements and work schedule of each projects. For details about our suppliers, please refer to the paragraph headed "Suppliers" in this section above.

MACHINERY AND EQUIPMENT

The provision of building construction services for our building construction projects generally require the use of machinery and equipment. We may use our own machinery and equipment or rent machinery and equipment from our suppliers based on the specific requirements and complexity of each project. During the Track Record Period, we have rented certain machinery and equipment, including formwork system, tower cranes, mobile cranes, concrete pumps, passenger hoists to facilitate our business operation.

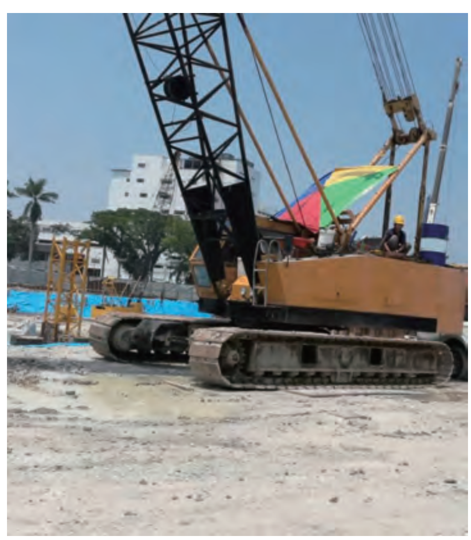
For FY2017, FY2018 and FY2019, we acquired plant and machinery (including transfer from right-of-use assets) at cost of approximately RM1.5 million, RM2.1 million and RM1.9 million respectively. During the Track Record Period, we have acquired various machinery and equipment such as formwork system and excavator. As at 31 October 2019, our plant and machinery carried a net book value of approximately RM3.4 million.

Set out below summarises the major types of machinery and equipment we owned as at the Latest Practicable Date:

(i) Formwork system

A formwork system is a system used to form a temporary mould such that concrete can be poured or placed into it for the construction of permanent structures. As at the Latest Practicable Date, we owned one set of formwork system.

(ii) Mobile crane



A mobile crane is a mechanical lifting device which is generally mounted on a wheeled vehicle. Mobile cranes can move around on construction sites or unpaved grounds for the transport of construction materials. As at the Latest Practicable Date, we owned two mobile cranes.

(iii) Concrete pump

A concrete pump is a movable pump used to load the concrete on the ground level to upper levels through pipes for further handling. As at the Latest Practicable Date, we owned three concrete pumps.

(iv) Forklift

A forklift is an industrial truck used to lift and move construction materials over short distances. As at the Latest Practicable Date, we owned seven forklifts.

(v) Excavator

An excavator is a heavy construction equipment used at construction sites to excavate or more large objects. As at the Latest Practicable Date, we owned one excavator.

Useful life and average age of our machinery and equipment

Our major machinery and equipment have an expected useful life of five years. This is consistent with the general rates of capital allowances for tax rulings and the rates adopted in the building construction industry in general.

The age of our machinery and equipment is calculated from the year of acquisition of the relevant machinery and equipment. The following table sets out the average age of our machinery and equipment as at the Latest Practicable Date:

	Average age[(1)] *(year)*	**Expected useful life** *(year)*	**Average remaining useful life** *(year)*
Formwork system	1.5	5	3.5
Mobile cranes	18.8	5	–
Concrete pumps	10.3	5	–
Forklifts	8.5	5	–
Excavator	0.8	5	4.2

Note:

(1) Based on the above, the average age of mobile cranes, concrete pumps and forklifts that we owned as at the Latest Practicable Date have substantially exceeded their expected useful life. The average age of our formwork system and excavators as at the Latest Practicable Date were approximately 18 months and 10 months respectively. Average age is calculated by aggregate age of each type of machinery or equipment divided by total number of respective type of machinery or equipment.

We adopt straight-line method to depreciate our machinery and equipment. Our Directors consider that as at the Latest Practicable Date, our existing machinery and equipment were in operating conditions in general. We do not have a pre-determined or regular replacement cycle for our machinery. Replacement decisions are made on a case-by-case basis having regard to the operating condition of each unit of machinery and the cost effectiveness of replacing only the malfunctioning parts. We replace aged machinery and equipment when it is imperative to do so with reference to factors such as their operating condition and the cost effectiveness of such replacement. Our Group will continue to evaluate the operating condition, effectiveness and efficiency of our machinery and equipment and assess our need for additional machinery and equipment in view of our business development.

Machinery deployment rate

Set out below summarises the deployment rate of the major types of machinery and equipment we owned during FY2019:

Formwork system	
Number of available machine days [(1)]	365
Number of deployed machine days	365
Deployment rate of our formwork system (%)	100
Mobile cranes	
Number of available machine days [(1)]	920
Number of deployed machine days	822
Deployment rate of our mobile cranes (%)	89
Concrete pumps	
Number of available machine days [(1)]	1,095
Number of deployed machine days	1,095
Deployment rate of our concrete pumps (%)	100
Forklifts	
Number of available machine days [(1)]	2,555
Number of deployed machine days	2,555
Deployment rate of our forklifts (%)	100
Excavator	
Number of available machine days [(1)]	121
Number of deployed machine days	121
Deployment rate of our excavator (%)	100

Note:

(1) The number of available machine days is calculated by multiplying the number of the respective machinery and equipment by the number of days in FY2019 that the machine is expected to operate taken into account date of acquisition of the machinery and equipment.

With the possession of our own machinery and equipment, we do not have to place heavy reliance on our suppliers for their rental services. During the Track Record Period, we rented machinery and equipment including formwork systems and tower cranes. For FY2017, FY2018 and FY2019, our rental costs for formwork systems and tower cranes amounted to approximately RM0.4 million, RM4.0 million and RM2.7 million, respectively.

Our Directors also consider that having our own machinery and equipment allows us to devise suitable works schedules tailored to the different needs and requirements of different customers and enables us to efficiently and effectively schedule our building construction projects and deploy our manpower.

Our site supervisors are responsible for managing the machinery and equipment at the construction sites and performing routine checks to ensure they are functional for project execution purposes. For malfunction machinery and equipment that requires major examination and/or specialised skills, we will send such malfunctioning machinery and equipment to the dealer for repairs if the machinery is still under warranty, or send to other third-party repair companies. For FY2017, FY2018 and FY2019, our repair and maintenance expenses for machinery and equipment amounted to approximately RM197,000, RM275,000 and RM358,000, respectively.

Our Directors consider that, as at the Latest Practicable Date, our existing machinery and equipment were in operating conditions in general. We do not have a pre-determined or regular replacement cycle for our machinery and equipment. Replacement decisions are made on a case-by-case basis having regard to the operating condition of each unit of machinery and equipment and the cost effectiveness of replacing only the malfunctioning parts. We replace aged machinery and equipment when it is imperative to do so with reference to factors such as their operating condition and the cost effectiveness of such replacement. Our Group will continue to evaluate the operating condition, effectiveness and efficiency of our machinery and equipment and assess our need for additional machinery and equipment in view of our business development.

Machinery and equipment that are in use at construction sites are kept under the general management of the respective active construction sites. As at the Latest Practicable Date, all of our major machinery and equipment are put into operation in construction sites.

SALES AND MARKETING

During the Track Record Period, our business opportunities arose mainly from tender invitations or quotation requests by project owners or main contractors. We do not rely heavily on marketing and promotional activities to secure new projects.

We currently do not maintain a sales and marketing team. We have established relationships with our existing customers. Our Executive Directors, Mr. Low and Mr. William Low, and certain members of our senior management, are generally responsible for maintaining our relationships with our customers and keeping abreast of market development and potential business opportunities. Our Directors also believe that our past performance will continue to support our reputation in the industry.

SEASONALITY

We have not experienced material seasonal fluctuation in our revenue given that our industry is generally not subject to seasonality.

QUALITY CONTROL

Quality control on projects

We are liable for the works carried out by our Group and our subcontractors. We are responsible for ensuring that each project is completed in accordance with the specifications set out for the project. We have established a high standard of quality management system and health and safety management system in accordance with the requirements of the ISO 9001:2015 and OHSAS 18001:2007 standards respectively.

Our members of the project team would supervise the overall daily activities including those executed by our subcontractors in accordance with the master programme. In particular, our project managers will monitor the activities and project status and take note of any issues arising from the execution of the project. Our project managers will timely inform our project director on the project status and any matters of concerns. For details of the qualifications and experiences of our project managers and project director, please refer to the section headed "Directors and senior management" in this prospectus.

Some of the major quality control measures which our Group adopted include:

- maintaining a list of approved suppliers and subcontractors and perform on-going assessments in the evaluation of the suppliers and subcontractors based on various factors of consideration, which include (i) price, quality of materials, punctual delivery of materials, product availability, promptness in following up on orders or replacement services and market reputation for suppliers; and (ii) costs, technical expertise, past performance, reliability and quality of services and environmental, health and safety performance for subcontractors. The suppliers and subcontractors with unsatisfactory performance shall be removed from the approved list;

- performing incoming inspection (for instance, visual inspection, measurement or checks against manufacturers' test certificates) of the purchased materials to ensure that they meet the technical specifications or contract requirements and are consistent with the sample previously provided;

- conducting on-site quality checks and inspections at various stages of construction services or works; and

- maintaining records such as inspection and test records, submissions, approvals and certificates of completion.

Mr. Low and Mr. Cheang, our Executive Directors, are also responsible for quality assurance on our building construction projects. For details of their biographical information, please refer to the section headed "Directors and senior management" in this prospectus.

During the Track Record Period and up to the Latest Practicable Date, save as disclosed under the paragraph headed "Customers – Principal terms of engagement with our customers – (vii) Liquidated and ascertained damages" in this section above, there are no disputes between our Group and our customers in respect of the quality of work performed by us or our subcontractors.

WORKPLACE SAFETY

Our employees are one of our most important and valued assets. In addition, many of our customers have placed emphasis on safety records and quality management system of building construction service providers. Therefore, injuries to our employees and/or our physical assets pose a threat to our reputation and our success. We are committed to creating a safe working environment at each of our construction sites and have put in place safety measures to ensure our safety management system is effective in minimising, and where possible eliminating, the health and safety risks in our building construction projects.

In order to ensure our compliance with the statutory regulations such as OSHA, we adopted and implemented safety management plan during the Track Record Period which sets out work safety measures to prevent common accidents which could happen at construction sites. Details of our safety management plan are set out below:

- safety policies, objectives and records are documented, maintained and displayed in the sites and our offices;

- our safety officer will prepare a project safety plan at the commencement of each project. Our safety officer will identify any risks and hazards relating to work activities and prescribe measures to mitigate the identified risks. We will establish a site safety committee comprising representatives from our Group and our subcontractors to review the effectiveness of the project safety plan, analyse the potential accidents at the site, monitor safety issues at the site and look into the welfare of the workers. Regular meetings will be held by the site safety committee to discuss safety issues and actions to be taken;

- special safety briefings are organised and held for workers engaged in hazardous tasks, especially in relation to the use of personal protective equipment; and

- all of our workers as well as the subcontractors and their workers are required to follow the general safety rules, safety policies and measures adopted by the Group. They are required to attend site safety induction trainings before they commence work on site.

To the best of our Director's knowledge and belief, we have not encountered any removal, suspension, downgrading or demotion of our qualifications or licenses due to accidents or breaches of workplace safety regulations.

Occupation accidents in the building construction in Malaysia

	Number of reported occupational accidents		
Category of occupational accidents	**2016**	**2017**	**2018**
Death	106	111	118
Permanent disability	6	6	8
Non-permanent disability	135	123	106
Industry average reported accident rate[1]	0.45	0.55	0.45
Industry average reported fatality rate[2]	0.19	0.25	0.23

Source: the Department of Occupational Safety and Health and the Ministry of Human Resources of Malaysia

(1) The industry average reported accident rate represents the total number of permanent disability, non-permanent disability and fatal incidents reported to the Department of Occupational Safety and Health per 1,000 construction workers engaging in the Malaysian construction industry.

(2) The industry average reported fatality rate represents the number of fatal incidents reported to the Department of Occupational Safety and Health per 1,000 construction workers engaging in the Malaysian construction industry.

We maintain an internal record of workplace accidents. During the Track Record Period, we recorded 63 workplace accidents resulting in one fatal case and 62 injuries:

	FY2017	**FY2018**	**FY2019**
Number of workplace accidents[1]	11	17	35
Lost time injuries frequency[2]	6.6	16.1	13.4
Number of reported accidents	–	–	1
Reported accident rate[3]	–	–	0.09
Reported fatality rate[3]	–	–	0.09

Notes:

(1) Number of workplace accidents refers to accidents that happened to the employees of our Group or our subcontractors which included the first aid accidents which are not required to report to the Department of Occupational Safety and Health.

(2) Lost time injuries frequency rate represents the number of lost time injuries (i.e. an occurrence that resulted in a fatality, permanent disability or time lost from work of more than four days) per one million man-hours worked. It is calculated by the number of lost time injuries during the financial year divided by the number of man-hours worked, then multiplied by 1,000,000.

(3) The reported accident rate and fatality rate represent the number of reported accident(s) and fatality(ies) per 1,000 employees participated in our building construction projects in respective financial year.

Fatal accidents

During the Track Record Period and up to the Latest Practicable Date, there was one fatal workplace accident. Before the Track Record Period, there was only one fatal workplace accident happened in 2015. Details of these fatal accidents are described below.

2015 Accident

On 7 November 2015, a fatal accident occurred at the site of Moulmein Rise, Jalan Moulmein, Penang, Malaysia ("**Site A**"), at the HLB Project. For details of this project, please refer to the paragraph headed "On-going and completed projects during the Track Record Period and up to the Latest Practicable Date – Completed building construction projects" in this section above. A construction worker of our Group ("**Deceased A**") sustained a fatal injury when he fell from the exterior of the sixth floor of a building at Site A while performing his window cleaning duties ("**2015 Accident**").

We strive to uphold safety standards stipulated in relevant regulations such as OSHA, our Company had adopted a safety management plan at the time of 2015 Accident which sets out the work safety measures to prevent common accidents which could happen at construction sites. Our safety officers have provided special safety briefings to site workers of Site A and provided the site workers with the necessary personal protective and safety equipment, including but not limited to safety harness and helmet, at the time of the 2015 Accident.

After the 2015 Accident, our Group had followed proper procedures such as notifying the Department of Occupational Safety and Health ("**DOSH**") about the 2015 Accident. In November 2016, our Group received a summons from the Georgetown Sessions Court, Malaysia for failing to ensure, to the extent practicable, the safety of our employee who was working at an elevated area without an appropriate platform to prevent the occurrence of the 2015 Accident and was fined RM6,000 (the "**Fine**") for the breach of Section 15 of the OSHA. Our Group has paid the Fine in March 2017.

In October 2017, a beneficiary of Deceased A brought a civil claim against our Group ("**Civil Claim**"). In June 2018, our Group paid the beneficiary of Deceased A RM40,000 as the full and final settlement of the Civil Claim.

As confirmed by the Directors, as at the Latest Practicable Date, our Group is not subject to any investigations, claims or legal proceedings in relation to the 2015 Accident.

Our Directors confirm that all the works of the HLB Project have completed in FY2017 and the operation of our Group remained unaffected by the 2015 Accident.

After the occurrence of the 2015 Accident, we have taken certain actions and implemented the following enhanced safety measures in addition to our regular safety procedures immediately:

(a) we implemented practical control measures to avoid the reoccurrence of the 2015 Accident and prevent any loss of life and assets in the future;

(b) we arranged our site workers to attend additional safety seminars and training sessions, with a particular emphasis on (i) work at height safety; and (ii) proper method of using full body safety harness and passenger hoist operator; and

(c) we implemented the Buddy System, a system of organising workers to work in groups for certain types of construction works, so that each worker is designated to be observed by at least one other worker in the work group at site areas.

Since the occurrence of the 2015 Accident, we have further enhanced our safety measures to all other existing building construction projects to prevent future accidents of a similar nature from occurring:

(a) we deploy safety officers to conduct safety inspections to ensure the safety equipment used by our workers and subcontractors are not defective and the construction activities are operated in safe and proper manners including but not limited to platforms at an elevated area;

(b) we strengthen the performance of safety risk assessment for each project, especially for projects requiring working at height, and ensure the construction plan complies with our safety management plan;

(c) we deploy experienced site supervisors to closely monitor the operations of hazardous works once we identify such risks from safety risk assessments;

(d) we increase the frequency of meetings with our subcontractors' representatives and workers to discuss safety issues and review their safety performance to ensure the effectiveness and practicalities of the safety measures taken;

(e) we place greater emphasis on encouraging our workers and site management personnel to participate in safety improvement workshops and activities to increase their awareness in occupational safety;

(f) we ensure that specific safety measures in relation to working at height, safe operations of passenger hoist operator and reports of hazards and accidents are communicated to our workers and documented in detail; and

(g) we implement stricter safety guidelines for our employees and subcontractors to comply with, and we will issue warning letter to or impose penalties on the relevant personnel if substandard performance is found.

Our Malaysian Legal Advisers' view on the 2015 Accident

Our Malaysian Legal Advisers advised that as both the Civil Claim and the Fine imposed in respect of the 2015 Accident have been settled and paid, no further claims should be made against our Group in respect of the 2015 Accident. Section 19 of the OSHA provides that a person who contravenes Section 15 of the OSHA shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding two years or to both. Our Malaysian Legal Advisers are of the opinion that the Fine was at the lower end of penalty, reflecting that the contravention was not serious of its kind.

2019 Accident

In June 2019, a fatal accident occurred at the site of Lot 5009, Kawasan Perusahaan Perai Mukim 1, Seberang Perai Tengah, Penang, Malaysia ("**Site B**") at which our Group was engaged by Customer B to construct a factory ("**Project B**"). For details of this project, please refer to the paragraph headed "On-going and completed projects during the Track Record Period and up to the Latest Practicable Date – Completed building construction projects" in this section above. A subcontracting worker of our subcontractor ("**Deceased B**") sustained fatal injury when he fell from the ceiling of the second floor at Site B while installing cable trays on the ceiling ("**2019 Accident**").

Based on the investigation conducted by our Group, the location where the Deceased B fell from was not accessible by a scissor lift and in order to save time, he had taken a shortcut by choosing to climb on the cable trunking. In addition, the Deceased B did not request for a temporary scaffolding nor secure himself with a safety body harness although the same was provided to him.

We have notified the DOSH of the 2019 Accident and on 27 June 2019, our Group was served with notices by the DOSH officer in relation to the omission by our Group resulting in the breach of Section 15(1) of the OSHA ("**Notices**").

Our Group had taken the following corrective and preventive measures to remove all dangers on Site B to which the Notices relate to, including:

(i) conducting further safety induction and training to all workers assigned to carry out work at height in respect of the usage of a boom lift or scissor lift and the usage of safety body harnesses for work at height;

(ii) appointing a full time supervisor from our Group and a full time supervisor from the subcontractor for monitoring and control purposes (including daily safety briefings and inspection prior to allowing workers to commence their daily work);

(iii) adopting the newly established daily briefing record and working space inspection checklist;

(iv) adopting a specified hazard identification, risk assessment and risk control for plastering work and the communication of the same to all workers during the induction training or toolbox talk;

(v) participation of our Group's top management in the safety walkabout at least twice a month;

(vi) external auditor is engaged to conduct annually internal audit to review on internal control measures on safety. Corrective action request with suggested corrective action will be issued to the relevant personnel if there is a non-conformity issue in site. Follow up review will be performed to check the status of remediation; and

(vii) external professional is appointed annually to review the safety compliance matters and safety measures implemented in the site and identify the deficiencies during reviews. An assessment report is provided by the external professional. Our Directors will discuss the deficiencies and recommendations provided by the external professional. Remediation must be done within 3 months upon the receipt of the report.

The Notices further confirmed that on 9 August 2019, the DOSH officer has inspected Site B and confirmed that the measures taken by our Group were to his satisfaction.

In November 2019, our Group has received a summons from the Butterworth Sessions Court, Malaysia for the breach of Section 15 of the OSHA ("**Summons**") and we are required to attend court on 7 February 2020 where documents in relation to the Summons will be served to us.

On 7 February 2020, we attended court and the documents in relation to the Summons were served to us. Subsequently, our Group has submitted a letter of representation ("**Letter**") to the Penang State Legal Advisor Office on 14 February 2020 for a review of the charge against us. Pursuant to the above, we were required to attend court on 30 March 2020 where the prosecution would reply to the Letter and a date for trial would be fixed. However, due to the COVID-19 outbreak and the Control Order, the court date has been postponed until further notice.

As at the Latest Practicable Date, no civil claims, have been brought against our Group. Further, our Directors confirm that the construction works in respect of Project B and the operation of our Group remains unaffected by the 2019 Accident.

Our Malaysian Legal Advisers' view on the 2019 Accident

Our Malaysian Legal Advisers are of the view that the outcome of the proceedings commenced by the Summons will not have a material adverse impact on the financial position of our Group. As mentioned above, pursuant to Section 19 of OSHA, the maximum penalty is a fine not exceeding RM50,000 or imprisonment for a term not exceeding two years or both. Based on the publicly available information on recent similar cases, the likelihood of imprisonment being imposed on the directors, officers and/or employees of our Group is remote. Furthermore, as the 2019 Accident had only occurred at the end of June 2019, it would be premature to draw any conclusion on the likelihood of any civil claims being brought by the family members of the Deceased B against our Group.

The family members (i.e. wife, child, parent and any person with disabilities under the care) of Deceased B may bring a claim for damages under Section 7 of the Civil Law Act 1956 ("**CLA**") against our Group. The amount of damages would be determined based on any loss of support suffered by the family members together with any reasonable expenses incurred (such as funeral expenses (if incurred) and other expenses), damages for bereavement of RM30,000 and loss of earnings. Notwithstanding the damages claimable for the reasonable expenses incurred and bereavement, our Malaysian Legal Advisers are of the view that the loss of earnings may be approximately RM120,000 based on the information provided by our Group.

Our Malaysian Legal Advisers are of the view that any potential claim by the family members of Deceased B will not have any material adverse impact on the financial position of our Group and it would be unlikely for the directors, officers and/or employees of our Group to have any personal liability towards the family members of Deceased B.

Based on the findings in relation to the internal investigation conducted on the 2019 Accident, Deceased B was familiar with the safety protocols of Site B as he has undergone the safety induction. Moreover, Deceased B was a senior and experienced worker who would be expected to be familiar with safety procedures and potential danger relating to the nature of such work. As such, our Group and our Malaysian Legal Advisers are of the view that the omission of taking above mentioned safety measures by Deceased B may be a mitigating factor in potential legal proceedings against our Group.

Views of our Directors and Sole Sponsor

In light of our Malaysian Legal Advisers' opinion above, our Directors are of the view, and the Sole Sponsor concurs, that (i) the Fine in relation to the 2015 Accident was at the lower end of penalty reflecting that the contravention was not serious of its kind; and (ii) the 2015 Accident and the 2019 Accident will not have any material adverse impact on our Group's operations and financial position. In addition, our Directors were not aware of any material adverse impact on the Group's subsequent tendering as a result of the aforementioned accidents.

Save as disclosed above, there had not been any fatal or severe accident or major injuries arising from the building construction projects of our Group. Our Directors therefore believe, and the Sole Sponsor concurs, that our Group have adequate and effective measures to prevent the recurrence of similar accident in the future and to enhance the compliance requirements of our safety measures by our subcontractors and their employees.

Our Directors have confirmed that the 2015 Accident had no implication on the renewal of the CIDB licence of Rimbaco (i.e. PPK). In addition, our Directors are also of the view, and the Sole Sponsor concurs, that based on their previous experiences in renewing their licences with the CIDB, it is unlikely that the 2019 Accident will have any implication on the renewal of the current CIDB licences of Rimbaco (i.e. PPK and SPKK).

ENVIRONMENTAL PROTECTION AND COMPLIANCE

Compliance with environmental laws and regulations

Our Group is required to comply with the laws and regulations in relation to environmental protection in Malaysia, including the Environmental Quality Act 1974. For further details, please refer to the section headed "Regulatory overview" in this prospectus. Possible breach of the aforesaid environmental laws and regulations may lead to a penalty or fine by the relevant government authorities or even termination of works. Given our substantial experience in the industry and our established operation workflow which includes site visits by staff to determine possible environmental compliance issues, we have been able to comply with the relevant environmental laws and regulations.

We are aware of the environment and we ensure that our environmental compliance and protection measures are properly implemented for our projects. Our Group has adopted measures and work procedures governing environmental protection compliance that are required to be followed under the relevant contract. Such measures and procedures include (i) air and noise pollution control; and (ii) material and waste management.

During the Track Record and as at the Latest Practicable Date, to the best knowledge of our Directors, we were in compliance with applicable environmental laws and regulations in all material aspects.

INSURANCE

We generally have insurance maintained for our employees working in office and construction sites. In order to minimise the risk of under-insurance and to compensate losses which may arise from our building construction projects, our Group reviews our insurance policies on a regular basis to ensure that there is adequate coverage regarding our assets, all employees with the relevant insurance policies such as contractors' all risk insurance, fire insurance and workers' insurance. The insurance policy generally covers the entire contract period. When we are engaged as a subcontractor, we generally obtain insurance cover from the main contractor.

Our Directors believe that our insurance coverage is sufficient and adequate and in line with the industry norm. However, there can be no assurance that all liabilities incurred will be sufficiently covered by insurance and as such, claims for damages arising from our Group's operations which are not adequately covered by our insurance coverage may have an adverse impact on our Group's financial condition or results of operations. Please refer to the section headed "Risk Factors – Risks relating to our business – we are exposed to certain types of liabilities that may not be fully covered by our insurance or generally not insured against and our insurance premium may increase from time to time" in this prospectus for further details. Notwithstanding the above, we did not experience any claim for damages arising from our Group's operations which was not sufficiently covered by insurance during the Track Record Period.

In FY2017, FY2018 and FY2019, our total insurance expenses were approximately RM95,000, RM606,000 and RM550,000 respectively.

PROPERTIES

Self-owned land

The following table sets out a summary of the parcels of land owned by our Group in Malaysia:

No.	**Location**	**GFA** *(in approximate square feet)*	**Usage**	**Nature**
1.	Lot 6596, Mukim 1, Seberang Perai Tengah, Penang	42,345	Investment	Residential
2.	Lot 1109, 1117 and 1325, Seksyen 3, Jelutong Town, Timor Laut District, Penang	5,328	Vacant	Residential

Self-owned property

The following table sets out a summary of our owned properties in Malaysia:

No.	Location	GFA *(in approximate square feet)*	Usage	Nature
1.	9-17-03, Moulmein Rise, Jalan Moulmein, Pulau Tikus, 10350 Georgetown, Penang	1,787	Investment	Residential
2.	309-A, 309-B, 309-D, 309-E, 309-F, 309-I and 309-M, Silver Square, Jalan Perak, 10150 Georgetown, Penang	9,095	Office for our business operations	Commercial
3.	A-2-C, A-3A-F, A-5-E and A-5-F, Impiana Condovilla, Panji, Kota Bharu, 16150 Kelantan	7,460	Investment	Residential
4.	Unit B-18-G, The Sentral Residences, Kuala Lumpur	1,572	Investment	Residential

During the Track Record Period, our Group has rented out no. 1 of our self-owned property to Independent Third Parties and the rental income derived from renting out our no. 1 self-owned property were approximately RM18,700, RM56,000 and RM56,000 for each respective year. After the Track Record Period and up to the Latest Practicable Date, our Group has rented out no. 1 and 4 of our self-owned properties to Independent Third Parties and the rental income derived from renting out our no. 1 and 4 self-owned properties were approximately RM23,970 and RM15,200 respectively.

Leased properties

In addition, as at the Latest Practicable Date, we rented a total of 24 leased properties, which include offices and staff quarters with a total GFA of approximately 64,573 square feet and lease terms each ranging from 12 months to 36 months, for our business operations in Malaysia, all from Independent Third Parties.

Our Directors confirm that no single property owned by us had a carrying amount of 15% or more of our consolidated total assets as at 31 October 2019.

INTELLECTUAL PROPERTY

Domain names

Our Group is the owner of one domain name, the details of which are set out as follows:

Domain name	Registration date	Expiry date
rimbaco.com.my	10 April 2008	9 April 2021

This domain name is subject to renewal. The registration prevents others from using the same domain name during the subsisting registration period.

Trademarks

As at the Latest Practicable Date, our Group had registered the following trademark which we believe is material to our business:

Trademark	Place of registration	Registered owner	Class	Registration number	Registration date	Expiry date
	Hong Kong	our Company	37	304920831	10 May 2019	10 May 2029

As at the Latest Practicable Date, our Group had applied for registration of the following trademarks which we believe are material to our business:

No.	Trademark	Place of application	Applicant owner	Class	Application number	Application date
1.		Malaysia	our Company	35	2019012727	8 April 2019
2.		Malaysia	our Company	36	2019012731	8 April 2019
3.		Malaysia	our Company	37	2019012734	8 April 2019

As at the Latest Practicable Date, the relevant results of the above trademark applications are still pending. As at the Latest Practicable Date, we were not aware of any material infringements (i) by us of any intellectual property rights owned by third parties; or (ii) by any third parties of any intellectual property rights owned by us. We were also not aware of any pending or threatened claims against us or any of our subsidiaries in relation to the material infringement of any intellectual property rights of third parties.

EMPLOYEES

As at the Latest Practicable Date, our Group had a total of 173 employees who are all located in Malaysia. The following table shows a breakdown of the employees by their functions as at the dates indicated:

Functions	**Number of employees** **As at 31 October 2019**	 **As at Latest Practicable Date**
General management	8	7
Contract and procurement department	13	13
Project department	87	79
Accounting, human resource and administrative department	13	13
Site workers	63	61
Total	184	173

As at the Latest Practicable Date, among our 173 employees employed in Malaysia, 123 were Malaysian workers and 50 were foreign workers.

Local (Malaysian)/foreign workers	**Number of employees** **As at 31 October 2019**	 **As at Latest Practicable Date**
Local workers	132	123
Foreign workers	52	50
Total	184	173

We generally subcontract our works to subcontractors and therefore do not necessarily need to retain a large number of permanent site workers for our building construction projects. Our Directors believe that we maintain a strong working relationship with our employees. We had not experienced any significant labour disputes with our employees nor had we experienced any difficulties in the recruitment and retention of experienced workers or skilled personnel during the Track Record Period.

As advised by our Malaysian Legal Advisers, as at the Latest Practicable Date, all of our foreign workers in Malaysia were holding valid employment permits under the Immigration Act 1959/63 and Immigration Regulations 1963.

Recruitment policies

We generally recruit our employees from the open market through placing recruitment advertisement and referral.

We endeavour to attract and retain appropriate and suitable personnel to serve our Group. Our Group assesses the available human resources on a continuous basis and will determine whether additional personnel are required to cope with the business development of our Group.

Training and remuneration policy

We believe that on-going and continuous development of our employees is critical to our success. We provide our employees with tailored training programmes that are designed to upgrade their skills and knowledge and to prepare them for the next step in their career path within our Group.

We entered into separate labour contracts with each of our employees in accordance with the applicable labour laws of Malaysia. The remuneration offered to employees generally includes salaries and bonuses. In general, we determine salaries of our employees based on each employee’s qualification, position and performance.

RESEARCH AND DEVELOPMENT

We do not have a research and development department. However, we periodically despatch our employees and project managers to attend seminars to keep abreast of the latest construction technologies and building methods available in the market to increase our efficiency and reduce the cost of services.

AWARDS AND CERTIFICATES

The following table sets out the material awards and certificates awarded to us as at the Latest Practicable Date:

Nature	Certification	Awarding organisation or authority	Holder	Date of grant	Date of expiry
Quality management system certification	ISO 9001:2015	Business Systems Certification	Rimbaco	26 October 2017	6 November 2022
Occupational health and safety management system certification	OHSAS 18001:2007	Business Systems Certification	Rimbaco	17 December 2016	28 February 2021

LICENCES AND PERMITS

We have obtained the following licences for carrying on our operations:

License/Certification	Granting Authority	Holder	Work scope permitted	Date of grant	Date of expiry	Tendering capacity
PPK in respect of Grade G7, Category B, Category CE and Category ME	CIDB	Rimbaco	Category B (building construction) B02: IBS: Steel frame system B04: Construction work on buildings Category CE (civil engineering construction) CE02: Bridge and jetty construction CE21: Civil Engineering Construction Category ME (M&E) M15: Miscellaneous Mechanical equipment	4 November 2019	16 September 2021	Unlimited

License/Certification	Granting Authority	Holder	Work scope permitted	Date of grant	Date of expiry	Tendering capacity
SPKK in respect of Grade G7, Category B, Category CE and Category ME	CIDB	Rimbaco	Category B (building construction) Category CE (civil engineering construction) Category ME (M&E)	4 November 2019	16 September 2021	Categories B, CE, M: contract sum exceeding RM10 million; Category E: contract sum of RM200,001 and above

Our Directors confirmed that we have obtained all material licences, permits and approvals required for carrying on its business activities during the Track Record Period and up to the Latest Practicable Date.

Our Directors have confirmed that the 2015 Accident did not have any implication on the renewal of the CIDB licence of Rimbaco upon its expiry in 2018 (i.e. PPK). Our Malaysian Legal Advisers are further of the view that, similar to the renewal of the CIDB licence after the 2015 Accident, it is unlikely that the 2019 Accident will have any implication on the renewal of the current CIDB licences (i.e. PPK and SPKK), and in the event action is taken by CIDB, Rimbaco may be subject to a fine. Please refer to the section headed "Business – Fatal Accidents" in this prospectus for further details of the 2015 Accident and 2019 Accident.

LEGAL COMPLIANCE

The table below summaries our material non-compliances during the Track Record Period and up to the Latest Practicable Date:

No.	Name of our subsidiary(ies) involved	Details of the non-compliance	Reasons for the non-compliance	Legal consequences and potential maximum	Rectification actions and status	Internal control measures adopted to prevent recurrence
1.	Rimbaco and Rimbaco Property	Rimbaco as the occupant and Rimbaco Property as the owner of Property 1 as defined below have failed to obtain a planning permission pursuant to Section 19 of the Town and Country Planning Act 1976 ("**TCPA**") prior to the commencement of development on the said property i.e. the temporary structures erected at Lot 1109, 1117 & 1325, Seksyen 3, Jelutong Town, Timor Laut District, Penang, Malaysia. ("**Property 1**"). For details of the governing law, please refer to the section headed "Regulatory overview" in this prospectus.	The non-compliance was not a willful act and was due to the inadvertent oversight on the part of our Group as we were of the opinion that the structures erected thereon were temporary in nature and no planning permission would be required.	Pursuant to Section 27(2) of the TCPA, the Penang Municipal Council may serve on both the owner, Rimbaco Property, and the occupant, Rimbaco, a notice requiring both of them to comply with any requirements that the Penang Municipal Council thinks fit in order for Property 1 to be restored as far as possible to the condition it was in before the development was commenced ("**Enforcement Notice**"). Any person who fails to comply with any requirement of the Enforcement Notice within the period allowed commits an offence and is liable, on conviction, to a fine not exceeding RM100,000.00 or to imprisonment for a term not exceeding six months or to both and to a further fine which may extend to RM5,000 for each day during which the failure is continued after the first conviction for the offence.	Our Group was advised by our Malaysian architect that the planning permission for Property 1 cannot be obtained due to the zoning of Property 1. In July 2019, our Group has removed all the temporary structures on Property 1 and has restored Property 1 to the condition it was in before the commencement of development. As at the Latest Practicable Date, the Penang Municipal Council did not impose any fire, issue Enforcement Notice and/or take any other actions against our Group for the failure to obtain planning permission for Property 1. Further, as advised by our Malaysian Legal Advisers, following the removal of the temporary structures in Property 1 and the restoration of Property 1 to the condition it was in before commencement of development, there is no reason for the Penang Municipal Council to issue an Enforcement Notice, as there will be no non-compliance to rectify.	In the future, our Group will seek timely and professional advice and we will employ a designated compliance officer, who will be responsible for all matters involving the statutory compliances such as licensing, permits and/or approvals to be obtained.

No.	Name of our subsidiary(ies) involved	Details of the non-compliance	Reasons for the non-compliance	Legal consequences and potential maximum	Rectification actions and status	Internal control measures adopted to prevent recurrence
2.	Rimbaco	Rimbaco, as the occupant, has been using Property 1 since 1993 for the storage of machineries, equipment, tools and materials in relation to construction works that are currently not in use but did not possess a storage licence issued by the Penang Municipal Council at the material time. For details of the governing law, please refer to the section headed "Regulatory overview" in this prospectus.	The non-compliance was not a willful act and our Group was not aware of the requirement of obtaining a storage licence and that the Penang Municipal By-Laws is applicable to Property 1.	Rimbaco failed to comply with By-Laws 3 of the Penang Municipal By-Laws which states that no person shall carry on or commence any form of trade, business or industry as specified in the first and second schedules respectively hereof in any place or premises within the area of the council without a licence issued thereof. A person who contravenes any sections of the Penang Municipal By-Laws shall be guilty of an offence and shall be liable on conviction to a fine not exceeding RM2,000 or imprisonment for a term not exceeding one year or both and to a further fine not exceeding RM200 for every day during which the offence is continued after the conviction.	Upon being advised by our Malaysian Legal Advisers, our Group has removed all the machineries, equipment, tools and materials in relation to construction works in Property 1 in July 2019. Accordingly, the removal is not expected to have any material financial and operational impact on our Group. As at the Latest Practicable Date, there is no fine imposed and/or any other action taken by the Penang Municipal Council for the failure to obtain storage licence for Property 1. Further, as advised by our Malaysia Legal Advisers, following the removal of the machineries, equipment, tools and materials in relation to construction works that were previously stored in Property 1, the likelihood of the Penang Municipal Council imposing any fine on Rimbaco is low and the likelihood of imprisonment being imposed on Directors is remote.	In the future, our Group will seek timely and professional advice and we will employ a designated compliance officer, who will be responsible for all matters involving the statutory compliances such as licensing, permits and/or approvals to be obtained.

No.	Name of our subsidiary(ies) involved	Details of the non-compliance	Reasons for the non-compliance	Legal consequences and potential maximum	Rectification actions and status	Internal control measures adopted to prevent recurrence
3.	Rimbaco	Rimbaco, as a tenant, was using a property, Plot 7 forming part of land known as Lot 1061, Mukim 6, Seberang Perai Tengah ("**Property 2**") since 2000, for the storage of machineries, equipment, tools and materials in relation to construction works prior to obtaining a storage licence pursuant to the Municipal Council Province Wellesley Licence Fees By-Laws 1980 ("**Seberang Perai By-Laws**") issued by the Seberang Perai Municipal Council. For details of the governing law, please refer to the section headed "Regulatory Overview" in this prospectus. Our Group has made an application to the Seberang Perai Municipal Council for the storage license of Property 2 ("**Application**") and the same was acknowledged on 19 June 2019.	The non-compliance was not a willful act and our Group had only been made aware by the Seberang Perai Municipal council that the zoning of Property 2 is catered for residential only during the rejection of the Application. For the foregoing reasons, the aforesaid storage license could not be obtained for Property 2.	Rimbaco failed to comply with By-Law 4 of the Seberang Perai By-Laws where it shall be an offence for any person to operate any licensable item appearing in the Schedules of the Seberang Perai By-Laws without a valid licence issued by the President (as defined in the Seberang Perai By-Laws). By-Law 5 of the Seberang Perai By-Laws states that a breach of the Seberang Perai By-Laws or conditions thereunder shall be liable to a fine not exceeding RM 2,000 or a term of imprisonment not exceeding one year or both and in the case of continuing offence a sum not exceeding RM 200 for each day during which the offence is continued after the conviction.	Upon being advised by our Malaysian Legal Advisers, Rimbaco has terminated the tenancy with the landlords of Property 2 and all machineries, equipment, tools and materials in relation to construction works have been relocated to our construction sites with effect from 1 September 2019. The relocation does not impose any material financial and operational impact on our Group. Our Group is in the process of identifying a suitable property as a storage. Rimbaco has notified the Seberang Perai Municipal Council of its termination of the tenancy on Property 2 in August 2019 where the effective date of the termination would be in September 2019. As at the Latest Practicable Date, neither Rimbaco nor its Directors have received any further notice nor have any actions been taken against them from the relevant authorities.	In future, our Group will seek timely and professional advice in identification of storage sites and we will employ a designated compliance officer, who will be responsible for all matters involving the statutory compliances such as licensing, permits and/or approvals to be obtained.

No.	Name of our subsidiary(ies) involved	Details of the non-compliance	Reasons for the non-compliance	Legal consequences and potential maximum	Rectification actions and status	Internal control measures adopted to prevent recurrence
		The Application was however rejected by the Seberang Perai Municipal Council (licensing, planning and building departments) on 22 July 2019. This is mainly due to the zoning of Property 2.			Further, as advised by our Malaysian Legal Advisers, following the termination of the tenancy with the landlords of Property 2, in the event any action is brought against Rimbaco by the relevant authority, the penalty(ies) is unlikely to have any material adverse impact on the business operation or financial position of Rimbaco and the likelihood of imprisonment being imposed on our Directors is remote.	

View of our Directors and the Sole Sponsor

In the opinion of our Malaysian Legal Advisers, none of the above administrative penalties and regulatory measures will become a material legal obstacle to our Share Offer. Having considered (i) the nature, scale, reasons and potential impact of the non-compliance incidents disclosed in this section in the prospectus; and (ii) the remedies and rectification measures taken, our Directors are of the view, and the Sole Sponsor concurs, that our Group has taken the preventive measures to avoid recurrence of the non-compliance and that the various internal control measures adopted by the Group are adequate and effective.

LEGAL PROCEEDINGS

Save as disclosed in the paragraph headed "Workplace Safety – Fatal accidents" in this section above, during the Track Record Period and up to the Latest Practicable Date, we were not involved in any actual, pending or threatened arbitration, litigation or administrative proceedings of material importance, which had or could have had a material adverse impact on our business, results of operation or financial condition.

INTERNAL CONTROL AND RISK MANAGEMENT

We endeavour to uphold the integrity of our business by maintaining an internal control system into our organisational structure. In preparation for the Listing and to further improve of our internal control system, in February 2019, we engaged an independent internal control consultant firm (the "**Internal Control Consultant**") to perform a review and a detailed assessment of our Group's internal control system, including the areas of financial, operation, corporate governance, compliance and risk management (the "**Internal Control Review**").

The Internal Control Consultant conducted its first-round review on our Group's internal control system in February 2019 and identified certain weaknesses in relation to our Group's internal control system, which are mainly related to insufficient details in certain of our formalised policies and procedures to reflect our operational, risk management and internal control practices. The Internal Control Consultant has recommended various measures and policies to enhance our Group's internal control system.

In July 2019, the Internal Control Consultant performed a follow-up review by focusing on the remedial actions undertaken by the management of our Group on the control weaknesses identified in the Internal Control Review (the "**Follow-up Review**"). Based on the result of the Follow-up Review, our Directors confirmed, and the Internal Control Consultant concurred, that our Group had adopted all of the internal control policies suggested by the Internal Control Consultant and did not have any significant deficiencies in its internal control system as at the Latest Practicable Date.

Our Directors confirmed that the internal control measures implemented by our Group are sufficient and could effectively ensure a proper internal control system of our Group. Our Group intends to adopt or has adopted the following measures to ensure on-going compliance with the applicable Listing Rules upon Listing to strengthen our internal controls:

- We have adopted and implemented comprehensive control policies in respect of various aspects of our business operations such as (i) risk management policies; (ii) conflict of interest guidelines; and (iii) disclosure guidelines;

- We shall establish system and manuals for matters in relation to the distribution of annual or interim reports and publication, handling and monitoring of inside information prior to public announcement and other requirements under the Listing Rules;

- Our Directors have attended training sessions conducted by our legal advisers as to Hong Kong law on the on-going obligations and duties of a director of a company whose shares are listed on the Stock Exchange;

- We will comply with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. To avoid potential conflicts of interest, we will implement corporate governance measures as set out in the section headed "Relationship with the Controlling Shareholders — Corporate Governance Measures" of this prospectus. Our Directors will review our corporate governance measures and our compliance with the Corporate Governance Code each financial year and comply with the "comply or explain" principle in our corporate governance reports to be included in our annual reports after Listing;

- We have engaged an independent internal control consultant to review the adequacy and effectiveness of our internal control system for the financial year ended 31 October 2019, including areas of financial, operational, compliance and risk management;

- We have agreed to engage Titan Financial as our compliance adviser pursuant to the Listing Rules to advise and assist our Board on compliance matters in relation to the Listing Rules and/or other relevant laws and regulations applicable to our Company;

- We have established an audit committee which comprises all of our Independent Non-executive Directors, namely Mr. Wong Chi Wai, Mr. Ng Kok Seng and Ms. Yeo Chew Yen Mary. The audit committee has adopted its terms of reference which sets out clearly its duties and obligations to, including but not limited to overseeing the financial reporting, risk management and internal control systems of our Group, and ensuring compliance with the relevant laws and regulations. For the biographical details of our Independent Non-executive Directors, please refer to the section headed "Directors and Senior Management – Independent non-executive Directors" of this prospectus;

- When considered necessary and appropriate, we will seek professional advice and assistance from independent internal control consultants, external legal advisers and/or other appropriate independent professional advisers with respect to matters relating to our internal controls and legal compliance.

CONTROLLING SHAREHOLDERS

Immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau will be interested in a total of 75% of our Company's issued Shares through owning 100% of the issued shares of their common investment holding vehicle RBC Venture. Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau are therefore entitled to, through RBC Venture, control the exercise of a total of 75% of the voting power at the general meetings of our Company. Therefore, Mr. Low, Ms. Seah, Mr. Cheang, Mr. Lau and RBC Venture will form and remain as a group of controlling shareholders pursuant to the "Guidance on issues related to 'controlling shareholder' and related listing rules implications" (HKEx-GL89-16) (updated in October 2017 and February 2018). For details of the shareholding interests of the Controlling Shareholders, please refer to the section headed "Substantial Shareholders" in this prospectus.

Mr. Low is the co-founder of our Group, an Executive Director and the chairman of the Board. Mr. Low is the father of Mr. William Low, who is an Executive Director. Ms. Seah, Mr. Cheang and Mr. Lau are Executive Directors. Please refer to the section headed "Directors and Senior Management" in this prospectus for their detailed background and experience.

RULE 8.10 OF THE LISTING RULES

Our Relationship with Rimbaco Holdings

Rimbaco Holdings is a limited liability company incorporated in Malaysia on 30 January 1995, whose principal business is investment and property holding. Rimbaco Holdings is held by our Controlling Shareholders and Executive Directors Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau as to 40%, 40%, 10% and 10%, respectively. As at the Latest Practicable Date, the investment portfolio of Rimbaco Holdings is consisted of (i) 2.63% equity interests in Mascolite, an associated company of our Company which is principally engaged in trading of building materials, including the sale of partition board, gypsum board and ceiling board; and (ii) 13 units of real estate properties located in Penang, Malaysia, all of which were leased to independent third parties. During the Track Record Period, Rimbaco Holdings' main source of revenue was the rental income generated from the 13 units of real estate properties, and, save as disclosed in this prospectus, no transaction was conducted between Rimbaco Holdings and our Group. Aside from the aforesaid investment interests, Rimbaco Holdings is not interested in other companies or properties. As confirmed by Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau, Rimbaco Holdings had not been involved in any claims, litigations or non-compliant incidents since its incorporation and up to the Latest Practicable Date.

Delineation with Rimbaco Holdings

The principal business of our Group is the provision of building construction services for (i) factories, including low-rise processing facilities and manufacturing plants; and (ii) institutional, commercial and/or residential buildings such as private hospitals, hotels, shopping malls, high-rise residential buildings and commercial/residential complex, while Rimbaco Holdings mainly engages in holding a minority interests in a private company as passive investor, and investing in real estate properties. The target customers of our Group are mainly corporation with building construction demands while the target customers of Rimbaco Holdings are entities and/or individuals looking for space to rent. Further, while our Group derives our revenue from construction projects, Rimbaco Holdings' revenue mainly represents rental income. Due to the distinctive differences in business nature, source of revenue and customer base, the Directors are of the view that there is a clear delineation of the businesses between our Group and Rimbaco Holdings, and Rimbaco Holdings is not and will not become a competitor of our Group. As such, Rimbaco Holdings is not included in our Group.

Our Relationship with Aspen Avenue

Aspen Avenue is a limited liability company incorporated in Malaysia on 25 October 2011. Our Controlling Shareholders and Executive Directors Mr. Low and Ms. Seah became shareholders of Aspen Avenue on 24 November 2011, and our Controlling Shareholders and Executive Directors Mr. Cheang and Mr. Lau, and an Independent Third Party became shareholders of Aspen Avenue on 19 December 2011. Since then, Aspen Avenue has been held by Mr. Low, Ms. Seah, Mr. Cheang, Mr. Lau and the Independent Third Party as to 38.0%, 28.5%, 19.0%, 9.5% and 5.0%. Since November 2011, Mr. Low, Ms. Seah, Mr. Cheang, Mr. Lau and the aforesaid Independent Third Party were appointed as directors of Aspen Avenue. However the Independent Third Party had previously resigned on 8 March 2012 and was re-appointed as a director on 19 December 2013. The directors are not involved in the day-to-day operation of Aspen Avenue, but they are responsible for its overall business direction and decision-makings. Apart from Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau, no director or senior management of our Group was employed by or had provided any services to Aspen Avenue.

Aspen Avenue was established as a project company for the sole purpose of developing a real estate project called "Aspen Residences". Aspen Avenue commenced its operation in January 2012, when it acquired the underlying land of Aspen Residences. It obtained the property developer license issued under the Housing Development (Control and Licensing) Act 1966 by the Deputy Controller of Housing on 26 April 2013 and has been engaging in developing Aspen Residences since then. Aspen Residences is an apartment building located in Penang, Malaysia which comprises of residential units and working spaces. In May 2013, Aspen Avenue awarded the main contractor mandate to Rimbaco at the total contract sum of RM30,471,000. The construction of the Aspen Residences project was completed in April 2016, and Rimbaco received the final payment from Aspen Avenue in July 2018. Apart from Rimbaco, Aspen Avenue had also engaged other service providers, including consultants, suppliers and sub-contractors to complete the development of Aspen Residences. During the period from

November 2017 to September 2018, Rimbaco supplied two of its casual workers to Aspen Avenue to perform renovation and other general works in a penthouse in Aspen Residences on casual basis. Aspen Avenue reimbursed RM85,624 to Rimbaco for the casual workers' services. The renovation work was completed in June 2018.

For the year ended 31 December 2016, 2017 and 2018, Aspen Avenue generated a total revenue of approximately RM17.4 million, nil and RM1.5 million, respectively, a net profit of approximately RM817,000 and RM421,000 in 2016 and 2018, respectively, and a net loss of approximately RM225,000 in 2017. The revenue of Aspen Avenue was mainly derived from sales of the apartment units in Aspen Residences. Following the completion of the construction of Aspen Residences, Aspen Avenue did not launch or participate in any other property development project. As a result, apart from supplying workers to Aspen Avenue on ad hoc basis from November 2017 to September 2018, our Group did not provide any construction services to Aspen Avenue, nor was engaged in the same construction project where Aspen Avenue was also involved, nor shared any resources with Aspen Avenue after the Aspen Residences project was completed.

Delineation with Aspen Avenue

As mentioned, our Group is a building constructor, while Aspen Avenue is a property developer. The target customers of our Group are mainly corporations with building construction demands while the target customers of Aspen Avenue are entities/individuals looking to purchase apartment units. Further, while our Group derives our revenue from construction projects, Aspen Avenue's revenue is mainly generated from selling apartments. Due to the distinctive differences in business nature, source of revenue and customer base, the Directors are of the view that there is a clear delineation of the businesses between our Group and Aspen Avenue, and Aspen Avenue is not and will not become a competitor of our Group. As such, Aspen Avenue is not included in our Group.

Save as disclosed above, our Directors, including Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau who are also our Controlling Shareholders, have confirmed that they and their respective close associates do not have any interest apart from our Group business which competes or is likely to compete, directly or indirectly, with the business of our Group which requires disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

We are satisfied that we can operate independently of our Controlling Shareholders and their respective close associates after the Listing on the basis of the following information:

Management independence

Our Group's management and operational decisions are made by our Board and our senior management. Our Board has eight Directors comprising five Executive Directors and three Independent Non-executive Directors. Our Controlling Shareholders, Mr. Low, Ms.

Seah, Mr. Cheang and Mr. Lau are also our Executive Directors. Having considered the following factors, our Directors consider that our Group have management independence from our Controlling Shareholders and their respective close associates on the basis of the followings:

(a) Each of the Controlling Shareholders is aware of his/her fiduciary duties as a Director which require, amongst others, that he/she acts for the benefit and in the best interests of our Group and does not allow any conflict between his/her duties as a Director and his personal interests;

(b) Pursuant to our Articles, a Director who is to his/her knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our Group, shall declare the nature of his/her interest in the meeting of our Board at which the question of entering into the contract or arrangement is first taken into consideration, if he/she knows his/her interest then exists, or in any other case, at the first meeting of our Board after he/she knows that he/she is or has become so interested. Our Articles do not require such a Director who is so interested not to attend any meeting of our Board. However, a Director shall not be entitled to vote nor be counted in the quorum on a resolution of our Directors in respect of any Board resolution approving any contract or arrangement or any proposal in which he/she or any of his/her close associates is materially interested. For details, please refer to the section headed "Summary of the Constitution of our Company and Cayman Islands Company Law" in Appendix IV in this prospectus;

(c) Our Articles ensure that matters involving a conflict of interest which may arise from time to time will be managed in line with accepted corporate governance practice so as to ensure that the best interests of our Group and Shareholders taken as a whole are preserved. Following the Listing, our Directors are required to comply with the Listing Rules. This includes review of connected transactions by our Independent Non-executive Directors and where appropriate, independent financial advice and independent shareholders' approval will be required. For details, please refer to the paragraph headed "Corporate Governance Measures" in this section below;

(d) Besides our Controlling Shareholders themselves, none of our other Directors serve any role or function in other business ventures of our Controlling Shareholders and/or their respective close associates, who thereby will devote their full time and capacity for our Group; and

(e) All our senior management members are independent from our Controlling Shareholders. They have substantial experience in the industry we were engaged in and have served our Group for a period of time during which they have demonstrated their capability of discharging their duties independently from our Controlling Shareholders.

Operational independence

We have full rights to make business decisions and to carry out our business independent of our Controlling Shareholders and their respective close associates. On the basis of the following reasons, our Directors consider that the Group will continue to be operationally and administratively independent of our Controlling Shareholders and their respective close associates after Listing:

(a) We have our own organisational structure comprising individual departments, each with specific areas of responsibilities, including but not limited to our own accounting and finance, logistics, and administration departments;

(b) All of the properties used as our principal place of business and operational facilities are either self-owned or leased from Independent Third Parties by our Company and/or our subsidiaries;

(c) Our Group also has its own fleet of machinery and are either owned by our Group or leased from Independent Third Parties;

(d) Our Group has not shared operational resources, such as suppliers, customers, marketing, sales and general administration resources with our Controlling Shareholders and/or their respective close associates;

(e) We hold all relevant licenses material to the operation of our business and have sufficient capital, equipment and employees to operate our business independently;

(f) All external services and/or procurement required by our Group or our operating subsidiaries are provided by and, if needed, can be easily sourced from Independent Third Parties;

(g) We have established a set of internal control procedures to facilitate the effective operation of our business; and

(h) Our Directors do not expect that there will be any other transactions between our Group and our Controlling Shareholders or their respective close associates upon or shortly after Listing.

Financial independence

We have our independent financial management system and make financial decisions according to our own business needs. During the Track Record Period, the amount due from our Controlling Shareholders was approximately nil, RM0.035 million and RM0.007 million as at 31 October 2017, 2018 and 2019, respectively. During the Track Record Period, the amount due to our Controlling Shareholders was approximately nil, RM0.58

million and nil as at 31 October 2017, 2018 and 2019, respectively. All the outstanding balances due from/to our Controlling Shareholders have been fully settled as at the Latest Practical Date. For more information, please refer to the paragraph headed "Financial Information – Analysis of selected consolidated statements of financial position items – Amounts due from related parties" in this prospectus and Note 21 of the Accountant's Report set out in Appendix I to this prospectus.

During the Track Record Period, personal guarantees were given by our Controlling Shareholders, Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau, to secure certain loans provided by our banks and credit facilities provided by our suppliers. All such personal guarantees will be released and replaced by corporate guarantees provided by our Company upon Listing.

Our Directors confirm that we will not rely on our Controlling Shareholders for financing after the Share Offer as we expect that our working capital will be funded by our operating income and bank borrowings.

In addition, we have our own internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payment and independent access to third-party financing.

Based on the above, our Directors believe that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates after Listing.

DEED OF NON-COMPETITION

In order to avoid any future competition and potential conflict of interests between our Group and the Controlling Shareholders, each of the Controlling Shareholders has entered into a Deed of Non-competition with and in favor of our Company (for itself and as trustee for its subsidiaries) on 31 March 2020. Pursuant to the Deed of Non-competition, each of the Controlling Shareholders has irrevocably and unconditionally undertaken to our Company (for itself and as trustee for its subsidiaries) that, during the period that the Deed of Non-competition remain effective, he/she/it shall not, and shall procure that his/her/its close associates (other than any member of our Group) not to, directly or indirectly, develop, acquire, participate in, hold any right or interest or invest in or engage in, render any services for or otherwise be involved in any business in competition with or likely to be in competition with the existing business activities of any member of our Group.

Each of the Controlling Shareholders further undertakes that if he/she/it or his/her/its close associates (other than any members of our Group) is offered or becomes aware of any business opportunity which may compete with the business of our Group, he/she/it shall (and he/she/it shall procure his/her/its close associates to) notify our Company in writing and our Company shall have a right of first refusal to take up such business opportunity. Our Company shall, within 6 months after receipt of the written notice (or such longer period if our Company is required to complete any approval procedures as set out under the Listing Rules from time to time), notify the Controlling Shareholders whether our Company will exercise the right of first refusal or not.

Our Group shall only exercise the right of first refusal upon the approval of all the Independent Non-executive Directors (who do not have any interest in such opportunity). The relevant Controlling Shareholders and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of the Board where there is a conflict of interest or potential conflict of interest (including but not limited to the relevant meeting of the Independent Non-executive Directors for considering whether or not to exercise the right of first refusal).

The Deed of Non-competition is conditional upon the fulfilment of the following conditions:

(i) the Listing Division of the Stock Exchange granting the approval for the listing of, and permission to deal in, our Shares; and

(ii) the fulfilment of the conditions precedent under the Underwriting Agreement (including waiver of any conditions precedent by the Underwriters, if applicable) and the Underwriting Agreement not being terminated.

If any of such conditions is not fulfilled on or before the date agreed between the Underwriters and our Company or the Underwriters and our Company have agreed to terminate the Underwriting Agreement thereafter, the Deed of Non-competition shall become null and void and cease to have any effect whatsoever and no party shall have any claim against the other under the Deed of Non-competition.

The Deed of Non-competition cannot be amended, varied or waived save with prior approval of the Shareholders of our Company (other than the Controlling Shareholders and their respective close associates who are also Shareholders of our Company).

The Deed of Non-competition shall terminate when (i) a Controlling Shareholder whether individually or taken together with his/her/its close associates, ceases to be interested in 30% (or such other amount as may from time to time be specified in the Listing Rules as being the threshold for determining a controlling shareholder of a company) or more of the issued shares of the Company; or (ii) our Shares shall cease to be listed and traded on the Stock Exchange (except for temporary trading halt or suspension of trading of our Shares on the Stock Exchange due to any reason).

CORPORATE GOVERNANCE MEASURES

Our Group will further adopt the following measures to manage the conflict of interests arising from the possible competing business of our Controlling Shareholders and to safeguard the interests of our independent Shareholders:

(a) our Articles provide that, except for certain exceptions permitted under the Listing Rules or the Stock Exchange, a Director shall not vote on any Board resolution approving any contract in relation to which he has a material interest, nor shall such director be counted in the quorum present at that meeting. Furthermore, a Director who holds directorship and/or senior management positions in our Controlling Shareholders or any of its close associates (other than our Group or any member of our Group) shall not vote on any Board resolution regarding any transactions proposed to be entered into between any member of our Group and our Controlling Shareholders or any of its close associates (other than our Company or any member of our Group), nor shall such director be counted in the quorum present at such meeting;

(b) we have appointed Titan Financial Services Limited as our compliance adviser, which will provide advice and guidance to us with respect to compliance with the applicable laws and the Listing Rules, including but not limited to various requirements relating to Directors' duties and internal controls;

(c) our Independent Non-executive Directors will review, at least on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholders;

(d) each of our Controlling Shareholders has undertaken to provide all information necessary for the annual review by our Independent Non-executive Directors and the enforcement of the Deed of Non-competition;

(e) each of our Controlling Shareholders will make an annual declaration of compliance with the Deed of Non-competition in the annual reports of our Group;

(f) the management structure of our Group includes the Audit Committee, the Remuneration Committee and the Nomination Committee, the written rules of each of which will require them to be alert to prospective conflict of interests and to formulate their proposals accordingly;

(g) pursuant to the Corporate Governance Code set out in Appendix 14 of the Listing Rules, our Directors, including our Independent Non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our Group's costs; and

(h) each of the Controlling Shareholders undertakes to keep us informed and shall procure his/her/its respective close associates to keep us informed, of new business opportunities which may compete with the business of our Group and to provide all information reasonably required by the Independent Non-executive Directors to assist them in their consideration of any new business opportunity.

Our Group expects to comply with the Corporate Governance Code set out in Appendix 14 of the Listing Rules which sets out principles of good corporate governance in relation to Directors, chief executive, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communication with our shareholders. Our Group will state in our interim and annual reports whether we have compiled with such code, and will provide details of, and reasons for, any deviation from it in the corporate governance reports attached to our annual reports.

OUR DIRECTORS

The Board is responsible for and has general powers over the management and conduct of our business. The Board consists of eight Directors including five Executive Directors and three Independent Non-executive Directors. The following table shows certain information in respect of the members of the Board:

Name	Age	Position/Title	Date of joining our Group	Date of appointment as Director	Roles and Responsibilities	Relationship with the other Directors and senior management
Executive Directors						
Mr. LOW Seah Sun	70	Executive Director, chairman of the Board	17 October 1985	28 February 2019	Overseeing the management, strategic planning and business direction of our Group, chairman of the Nomination Committee	Father of Mr. Low Wui Linn
Mr. LOW Wui Linn	39	Executive Director, chief executive officer	26 June 2006	28 February 2019	Overseeing the business development and general operation of our Group	Son of Mr. Low Seah Sun
Ms. SEAH Peet Hwah	61	Executive Director	28 April 1987	28 February 2019	Overseeing the financial and administrative aspects of our Group, serves on the Remuneration Committee	Nil
Mr. CHEANG Wye Keong	62	Executive Director	19 November 1985	28 February 2019	Overseeing and managing the technical aspects of our Group	Nil
Mr. LAU Ah Cheng	61	Executive Director	19 November 1985	28 February 2019	Overseeing the logistics aspects and equipment maintenance of our Group	Nil

Name	Age	Position/Title	Date of joining our Group	Date of appointment as Director	Roles and Responsibilities	Relationship with the other Directors and senior management
Independent Non-executive Directors						
Mr. NG Kok Seng	70	Independent Non-executive Director	31 March 2020	31 March 2020	Supervising the management of our Group independently, serves on the Audit Committee and Nomination Committee	Nil
Mr. WONG Chi Wai (黃智威)	36	Independent Non-executive Director	31 March 2020	31 March 2020	Supervising the management of our Group independently, chairman of the Audit Committee, serves on the Remuneration Committee and Nomination Committee	Nil
Ms. YEO Chew Yen Mary	61	Independent Non-executive Director	31 March 2020	31 March 2020	Supervising the management of the Group independently, chairman of our Remuneration Committee, serves on our Audit Committee	Nil

Executive Directors

Mr. LOW Seah Sun

Mr. Low, aged 70, is a co-founder of our Group, a Controlling Shareholder, an Executive Director, the chairman of the Board, and the chairman of the Nomination Committee. Mr. Low was appointed as a Director of our Company on 28 February 2019 and was re-designated as our Executive Director on 6 September 2019. Mr. Low is also a director of all of the subsidiaries of our Group. He is responsible for the overall management, strategic planning and business direction of our Group.

Mr. Low has over 33 years of experience in the construction business. In October 1985, he co-founded Rimbaco and was appointed as a director of Rimbaco. Over the years, he has been responsible for securing business contracts and projects, managing construction schedules, building client relationships, planning the overall budgets, future expansions, and marketing strategies of Rimbaco. Mr. Low has also been a director of Rimbaco Property since September 2001. Mr. Low did not receive tertiary or secondary education.

Mr. Low was a director of the following companies when they were dissolved, or within 12 months before they were dissolved, other than by member's voluntary winding-up with details as follows:

Company	Place of incorporation	Principal business activity immediately before dissolution	Date of dissolution	Means of dissolution
Aardvark Holdings Sdn. Bhd.	Malaysia	Dormant	29 August 2002	Struck off *(Note 1)*
Fogalink Creative Sdn. Bhd.	Malaysia	Dormant	5 January 2006	Struck off *(Note 1)*
Glocity (M) Sdn. Bhd.	Malaysia	Dormant	12 February 2009	Struck off *(Note 1)*
Rembang Tenaga Sdn. Bhd.	Malaysia	Dormant	27 May 2015	Struck off *(Note 1)*
Rimbaco Construction Sdn. Bhd.	Malaysia	Construction	22 December 2005	Struck off *(Note 2)*
Rimbareno & Trading Sdn. Bhd.	Malaysia	Dormant	11 June 2015	Struck off *(Note 1)*
Total Ace (M) Sdn. Bhd.	Malaysia	Subcontractor & building materials traders	18 March 2010	Struck off *(Note 2)*

Notes:

1. Mr. Low confirmed that the reason for dissolution of the company was that it had never commenced to carry on business or operation prior to its dissolution, that he has not been involved in any dispute with the company's creditors, shareholders and directors in respect of the dissolution, that the company has been dissolved with no outstanding liability or claim in relation thereto, that the dissolution of the company had not resulted in any liability or obligation being imposed against him, that his involvement in the above entities was in relation to his appointment as director of each company and that no misconduct or misfeasance on his part had been involved in the dissolution.

2. Mr. Low confirmed that the reason for dissolution of the company was that it had ceased to carry on business or operation prior to its dissolution, that he has not been involved in any dispute with the company's creditors, shareholders and directors in respect of the dissolution, that the company has been deregistered or dissolved with no outstanding liability or claim in relation thereto, that the dissolution of the company had not resulted in any liability or obligation being imposed against him, that his involvement in the company was in relation to his appointment as director of such entity and that no misconduct or misfeasance on his part had been involved in the dissolution.

Mr. Low is the father of Mr. William Low, who is an Executive Director. Save as for disclosed in this prospectus, Mr. Low is not connected with any other Directors or members of the senior management of the Company.

During the three years immediately preceding the Latest Practicable Date, Mr. Low has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. LOW Wui Linn

Mr. William Low, aged 39, is an Executive Director and the Chief Executive Officer. Mr. William Low was appointed as a Director of our Company on 28 February 2019 and was re-designated as our Executive Director on 6 September 2019. He is responsible for the overall business development and general operation of our Group.

Mr. William Low has over 15 years of experience in the construction industry. Mr. William Low served as an engineer at ER Mekatron Manufacturing Sdn. Bhd. from March 2004 to June 2006. In June 2006, he joined Rimbaco as an engineer. In April 2008, he was promoted to the positions of project engineer and he was subsequently promoted as the project manager of Rimbaco in May 2013, where he was responsible for coordinating with the subcontractors on site, liaising with potential clients, administering site operations, and monitoring the safety and health issues arising from different construction projects. Mr. William Low has been a director of Rimbaco since February 2018.

Mr. William Low obtained his bachelor of engineering degree in electronic and electrical engineering from Leeds Beckett University (formerly known as Leeds Metropolitan University) in July 2003.

Mr. William Low is the son of Mr. Low, who is our co-founder and chairman of our Group, a Controlling Shareholder and an Executive Director. Save as for disclosed in this prospectus, Mr. William Low is not connected with any other Directors or members of the senior management of the Company.

During the three years immediately preceding the Latest Practicable Date, Mr. William Low has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Ms. SEAH Peet Hwah

Ms. Seah, aged 61, is an Executive Director and a member of the Remuneration Committee. Ms. Seah was appointed as a Director of our Company on 28 February 2019 and was re-designated as our Executive Director on 6 September 2019. Ms. Seah is also a director of all of the subsidiaries of our Group. She is responsible for overseeing the financial and administrative aspects of our Group.

Ms. Seah has over 32 years of experience in the construction industry. Ms. Seah joined Rimbaco in April 1987 as a director, where she gained extensive knowledge and experience in the construction industry. She is primarily responsible for administering payment of suppliers and clients, coordinating with financial institutions, handling human resources matters and communicating with the suppliers for product procurement. Ms. Seah has also been a director of Rimbaco Property since September 2001. Ms. Seah obtained the lower certificate of education (form 3) from the Sekolah Menengah Kebangsaan Kuala Pegang in Malaysia in 1975.

Ms. Seah was a director of the following companies when they were dissolved other than by members voluntary winding-up with details as follows:

Company	Place of incorporation	Principal business activity immediately before dissolution	Date of dissolution	Means of dissolution
Rimbaco Construction Sdn. Bhd.	Malaysia	Construction	22 December 2005	Struck off *(Note 1)*
Rimbareno & Trading Sdn Bhd	Malaysia	Dormant	11 June 2015	Struck off *(Note 2)*

Note:

1. Ms. Seah confirmed that the reason for dissolution of the company was that it had ceased to carry on business or operation prior to its dissolution, that she has not been involved in any dispute with the company's creditors, shareholders and directors in respect of the dissolution, that the company has been deregistered or dissolved with no outstanding liability or claim in relation thereto, that the dissolution of the company had not resulted in any liability or obligation being imposed against her, that her involvement in the company was in relation to her appointment as director of such entity and that no misconduct or misfeasance on her part had been involved in the dissolution.

2. Ms. Seah confirmed that the reason for dissolution of the company was that it had never commenced to carry on business or operation prior to its dissolution, that she has not been involved in any dispute with the company's creditors, shareholders and directors in respect of the dissolution, that the company has been dissolved with no outstanding liability or claim in relation thereto, that the dissolution of the company had not resulted in any liability or obligation being imposed against her, that her involvement in the above entities was in relation to her appointment as director of each company and that no misconduct or misfeasance on her part had been involved in the dissolution.

During the three years immediately preceding the Latest Practicable Date, Ms. Seah has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. CHEANG Wye Keong

Mr. Cheang, aged 62, is an Executive Director. Mr. Cheang was appointed as a Director of our Company on 28 February 2019 and was re-designated as our Executive Director on 6 September 2019. He is responsible for overseeing and managing the technical aspects of our Group.

Mr. Cheang has over 33 years of experience in the construction industry. Mr. Cheang joined Rimbaco in November 1985 as a site supervisor and has been Rimbaco's site manager and project manager since February 1989. He has supervised the construction of factories, shopping malls, manufacturing plants, shops and offices, made project implementation plans, coordinated with government authorities and consultants, and assisted in tender presentations. Mr. Cheang has also been a director of Rimbaco Property since September 2001. Mr. Cheang obtained the higher school certificate (form 6) from the Methodist Boys School Penang in Malaysia in 1977.

Mr. Cheang was a director of the following companies when they were dissolved, or within 12 months before they were dissolved, other than by member's voluntary winding-up with details as follows:

Company	Place of incorporation	Principal business activity immediately before dissolution	Date of dissolution	Means of dissolution
Rapimas Ganada Sdn. Bhd.	Malaysia	Investment holding	28 August 2015	Struck off *(Note 1)*

Note:

1. Mr. Cheang confirmed that the reason for dissolution of the company was that it had ceased to carry on business or operation prior to its dissolution, that he has not been involved in any dispute with the company's creditors, shareholders and directors in respect of the dissolution, that the company has been deregistered or dissolved with no outstanding liability or claim in relation thereto, that the dissolution of the company had not resulted in any liability or obligation being imposed against him, that his involvement in the company was in relation to his appointment as director of such entity and that no misconduct or misfeasance on his part had been involved in the dissolution.

During the three years immediately preceding the Latest Practicable Date, Mr. Cheang has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. LAU Ah Cheng

Mr. Lau, aged 63, is an Executive Director. Mr. Lau was appointed as a Director of our Company on 28 February 2019 and was re-designated as our Executive Director on 6 September 2019. He is responsible for the logistics and equipment maintenance of our Group.

Mr. Lau has over 33 years of experience in the construction industry. Mr. Lau joined Rimbaco in November 1985 as a site supervisor, and he has been promoted as a director since February 2000. He has administered store operations and site inspections, implemented risk controls, formulated logistic plans, and he has been responsible for overseeing the machinery to ensure efficiency. Mr. Lau has also been a director of Rimbaco Property since September 2001. Mr. Lau did not receive tertiary or secondary education.

Mr. Lau was a director of the following company when it was dissolved other than by member's voluntary winding-up with details as follows:

Company	Place of incorporation	Principal business activity immediately before dissolution	Date of dissolution	Means of dissolution
Rapimas Ganda Sdn Bhd	Malaysia	Investment holding	28 August 2015	Struck off *(Note 1)*

Note:

1. Mr. Lau confirmed that the reason for dissolution of the company was that it had ceased to carry on business or operation prior to its dissolution, that he has not been involved in any dispute with the company's creditors, shareholders and directors in respect of the dissolution, that the company has been deregistered or dissolved with no outstanding liability or claim in relation thereto, that the dissolution of the company had not resulted in any liability or obligation being imposed against him, that his involvement in the company was in relation to his appointment as director of such entity and that no misconduct or misfeasance on his part had been involved in the dissolution.

During the three years immediately preceding the Latest Practicable Date, Mr. Lau has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Independent Non-executive Directors

Mr. NG Kok Seng

Mr. Ng, aged 70, was appointed as our Independent Non-Executive Director, a member of the Audit Committee and a member of the Nomination Committee on 31 March 2020. Mr. Ng is primarily responsible for supervising the management of our Group independently.

Mr. Ng has over 34 years of experience in the construction industry. Mr. Ng was a civil engineer of the Johor Public Works Department from March 1974 to March 2006 and his last position was a deputy director with public engineer grade J54. He worked as a resident engineer at GJ Runding Sdn. Bhd. from January 2009 to June 2011.

Mr. Ng obtained his bachelor of engineering degree from the University of Malaya in June 1974. He is a certified engineer of the Board of Engineers Malaysia.

Mr. Ng was a director of the following company within 12 months before it was dissolved other than by member's voluntary winding-up with details as follows:

Company	Place of incorporation	Principal business activity immediately before dissolution	Date of dissolution	Means of dissolution
Total Success Lifestyle (Johor) Sdn. Bhd.	Malaysia	Investment holding	5 March 2014	Struck off *(Note 1)*

Note:

1. Mr. Ng confirmed that the reason for dissolution of the company was that it had ceased to carry on business or operation prior to its dissolution, that he has not been involved in any dispute with the company's creditors, shareholders and directors in respect of the dissolution, that the company has been deregistered or dissolved with no outstanding liability or claim in relation thereto, that the dissolution of the company had not resulted in any liability or obligation being imposed against him, that his involvement in the company was in relation to his appointment as director of such entity and that no misconduct or misfeasance on his part had been involved in the dissolution.

During the three years immediately preceding the Latest Practicable Date, Mr. Ng has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. WONG Chi Wai (黃智威)

Mr. Wong, aged 36, was appointed as our Independent Non-Executive Director, the chairman of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration Committee on 31 March 2020. Mr. Wong is primarily responsible for supervising the management of our Group independently.

Mr. Wong has over 11 years of experience in financial control, accounting and corporate governance practices and procedures in Hong Kong. Since May 2016, Mr. Wong has been a financial controller and company secretary of Lumina Group Limited, a company listed on the Stock Exchange (Stock Code: 8470), whose principal business is in the provision of fire safety services in Hong Kong. Prior to his current position, Mr. Wong worked at JBPB & Company (formerly known as Grant Thornton and later merged with BDO Limited) from September 2007 to February 2011 and his last position was senior associate in the assurance department. He worked at Deloitte Touche Tohmatsu from February 2011 to September 2015 and his last position was manager of audit department. He worked at TCL Communication Limited from September 2015 to May 2016 as senior finance manager.

Mr. Wong obtained a bachelor of business administration degree (Honours) in accountancy from City University of Hong Kong in November 2007. He was certified as a member of the Hong Kong Institute of Certified Public Accountants in January 2012. He has been registered as a Certified Public Accountant (Practising) in Hong Kong since January 2018.

During the three years immediately preceding the Latest Practicable Date, Mr. Wong has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Ms. YEO Chew Yen Mary

Ms. Yeo, aged 61, was appointed as our Independent Non-Executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee on 31 March 2020. Ms. Yeo is primarily responsible for supervising the management of our Group independently.

Ms. Yeo has over 32 years of experience in the legal profession. She started her career in Lim Kean Siew & Co., Advocates and Solicitors, Penang from May 1984 to mid-1989 as a lawyer. She then worked at Cheong Wai Meng & Van Buerle, Advocates and Solicitors as a partner from March 1991 to February 2014, and was a consultant solicitor at the same firm from March 2014 to February 2018. Ms. Yeo is currently a partner at S.K. Goh, Chan & Co., Advocates & Solicitors.

Ms. Yeo obtained a bachelor of laws degree from University of Canterbury, New Zealand in May 1982. She was admitted to the High Court of New Zealand in January 1983, the High Court of Borneo in April 1984, and the High Court of Malaya in May 1984. She has been commissioned as a notary public since June 2007.

Ms. Yeo was a director of the following company when it was dissolved other than by member's voluntary winding-up with details as follows:

Company	Place of incorporation	Principal business activity immediately before dissolution	Date of dissolution	Means of dissolution
Vintage Green Sdn. Bhd.	Malaysia	Investment holding	7 December 2006	Struck off *(Note 1)*

Note:

1. Ms. Yeo confirmed that the reason for dissolution of the company was that it had ceased to carry on business or operation prior to its dissolution, that she has not been involved in any dispute with the company's creditors, shareholders and directors in respect of the dissolution, that the company has been deregistered or dissolved with no outstanding liability or claim in relation thereto, that the dissolution of the company had not resulted in any liability or obligation being imposed against her, that her involvement in the company was in relation to her appointment as director of such entity and that no misconduct or misfeasance on her part had been involved in the dissolution.

During the three years immediately preceding the Latest Practicable Date, Ms. Yeo has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

SENIOR MANAGEMENT

The following table sets forth the information regarding the senior management of our Company:

Name	Age	Date of joining our Group	Present position	Date of appointment to position	Roles and responsibilities	Relationship with the other Directors
Ms. NG Seow Too	62	16 September 2000	Senior finance manager	17 October 2016	Responsible for overseeing our Group's accounting and taxation matters	Nil
Mr. CHEW Haw Gi	40	1 July 2015	Senior project manager	1 July 2015	Responsible for overseeing our Group's civil engineering, construction, and structural projects	Nil
Ms. CHIEW Cheng Yee	37	3 March 2014	Project general manager	1 February 2018	Responsible for overseeing our Group's construction projects	Nil

Ms. NG Seow Too

Ms. Ng, aged 62, has been our senior finance manager since October 2016. She is primarily responsible for overseeing our Group's accounting and taxation matters.

Ms. Ng has over 18 years of experience in the accounting field. Ms. Ng served as an accounts executive at Rimbaco from September 2000 to August 2007. In September 2007, Ms. Ng was promoted as an assistant manager of Rimbaco. In October 2016, she was promoted as a senior finance manager of Rimbaco, where she is responsible for overseeing the finance, accounting, administration, human resource and the purchasing department of Rimbaco.

Ms. Ng pursued her business studies in accountancy in Tunku Abdul Rahman College in Kuala Lumpur, Malaysia from 1978 to 1979.

During the three years immediately preceding the Latest Practicable Date, Ms. Ng has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. CHEW Haw Gi

Mr. Chew, aged 40, has been our senior project manager since July 2015. He is primarily responsible for overseeing our Group's civil engineering, construction, and structural projects, where he manages the workflow of all the projects, conducts cost and quality control, and manages activities performed in the projects.

Mr. Chew has over 15 years of experience in the construction industry. Prior to joining our Group, Mr. Chew was a senior project manager at Thak Soon Sdn. Bhd. from October 2006 to June 2015.

Mr. Chew obtained a bachelor of engineering (civil engineering) degree from University of Science, Malaysia in August 2004.

During the three years immediately preceding the Latest Practicable Date, Mr. Chew has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Ms. CHIEW Cheng Yee

Ms. Chiew, aged 37, was first employed as a quantity surveyor at Rimbaco from March 2014, and she has been our project general manager since February 2018. She is responsible for overseeing our Group's construction projects, which includes managing the time of the projects, estimating budgets of the projects, reviewing customers' feedbacks, and developing strategies to improve overall productivity of our Group.

Ms. Chiew has over 12 years of experience in the construction industry. Prior to joining our Group, Ms. Chiew was a quantity surveyor at Megabuilders & Development Pte Ltd. from 2006 to 2007. Ms. Chiew was a project manager at Built Force Construction Pte Ltd. from 2008 to 2014.

Ms. Chiew obtained a diploma in technology (building) from Tunku Abdul Rahman College, Malaysia in May 2003.

During the three years immediately preceding the Latest Practicable Date, Ms. Chiew has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

COMPANY SECRETARY

Ms. LAM Yuen Ling Eva (林婉玲)

Ms. Lam, aged 53, was appointed as our company secretary on 6 September 2019. She is responsible for our Group's company secretarial duties and corporate governance matters in relation to the Company.

Ms. Lam has over 26 years of experience in the corporate services industry. Ms. Lam has been a director of BMI Listed Corporate Services Limited since September 2014, where she is responsible for supervising the company secretarial teams to provide a full range of listed and private company secretarial services. Prior to her current position, Ms. Lam was a senior secretarial assistant at Ho and Ho & Company from April 1993 to May 2005, a senior secretarial assistant at Premier Corporate Services Limited from May 2005 to August 2005. From September 2005 to August 2014, Ms. Lam worked at Norcola Company Limited where her last position was director.

Ms. Lam is currently the company secretary of several companies the shares of which are listed on the Stock Exchange, including, GR Properties Limited (Stock Code: 108), Grand Field Group Holdings Limited (Stock Code: 115), Shenji Group Kunming Machine Tool Company Limited (Stock Code: 300), Shenzhen Expressway Company Limited (Stock Code: 548), China Suntien Green Energy Corporation Limited (Stock Code: 956), Greatwalle Inc. (Stock Code: 8315), and Somerley Capital Holdings Limited (Stock Code: 8439).

Ms. Lam obtained a Higher Certificate in Company Secretaryship and Administration from The Hong Kong Polytechnic University in November 1993 and obtained a Master of Science in Corporate Governance and Directorship from the Hong Kong Baptist University in November 2015. Ms. Lam has been a fellow of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries since September 2014. Ms. Lam was awarded the Chartered Governance Professional Qualification of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries in September 2018.

COMPLIANCE ADVISER

We have appointed Titan Financial Services Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. During the term of the compliance adviser agreement, the compliance adviser will advise us on the following circumstances:

(i) the publication of any announcements, circulars or financial reports under any applicable laws, rules, codes and guidelines;

(ii) where a transaction, which might be discloseable or being a notifiable or connected transaction under Chapters 13, 14 and/or 14A of the Listing Rules, is contemplated including share issues and share repurchases;

(iii) where we propose to use the proceeds of the Listing in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and

(iv) where the Hong Kong Stock Exchange makes an inquiry of us in respect of unusual price movement and trading volume or other issues under Rule 13.10 of the Listing Rules.

The term of this appointment will commence on the Listing Date and end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of the financial results of the first full financial year commencing after the Listing Date and such appointment shall be subject to extension by mutual agreement.

BOARD COMMITTEES

We have established the following committees in our Board of Directors: an Audit Committee, a Remuneration Committee and a Nomination Committee. The committees operate in accordance with terms of reference established by our Board of Directors.

Audit committee

We established an Audit Committee on 31 March 2020 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 and paragraph D3 of the Code as set forth in Appendix 14 to the Listing Rules. The Audit Committee is chaired by Mr. Wong Chi Wai, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules and have two other members, namely Mr. Ng Kok Seng and Ms. Yeo Chew Yen Mary. The primary duties of our Audit Committee include, but are not limited to, the following: (i) assisting our Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group; (ii) overseeing the audit process and performing other duties and responsibilities as assigned by our Board; (iii) developing and reviewing our policies and practices on corporate governance; (iv) making recommendations to our Board; and (v) ensuring that good corporate governance practices and procedures are established.

Remuneration committee

We established a Remuneration Committee on 31 March 2020 with written terms of reference in compliance with paragraph B1 of the Code as set forth in Appendix 14 to the Listing Rules. The Remuneration Committee is chaired by Ms. Yeo Chew Yen Mary, and have two other members, namely Ms. Seah Peet Hwah and Mr. Wong Chi Wai. The primary duties of our Remuneration Committee include, but are not limited to, the following: (i) making recommendations to our Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Board from time to time.

Nomination committee

We established a Nomination Committee on 31 March 2020 with written terms of reference in compliance with paragraph A5 of the Code as set forth in Appendix 14 to the Listing Rules. The Nomination Committee is chaired by Mr. Low Seah Sun, and have two other members, namely Mr. Ng Kok Seng and Mr. Wong Chi Wai. The primary duties of our Nomination Committee include, but are not limited to, the following: (i) reviewing the structure, size and composition of the Board; (ii) assessing the independence of Independent Non-Executive Directors; (iii) making recommendations to our Board on matters relating to the appointment of Director; and (iv) reviewing our board diversity policy.

COMPENSATION OF THE DIRECTORS, SENIOR MANAGEMENT AND STAFF

Our Directors and senior management receive compensation in the form of salaries, and other benefits-in-kind, including our contribution to employees' provident fund. Our Remuneration Committee determines the salaries of our Directors based on each Director's qualification, position and seniority.

The aggregate amount of remuneration (including salaries, directors' fees, other benefits and contributions to employees' provident scheme) accrued to our five Executive Directors for the years ended 31 October 2017, 2018 and 2019 were approximately RM2.06 million, RM1.66 million and RM1.84 million, respectively.

The aggregate amount of remuneration (including salaries, directors' fees, other benefits and contributions to employees' provident scheme) paid to the five highest paid individuals of our Group for the financial years ended 31 October 2017, 2018 and 2019 including our Directors were approximately RM2.4 million, RM1.78 million and RM1.98 million, respectively.

It is estimated that an aggregate amount of remuneration equivalent to approximately RM1.60 million will be paid and granted to our Directors by us for the year ending 31 October 2020 under arrangements in force on the date of this prospectus.

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or receivable by, our Directors during the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

To incentivise our Directors, senior management and employees, we have conditionally adopted the Share Option Scheme on 31 March 2020. Please refer to the paragraph headed "Statutory and General Information – F. Share Option Scheme" in Appendix V to this prospectus for further details.

Our policy concerning the remuneration of our Directors is that the amount of remuneration is determined on the basis of the relevant Director's experience, responsibility, performance and the time devoted to our business. Except as disclosed in this prospectus, no Director has been paid in cash or shares or otherwise by any person either to induce him to become, or to qualify him as a Director, or otherwise for service rendered by him in connection with the promotion or formation of us.

For additional information on the Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to Note 11 in the Accountant's Report set out in Appendix I.

BOARD DIVERSITY POLICY

To enhance the effectiveness of our Board and to maintain high standard of corporate governance, we have adopted a board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. The board diversity policy sets out the criteria in selecting candidates to our Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

We are also committed to adopting a similar approach to promote diversity of the management (including but not limited to the senior management) of the Company to enhance the effectiveness of corporate governance of the Company as a whole.

Our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of construction, engineering, legal, assurance, auditing and accounting. We have three Independent Non-executive Directors with different industry backgrounds, representing one-third of the members of our Board. Furthermore, our Directors range from 36 years old to 70 years old, while our Board consists of six males and two females. We will continue to apply the principle of appointments based on merits with reference to our diversity policy as a whole.

Our Nomination Committee is responsible for ensuring the diversity of our Board members and compliance with relevant codes governing board diversity under the Corporate Governance Code. Our Nomination Committee will review the board diversity policy and our diversity profile (including gender balance) from time to time to ensure its continued effectiveness. Our Nomination Committee will discuss any revision that may be required and recommend any such revisions to the Board. We will also disclose in our corporate governance report on the Board's composition under diversified perspectives on an annual basis.

DIRECTOR'S INTEREST

Except as disclosed in this prospectus, each of our Directors (i) did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management, substantial shareholders or the Controlling Shareholders of our Company as at the Latest Practicable Date; and (iii) did not hold any other directorships in listed public companies in Hong Kong or overseas during the three years prior to the date of this prospectus.

Please refer to the paragraph headed "Statutory and General Information – D. Further Information About Our Directors, Chief Executive and Substantial Shareholders" in Appendix V to this prospectus for details of our Directors' respective interests or short positions (if any) in our Shares, particulars of our Directors' service agreements and our Directors' remuneration.

Except as disclosed in this prospectus, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as at the Latest Practicable Date.

None of our Directors and their respective close associates are interested in any business which competes or is likely to compete with that of our Group.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware as at the Latest Practicable Date, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), the following persons and entities will have interests or short positions in our Shares and underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings:

Long Position

Name	**Capacity/Nature of Interest**	**Number of Shares** *(Note 1)*	**Approximate percentage of shareholding interest of our Group**
RBC Venture	Beneficial owner *(Note 2)*	945,000,000 (L)	75%
Mr. Low	Interest in a controlled corporation *(Note 3)*	945,000,000 (L)	75%
Ms. Lai Swee Yin	Interest of spouse *(Note 4)*	945,000,000 (L)	75%

Notes:

1. The Letter (L) denotes the person's long position in the Shares

2. RBC Venture is an investment holding company incorporated in the BVI and is owned as to 40%, 30%, 20% and 10% by Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau, respectively.

3. Mr. Low beneficially owns 40% of the issued shares of RBC Venture, which in turn holds 75% of the Shares. Therefore, Mr. Low is deemed to be, or taken to be, interested in the Shares held by RBC Venture for the purposes of the SFO. Mr. Low is a director of RBC Venture.

4. Ms. Lai Swee Yin is the spouse of Mr. Low. Therefore, Ms. Lai Swee Yin is deemed to be, or taken to be, interested in the Shares which Mr. Low is interested in for the purposes of the SFO.

Save as disclosed above, our Directors are not aware of any other persons who will, immediately following completion of the Capitalisation Issue and the Share Offer (without taking account any Shares which may be issued pursuant to the exercise of the Over-allotment

Option or any options which may be granted under the Share Option Scheme), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Group and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 5% or more of the issued voting shares of any other members of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Group.

SHARE CAPITAL

Without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, the share structure of our Company immediately following the Capitalisation Issue and the Share Offer will be as follows:

Maximum authorised shares		
10,000,000,000	Shares of par value HK$0.01 each	HK$100,000,000
Shares in issue or to be issued, fully paid or credited as fully paid:		
1,000	Shares in issue as at the date of this prospectus	HK$10
944,999,000	Shares to be issued under the Capitalisation Issue	HK$9,449,990
315,000,000	Shares to be issued under the Share Offer	HK$3,150,000
Total		
1,260,000,000		HK$12,600,000

ASSUMPTIONS

The above tables assume the Listing has become unconditional and the issue of Shares pursuant thereto is made as described herein. It does not take into account (i) any Shares which may be issued upon the exercise of the Over-allotment Option; (ii) any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme; or (iii) any Shares which may be issued or repurchased by our Company under the issuing mandate (the "**Issuing Mandate**") and the repurchase mandate (the "**Repurchase Mandate**") as referred to below.

RANKING

The Shares are ordinary Shares in the share capital of our Company and are identical in all respects with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid after the date of this prospectus, save for entitlements to the Capitalisation Issue.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1) of the Listing Rules, at the time of Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of 25% of our issued share capital in the hands of the public (as defined in the Listing Rules).

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme. Please refer to the paragraph headed "Appendix V – Statutory and General Information – F. Share Option Scheme" in this prospectus for details of the principal terms of the Share Option Scheme.

ISSUING MANDATE

Subject to the Share Offer becoming unconditional, our Directors have been granted an Issuing Mandate to allot, issue and deal with Shares with an aggregate nominal value of not more than the sum of:

(1) 20% of the aggregate nominal value of the share capital of our Company in issue immediately upon completion of the Capitalisation Issue and the Share Offer (not including any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), and

(2) the aggregate nominal value of the share capital of our Company repurchased by our Company, if any, under the Repurchase Mandate referred to below.

The aggregate nominal value of the Shares which our Company authorised our Directors to allot and issue under this Issuing Mandate will not be reduced by the allotment and issue of Shares pursuant to (i) a rights issue; (ii) any scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with our Articles; (iii) any specific authority granted by our Shareholders in general meeting(s); or (iv) the exercise of any option which may be granted under the Share Option Scheme or any arrangement which may be regulated under Chapter 17 of the Listing Rules.

The Issuing Mandate will expire at the earliest of:

(1) the conclusion of our Company's next annual general meeting;

(2) the expiration of the period within which our Company is required by the applicable Cayman Islands laws or our Articles to hold our next annual general meeting; or

(3) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

Please refer to the paragraph headed "Statutory and General Information – A. Further Information about our Group and our Subsidiaries – 5. Resolutions in writing of our Shareholders dated 31 March 2020" in Appendix V to this prospectus for further details.

REPURCHASE MANDATE

Subject to the Share Offer becoming unconditional, our Directors have been granted a Repurchase Mandate to exercise all powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal amount of the share capital of our Company in issue immediately upon completion of the Capitalisation Issue and the Share Offer.

This Repurchase Mandate only relates to repurchases made on the Stock Exchange or any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose) and which are made in accordance with all applicable laws and requirements of the Listing Rules. Further information required by the Stock Exchange to be included in this prospectus regarding the repurchase of Shares by our Company is set out in the section headed "Appendix V – Statutory and General Information – B. Repurchase of our Shares".

The Repurchase Mandate will expire at the earliest of:

(1) the conclusion of our Company's next annual general meeting;

(2) the expiration of the period within which our Company is required by the applicable Cayman Islands laws or our Articles to hold our next annual general meeting; or

(3) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

Please refer to the paragraph headed "Statutory and General Information – A. Further Information about our Group and our Subsidiaries – 5. Resolutions in writing of our Shareholders dated 31 March 2020" in Appendix V to this prospectus for further details.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS AND CLASS MEETINGS ARE REQUIRED

Pursuant to the Companies Law and the terms of our Articles, our Company may from time to time by ordinary resolution of our Shareholders (1) increase our capital, (2) consolidate and divide our capital into Shares of larger amount, (3) divide our Shares into several classes, (4) subdivide our Shares into Shares of smaller amount, and (5) cancel any Shares which have not been taken. In addition, our Company may, subject to the provision of the Companies Law, reduce our share capital or capital redemption reserve by our Shareholders passing a special resolution. Please refer to the paragraph headed "Summary of the Constitution of our Company and Cayman Islands Company Law – 2. Articles of Association – (a) Shares – (iii) Alternation of Capital" in Appendix IV to this prospectus for further details.

Pursuant to the Companies Law and the terms of our Articles, all or any of the special rights attached to our Shares or class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal of issued Shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the Shares of that class. Please refer to the paragraph headed "Summary of the Constitution of our Company and Cayman Islands Company Law – 2. Articles of Association – (a) Shares – (ii) Variation of rights of existing shares or classes of shares" in Appendix IV to this prospectus for further details.

Other than the circumstances above, certain corporate actions may require the approval of our Shareholders, which would be obtained in a general meeting. For details, please refer to the paragraph headed "Summary of the Constitution of our Company and Cayman Islands Company Law" in Appendix IV to this prospectus.

The following discussion and analysis should be read in conjunction with the audited consolidated financial information of our Group for the Track Record Period, together with the related notes thereto included in the Accountants' Report set out in Appendix I to this prospectus. Our consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board ("IASB"). For further information, see Accountants' Report set out in Appendix I to this prospectus. Any discrepancies in any table or elsewhere in this prospectus between totals and sums of amounts listed herein are due to rounding.

The following discussion and analysis contains forward-looking statements that reflect the current views with respect to future events and financial performance. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in the prospectus, particularly in the section headed "Risk Factors" in this prospectus.

OVERVIEW

Founded in 1985, we have been a Malaysia-based building construction contractor focusing on the provision of building construction services for (i) factories, including low-rise processing facilities and manufacturing plants; and (ii) institutional, commercial and/or residential buildings such as private hospitals, hotels, shopping malls, high-rise residential buildings and commercial/residential complex. We also undertake small-scale ancillary construction works, including but not limited to renovation works, repair works and electrical works. During the Track Record Period and up to the Latest Practicable Date, we participated in 21 building construction projects, of which 13 were factory projects and eight were institutional, commercial and/or residential projects with an aggregate original contract sum of approximately RM1,655.0 million. As at the Latest Practicable Date, we had six building construction projects in progress with an aggregate original contract sum of approximately RM979.0 million. Some of the remarkable construction projects we had completed over the years or that are on-going as of the Latest Practicable Date include the Crimson Omega Project with an original contract sum of approximately RM518.0 million, the GRB Project with an original contract sum of approximately RM249.9 million, Project A with an original contract sum of approximately RM212.0 million and the Eco Medi Projects with an aggregate original contract sum of approximately RM110.5 million. For details of our business and operations, please refer to the section headed "Business" in this prospectus.

For FY2017, FY2018 and FY2019, our Group recorded revenue of approximately RM347.3 million, RM156.8 million and RM262.5 million respectively, with profit and other comprehensive income of approximately RM30.1 million, RM17.4 million and RM12.2 million respectively.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 28 February 2019. Through the Reorganisation as further explained in the paragraph headed "History, Development and Reorganisation – Reorganisation" in this prospectus, on 17 June 2019 our Company became the holding company of the companies now comprising our Group and the Controlling Shareholders are the ultimate controlling shareholders through their investment holding company, namely RBC Venture. Our Company and its subsidiaries have been under the common control of the Controlling Shareholders throughout the Track Record Period. Our Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the historical financial information of our Group for the Track Record Period have been prepared using the principles of merger accounting on the basis as if our Company had always been the holding company of our Group.

The consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statements of cash flows for the Track Record Period include the results, changes in equity and cash flows of the companies now comprising our Group for the Track Record Period, as if our Company had always been the holding company of our Group and the current group structure had been in existence throughout the Track Record Period.

The consolidated statements of financial position as at 31 October 2017 and 2018 have been prepared to present the assets and liabilities of the companies now comprising our Group as if the current group structure had been in existence at those dates taking into account the respective dates of incorporation, where applicable.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our financial condition and results of operations have been, and will continue to be, affected by a number of factors, including those set out below and in the section headed "Risk Factors" in this prospectus.

Our success rate on project tenders

During the Track Record Period, we secured new business generally through submitting tender. Our tender success rates were approximately 33%, 33% and 17% respectively for FY2017, FY2018 and FY2019. Our tender success rate are mainly affected by our tendering strategy, which was formulated with reference to the size of the project, the number and outstanding value of our on-going building construction projects, our resources and manpower availability and the market condition. The tender success rate will affect our financial performance and position.

Number and availability of projects

Our results are affected by the number and availability of projects in Malaysia, which in turn are affected by a number of factors, including but not limited to the general economic conditions in Malaysia, changes in existing laws, regulations and the government policies related to the Malaysian building construction industry, and the amount of investment to be devoted in the construction and improvement of infrastructure. These potential changes may enhance or lower the demand for our services.

There is no guarantee that the number of building construction projects will not decrease in the future. In the event that the demand of construction services decreases as reflected by the reduction in the number of construction projects in Malaysia, our profitability and financial performance may be adversely and materially affected. In addition, given that our projects are non-recurrent in nature, there is no guarantee that our existing customers will award us with new projects or that we will secure new customers.

Performance and availability of our subcontractors

We would delegate most of the construction works to our subcontractors. The subcontracting agreement may expose us to risks associated with non-performance, late performance or substandard performance by our subcontractors, which may have impact on our profitability, financial performance, operational cash flow and reputation, and may lead to potential litigation or damage claims. In addition, as we do not sign any long term contracts with our subcontractors, there is no assurance that our Group will always be able to secure suitable subcontractors when required, or be able to negotiate acceptable prices and terms of service with subcontractors. In such event, our operations and financial position may be adversely affected.

Accuracy in estimation of time and cost involved in projects

When we prepare our tender or quotation for a potential project, we will estimate the gross profit margin in terms of monetary value and percentage. We generally set our tender and/or quotation price on a project-by-project basis based on the estimated costs to be incurred plus a mark-up percentage.

Our tender or quotation price depends on various factors, including but not limited to project's scale, complexity and specifications. At the tender or quotation assessment stage, our tendering team would estimate the costs of undertaking a project by reference to various factors including but not limited to (i) the estimated number, types and costs of manpower, materials and machines required; (ii) the difficulties of the works involved; (iii) the expected completion time; (iv) historical fee we received for similar projects; and (v) the prevailing market conditions.

If the actual progress of a building construction project was slower than anticipated, or if there is any delay or extension in the project schedule of our customers, we may have to engage subcontractors and/or lease the required machinery for an extended period, hence incurring higher subcontracting costs or machinery rental costs than estimated. In addition, the actual amount of work and costs involved in completing a building construction project may also be adversely affected by various factors including adverse weather conditions, malfunction of machinery and equipment, industrial accidents, unforeseen site conditions such as space constraint hindering use of certain machinery and other unforeseen circumstances.

Any material inaccurate estimation in time and costs involved in a project may give rise to delays in completion of works and/or cost overruns, which in turn may materially and adversely affect our financial condition, profitability and liquidity.

Fluctuation in cost of services

Our cost of services include material costs, subcontracting costs, labour costs, rental of machinery and equipment and other project costs. Please refer to the sections headed "Business – Suppliers" and "Business – Subcontractors" in this prospectus for further details on our suppliers and subcontractors. Our ability to control and manage our cost of services will enhance our profitability.

To better estimate the costs of undertaking a project, at the tender/quotation assessment stage, our tendering team would estimate the costs by reference to various factors such as (i) the estimated number, types and costs of manpower, materials and machines required; (ii) the difficulties of the works involved; (iii) the expected completion time; (iv) historical fees we received for similar building construction projects; and (v) the prevailing market conditions. Supporting quotations from our suppliers and subcontractors will also be obtained for forming our cost estimations.

In addition, to avoid delay in projects that may result in additional costs, our project team conducts daily on-site monitoring and supervision on the work performance of the subcontractors and their workers, and assesses the performance of our subcontractors from time to time to ensure the work quality and project progress.

Notwithstanding the above, any material fluctuation in our cost of services may adversely impact our financial performance. Please refer to the paragraph headed "Cost of services" in this section below for sensitivity analysis illustrating the impact of hypothetical fluctuations in our material costs and subcontracting costs on our profit before tax during the Track Record Period.

Timing of collection of our retention monies and trade receivables

Customers are generally entitled to hold retention monies from the progress payments. Our customers generally retain 10% of each progress payment while the aggregate amount of the retention monies is subject to a cap of 5% of the original contract sum. Upon issuance of the CPC, half of the retention monies will be released to us, while the remaining amount will be released upon the expiry of the defect liability period. Our liaison with our customers on the rectification of any defects associated with our contract works and any potential disputes with our customer that may arise will affect the timing and amount of the release of the retention monies. There can be no assurance that such retention monies will be released by our customers to us on a timely basis and in full upon the expiry of the defect liability period. In addition, we generally grant a 14 to 60 days credit period to our customers.

As at 31 October 2019, our retention monies and trade receivables amounted to approximately RM43.9 million and RM72.9 million respectively. Should we fail in recovering payments from our customers to us on time and in full, our liquidity and financial position would be adversely and materially impacted.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The financial information of our Group has been prepared in accordance with accounting policies which conform with IFRSs issued by IASB. The significant accounting policies adopted by our Group are set forth in detail in note 4 to the Accountants' Report set out in Appendix I to this prospectus.

Some of the accounting policies involve judgments, estimates and assumptions made by our management. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Further information regarding the key judgments made in applying our accounting policies are set forth in note 5 to the Accountants' Report set out in Appendix I to this prospectus.

Our Group has consistently adopted the accounting policies which conform with IFRSs, International Accounting Standards ("**IASs**"), amendments and interpretations issued by the IASB, which are effective for the accounting periods beginning on 1 November 2018, including IFRS 15 *Revenue from Contract with Customer* consistently throughout the Track Record Period except that (i) our Group adopted IFRS 9 *Financial Instruments* on 1 November 2018 and IAS 39 *Financial Instruments: Recognition and Measurement* for and up to 31 October 2018, and (ii) early adopted IFRS 16 *Leases* throughout the Track Record Period. The adoption of IFRS 15 does not have significant impact on our financial position and performance compared to the application of IAS 18 Revenue. We have applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applying the classification and measurement requirements (including impairment under expected credit loss model) retrospectively to instruments that have not been derecognised as at 1 November 2018 (date of initial application) and not applying the requirements to instruments that have already been derecognised as at 1 November 2018. Our management has assessed the effects of adoption of IFRS 9 on the historical financial information on 1 November 2018. The adoption of IFRS 9 does not have significant impact on our financial position and performance. The adoption of IFRS 16 requires our Group to recognise a right-of-use asset and a corresponding liabilities in respect of all leases, as a result, our Group's consolidated assets and liabilities increased as compared to the requirements of IAS 17 Leases but there are no significant impact on our Group's consolidated net asset value, financial performance and key ratios. For details of the effect to our Group by other new and amendments to IFRSs, IASs and new interpretations, please refer to note 3 to the Accountants' Report set out in Appendix I to this prospectus.

RESULTS OF OPERATIONS

The following table sets forth a summary of financial information for FY2017, FY2018 and FY2019 regarding our consolidated results of operations as extracted from, and should be read in conjunction with, the Accountants' Report set out in Appendix I to this prospectus.

	FY2017	**FY2018**	**FY2019**
	RM'000	*RM'000*	*RM'000*
Revenue	347,304	156,846	262,474
Cost of services	(305,863)	(130,555)	(230,026)
Gross profit	41,441	26,291	32,448
Other income, gain and loss	1,797	2,118	891
Share of results of an associate	10	60	97
Administrative and other expenses	(5,171)	(5,407)	(13,652)
Finance costs	(101)	(59)	(1,039)
Profit before tax	37,976	23,003	18,745
Income tax expense	(7,883)	(5,593)	(6,528)
Profit and total comprehensive income for the year	30,093	17,410	12,217
Profit (loss) and total comprehensive income (expense) for the year attributable to:			
Owners of the Company	30,132	17,410	12,217
Non-controlling interests	(39)	–*	–
	30,093	17,410	12,217

* Less than RM1,000

DISCUSSION OF SELECTED COMPONENTS OF OUR RESULTS OF OPERATION

Revenue

During the Track Record Period, our revenue was principally generated from building construction services. Given that (i) our services are provided on a non-recurring project-by-project basis; and (ii) our revenue are recognised using the input method, our revenue fluctuated during the Track Record Period subject to various factors, including the size, nature, complexity and progress of the projects we undertook for the relevant period. The following table sets out a breakdown of our Group's revenue by project type during the Track Record Period:

	FY2017		**FY2018**		**FY2019**	
	RM'000	*%*	*RM'000*	*%*	*RM'000*	*%*
Factory projects[1]	318,593	91.7	65,096	41.5	101,192	38.6
Institutional, commercial and/or residential projects[2]	26,968	7.8	86,619	55.2	158,771	60.5
Others[3]	1,743	0.5	5,131	3.3	2,511	0.9
Total	347,304	100.0	156,846	100.0	262,474	100.0

Notes:

(1) Factory projects refer to projects that provide building works for factories including low-rise processing facilities and manufacturing plants, each with a contract sum (after taking into account of adjustment(s) and variation order(s)) of RM1.5 million or more.

(2) Institutional, commercial and/or residential projects refer to projects that provide building works for institutional, commercial and/or residential buildings, such as private hospitals, hotels, shopping malls, high-rise residential buildings and commercial/residential complex, each with a contract sum (after taking into account of adjustment(s) and variation order(s)) of RM1.5 million or more.

(3) Others refer to small-scale ancillary construction works, including but not limited to renovation works, repair works and electrical works, each with a contract sum (after taking into account of adjustment(s) and variation order(s)) of not more than RM1.5 million.

During the Track Record Period and up to the Latest Practicable Date, we had completed 15 building construction projects. As at the Latest Practicable Date, we have a total of six on-going building construction projects. Please refer to the section headed "Business – Our Projects" in this prospectus for details of these completed and on-going projects.

We are mainly engaged as a main contractor for our building construction services. The following table sets out a breakdown of our Group's revenue by our role as a main contractor or a subcontractor during the Track Record Period:

	FY2017			FY2018			FY2019		
	No. of projects	Revenue	% of total revenue	No. of projects	Revenue	% of total revenue	No. of projects	Revenue	% of total revenue
		(RM'000)	*(%)*		*(RM'000)*	*(%)*		*(RM'000)*	*(%)*
Factory projects:									
Main contractor	4	255,086	73.4	5	52,609	33.5	4	101,192	38.6
Subcontractor	2	63,507	18.3	3	12,487	8.0	–	–	–
Institutional, commercial and/or residential projects:									
Main contractor	2	11,221	3.2	3	56,783	36.2	4	111,550	42.5
Subcontractor	2	15,747	4.6	3	29,836	19.0	2	47,221	18.0
Others	–	1,743	0.5	–	5,131	3.3	–	2,511	0.9
Total	10	347,304	100.0	14	156,846	100.0	10	262,474	100.0

Cost of services

Cost of services includes costs that are related directly to our projects, which amounted to approximately RM305.9 million, RM130.6 million and RM230.0 million for FY2017, FY2018 and FY2019 respectively. The table below sets forth a breakdown of our cost of services by nature and percentage contribution to the total cost of services during the Track Record Period:

	FY2017		FY2018		FY2019	
	RM'000	*%*	*RM'000*	*%*	*RM'000*	*%*
Material costs	38,306	12.5	52,978	40.6	62,864	27.3
Subcontracting costs	229,513	75.0	42,462	32.5	126,861	55.2
Labour costs	14,188	4.6	10,181	7.8	12,999	5.7
Rental of machinery and equipment	7,034	2.3	4,971	3.8	7,453	3.2
Other project costs	16,822	5.6	19,963	15.3	19,849	8.6
Total	305,863	100.0	130,555	100.0	230,026	100.0

Our cost of services mainly consists of the following:

(i) Material costs represent the costs of materials we purchase from our suppliers.

A further breakdown of material costs during the Track Record Period is indicated in the table below:

	FY2017		FY2018		FY2019	
	RM'000	*%*	*RM'000*	*%*	*RM'000*	*%*
Steel bar and reinforced steel wire mesh	15,167	39.6	27,929	52.7	29,877	47.5
Concrete and cement	13,262	34.6	12,677	23.9	17,450	27.8
Piles	3,769	9.8	5,458	10.3	8,976	14.3
Plywood, planks and timber	1,197	3.1	1,761	3.3	2,804	4.5
System formwork	429	1.1	3,295	6.2	837	1.3
Brick and tiles	2,696	7.0	275	0.5	1,272	2.0
Others	1,786	4.8	1,583	3.1	1,648	2.6
Total	38,306	100.0	52,978	100.0	62,864	100.0

(ii) Subcontracting costs represent our fees paid and payable to our subcontractors, as we generally divide the entire construction works to be performed into different categories and engage suitable subcontractors whenever necessary to perform each part of the construction works. Please refer to the paragraph headed "Business – Subcontractors" in this prospectus for further details on our subcontractors.

(iii) Labour costs represent the costs related to our direct labour involved in the respective projects.

(iv) Rental of machinery and equipment represent the rental cost related to machinery and equipment rented by us.

(v) Other project costs represent depreciation cost of machinery and other unallocated costs that are not related to a specific project.

The majority of our cost of services are contributed by material costs and subcontracting costs. The amount of these two components may vary from project to project, depending on the materials required for the relevant project and the volume of work subcontracted to subcontractors.

Sensitivity analysis

During the Track Record Period, the majority of our cost of services were our material costs and subcontracting costs. The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our material costs and subcontracting costs respectively on our profit before tax during the Track Record Period. The hypothetical fluctuation rates are set at 0.3% to

16.6% for material costs and 1.6% and 3.7% for subcontracting costs, which correspond to the approximate minimum and maximum year-to-year percentage changes in the prices of the major building materials in Malaysia and the average daily wages of construction workers from 2014 to 2018 respectively with reference to the Industry Report.

Hypothetical fluctuations of our material costs

	FY2017	**FY2018**	**FY2019**
	RM'000	*RM'000*	*RM'000*
If our material costs had been 0.3% higher or lower			
Decrease/increase in profit before taxation	115	159	189
Percentage decrease/increase in profit before taxation	0.3%	0.7%	1.0%
If our material costs had been 16.6% higher or lower			
Decrease/increase in profit before taxation	6,359	8,794	10,435
Percentage decrease/increase in profit before taxation	16.7%	38.2%	55.7%

Hypothetical fluctuations of our subcontracting costs

	FY2017	**FY2018**	**FY2019**
	RM'000	*RM'000*	*RM'000*
If our subcontracting costs had been 1.6% higher or lower			
Decrease/increase in profit before taxation	3,672	679	2,030
Percentage decrease/increase in profit before taxation	9.7%	3.0%	10.8%
If our subcontracting costs had been 3.7% higher or lower			
Decrease/increase in profit before taxation	8,492	1,571	4,694
Percentage decrease/increase in profit before taxation	22.4%	6.8%	25.0%

Gross profit and gross profit margin

For FY2017, FY2018 and FY2019, we recorded gross profit of approximately RM41.4 million, RM26.3 million and RM32.4 million, representing a gross profit margin of approximately 11.9%, 16.8% and 12.4% respectively. The following table sets forth our gross profit and gross profit margin during the Track Record Period:

	FY2017		FY2018		FY2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RM'000	*%*	*RM'000*	*%*	*RM'000*	*%*
Factory projects	47,924	15.0	15,427	23.7	15,906	15.7
Institutional, commercial and/or residential projects	(7,705)*(Note)*	(28.6)	8,011	9.2	14,781	9.3
Others	1,222	70.1	2,853	55.6	1,761	70.1
Total	41,441	11.9	26,291	16.8	32,448	12.4

Notes: Please refer to the paragraph headed "Period to Period Comparison of Results of Our Operation" in this section below for the analysis of the reasons for this gross loss.

In general, our factory projects had higher profit margin than our institutional, commercial and/or residential projects for FY2017, FY2018 and FY2019. It was mainly attributable to the fact that factory project owners usually require the main contractors to punctually complete the factory buildings to avoid any disruption on their production schedules. Therefore, the average liquidated and ascertained damages per contract sum for factory projects is higher than that for institutional, commercial and/or residential projects, such that our Group would be heavily penalised for any delay in completion of factory building. Given the stringent terms imposed by factory project owners, our Group normally charge our customers a higher margin on the factory projects, so as to maintain our profitability in the event of any perceived loss from high liquidated and ascertained damages.

Other income, gain and loss

During the Track Record Period, other income, gain and loss mainly included (i) bank interest income; (ii) rental income; (iii) gain/loss on disposal of property, plant and equipment; (iv) written off of property, plant and equipment; (v) gain on disposal of investment properties; (vi) loss on disposal of assets classified as held for sales; and (vii) gain on disposal of a subsidiary. The following table sets forth a breakdown of other income, gain and loss during the Track Record Period:

	FY2017		**FY2018**		**FY2019**	
	RM'000	*%*	*RM'000*	*%*	*RM'000*	*%*
Bank interest income	1,759	97.9	838	39.6	356	40.0
Rental income	85	4.7	116	5.5	172	19.3
(Loss) gain on disposal of property, plant and equipment	(47)	(2.6)	68	3.2	215	24.1
Written off of property, plant and equipment	–	–	–	–	(50)	(5.6)
Gain on disposal of investment properties	–	–	1,032	48.7	180	20.2
Loss on disposal of assets classified as held for sales	–	–	(4)	(0.2)	–	–
Gain on disposal of a subsidiary	–	–	58	2.7	–	–
Others	–	–	10	0.5	18	2.0
Total	1,797	100.0	2,118	100.0	891	100.0

Our other income, gain and loss represents approximately 0.5%, 1.4% and 0.3% of our revenue for FY2017, FY2018 and FY2019 respectively.

Share of results of an associate

Our share of results of an associate relates to our share of results from our associate, Mascolite, using the equity method. The principal business of Mascolite is the trading of building materials, including the sale of partition board, gypsum board and ceiling board. Mascolite is owned by Rimbaco as to 47.37% throughout the Track Record Period and as at the Latest Practicable Date. For FY2017, FY2018 and FY2019, our share of results of an associate was approximately RM10,000, RM60,000 and RM97,000 respectively.

Administrative and other expenses

The following table sets out a breakdown of our administrative and other expenses during the Track Record Period:

	FY2017		**FY2018**		**FY2019**	
	RM'000	*%*	*RM'000*	*%*	*RM'000*	*%*
Asset related expenses	687	13.3	800	14.8	873	6.4
Auditors' remuneration	68	1.3	49	0.9	79	0.6
Bank facilities expenses	53	1.0	143	2.6	25	0.2
Directors' remuneration	2,055	39.7	1,657	30.6	1,844	13.5
Entertainment	76	1.5	51	0.9	58	0.4
Gifts and donation	137	2.6	41	0.8	47	0.3
Insurance expenses	83	1.6	118	2.2	193	1.4
Listing expenses	–	–	–	–	8,662	63.4
Professional fees	60	1.2	364	6.7	129	0.9
Staff costs and foreign workers expenses	1,520	29.4	1,196	22.1	976	7.1
Travelling expenses	156	3.0	57	1.1	65	0.5
Utilities expenses	46	0.9	44	0.8	45	0.3
Miscellaneous fees	230	4.5	887	16.5	656	5.0
Total	5,171	100.0	5,407	100.0	13,652	100.0

Our administrative and other expenses mainly comprise:

(1) Asset related expenses, which mainly include depreciation and maintenance expenses related to assets;

(2) Auditors' remuneration, which mainly represents audit fee of our Group;

(3) Bank facilities expenses, which mainly represent bank charges and commissions related to bank acceptance and bank guarantee;

(4) Directors' remuneration, which represents salaries, bonuses and benefits provided to our Directors;

(5) Entertainment, which mainly represents costs in relation to relationship building with existing and potential customers;

(6) Gifts and donation, which mainly consist of gifts to our existing and potential customers and donation to charities;

(7) Insurance expenses, which mainly represent premiums for insurance policies maintained by our Group;

(8) Listing expenses, which represent expenses in relation to the Listing;

(9) Professional fees, which mainly include legal services fees, safety and health consultation fees;

(10) Staff costs and foreign workers expenses, which mainly include salaries and bonuses of our staff and levy and other expenses related to foreign workers;

(11) Travelling expenses, which mainly consist of travelling expenses related to business trips;

(12) Utilities expenses, which mainly consist of expenses related to utilities such as water and electricity; and

(13) Miscellaneous fees, which mainly include other administrative expenses such as stationery, telephone fee, food and refreshment and other general expenses.

For FY2017, FY2018 and FY2019, our administrative and other expenses represented approximately 1.5%, 3.4% and 5.2% of our revenue respectively.

Finance costs

During the Track Record Period, our finance costs included interest on bank borrowings and bank overdraft and interest on lease liabilities. For FY2017, FY2018 and FY2019, our finance cost was approximately RM101,000, RM59,000 and RM1,039,000 respectively.

Income tax expenses

Since our operation is based in Malaysia, our Group is subject to income tax in accordance with the tax regulations of Malaysia, at the rate of 25% for the year of assessment 2015 and 24% for the subsequent years of assessment on every Malaysian Ringgit of the chargeable income of the company. Pursuant to the Income Tax (Exemption) (No. 2) Order 2017, gazette on 10 April 2017, corporate income tax rate was reduced from 24% to the lowest of 20% based on the percentage of increase in chargeable income as compared to the immediate preceding year of assessment for the year of assessment 2017 and year of assessment 2018. Please refer to the paragraph headed "Regulatory Overview – Laws and Regulations in Malaysia – G. Taxation" in this prospectus for details.

Income tax expenses of our Group amounted to approximately RM7.9 million, RM5.6 million and RM6.5 million for FY2017, FY2018 and FY2019 respectively, corresponding to effective tax rates of approximately 20.8%, 24.3% and 34.8% respectively. Our effective tax rate was calculated based on income tax expense divided by profit before tax for the respective period. Please refer to the paragraph headed "Period to Period Comparison of Results of Our Operation" in this section below for the reasons for the fluctuations of our effective tax rate during the Track Record Period.

Net profit and net profit margin

Our Group's net profit was approximately RM30.1 million, RM17.4 million and RM12.2 million for FY2017, FY2018 and FY2019, respectively, which represented net profit margins of approximately 8.7%, 11.1% and 4.6%, respectively.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OUR OPERATION

FY2018 compared with FY2017

Revenue

Our revenue decreased from approximately RM347.3 million for FY2017 to approximately RM156.8 million for FY2018, which represented a decrease of approximately 54.9% or RM190.5 million. Such decrease in our revenue was mainly due to substantial decrease in revenue recognised from factory projects during FY2018 as two sizeable factory projects were completed in FY2017, and was partially offset by the increase in revenue recognised from institutional, commercial and/or residential projects during FY2018 as two sizeable commercial and/or residential projects commenced works during FY2018. The table below sets forth the breakdown of our revenue by project type for FY2017 and FY2018:

	FY2017		**FY2018**	
	Revenue	**% of total revenue**	**Revenue**	**% of total revenue**
	RM'000		*RM'000*	
Factory projects	318,593	91.7	65,096	41.5
Institutional, commercial and/or residential projects	26,968	7.8	86,619	55.2
Others	1,743	0.5	5,131	3.3
Total	347,304	100.0	156,846	100.0

Factory projects

Our revenue generated from factory projects represented approximately 91.7% and 41.5% of the total revenue for FY2017 and FY2018 respectively. The revenue from factory projects decreased by approximately RM253.5 million or 79.6% from approximately RM318.6 million for FY2017 to approximately RM65.1 million for FY2018. The substantial decrease in revenue derived from factory projects was mainly due to (i) the completion of two sizeable factory projects in FY2017, namely Project A and phase 1 of a series of factory projects engaged by T.T.E. Engineering (M) Sdn Bhd for the construction of semiconductor chips facilities in Kedah (the "**Project L – Phase 1**"). These two projects contributed an aggregate revenue of approximately RM259.1 million during FY2017; and (ii) the engagement of a sizable factory project with an original contract sum of approximately RM75.7 million, by Customer B for the construction of a factory ("**Project B**") which only commenced in October 2018. Such aforesaid project only generated revenue of approximately RM0.2 million to our Group during FY2018.

Institutional, commercial and/or residential projects

Our revenue generated from institutional, commercial and/or residential projects represented approximately 7.8% and 55.2% of the total revenue for FY2017 and FY2018 respectively. The revenue from the institutional, commercial and/or residential projects increased by approximately RM59.6 million or 220.7% from approximately RM27.0 million for FY2017 to approximately RM86.6 million for FY2018. The increase in revenue from institutional, commercial and/or residential projects was mainly due to the combined effect of (i) the increase in revenue of approximately RM70.7 million in aggregate from the Crimson Omega Project and the IP-KN Project, which were commenced in FY2018; and (ii) the decrease in revenue from the HLB Project, from approximately RM11.1 million in FY2017 to approximately RM0.3 million in FY2018.

Cost of services

The table below sets forth the breakdown of our cost of services by nature for FY2017 and FY2018:

	FY2017		**FY2018**	
	Cost of services	**% of total cost of services**	**Cost of services**	**% of total cost of services**
	RM'000	*%*	*RM'000*	*%*
Material costs	38,306	12.5	52,978	40.6
Subcontracting costs	229,513	75.0	42,462	32.5
Labour costs	14,188	4.6	10,181	7.8
Rental of machinery and equipment	7,034	2.3	4,971	3.8
Other project costs	16,822	5.6	19,963	15.3
Total	305,863	100.0	130,555	100.0

Our cost of services decreased from approximately RM305.9 million for FY2017 to approximately RM130.6 million for FY2018, representing a decrease of approximately 57.3% or RM175.3 million. Such decrease in our cost of services was mainly due to the decrease in subcontracting costs partially offset by the increase in material costs.

The decrease in subcontracting costs from approximately RM229.5 million for FY2017 to approximately RM42.5 million for FY2018 was mainly due to completion of Project A in FY2017 which incurred a substantial amount of subcontracting costs related to mechanical and electrical works in FY2017. Despite the decrease in revenue by approximately 54.9% for FY2018 as a result of completion of Project A, the material costs increased by approximately 38.4% from approximately RM38.3 million for FY2017 to approximately RM53.0 million for

FY2018. Such increase was mainly due to the commencement of work of a sizable project, namely the Crimson Omega Project with an original contract sum of approximately RM518.0 million with work commenced in January 2018, in which our Group is required to purchase a lot of materials such as steel bar and concrete to start the project.

Gross profit and gross profit margin

Our gross profit decreased by approximately RM15.1 million or approximately 36.5% from approximately RM41.4 million for FY2017 to approximately RM26.3 million for FY2018. Such decrease was mainly due to completion of two sizeable factory projects, namely Project A and Project L – Phase 1, and partially offset by the contribution from two sizeable commercial and/or residential projects, namely the Crimson Omega Project and the IP-KN Project, which commenced during the year. Our gross profit margin increased from approximately 11.9% for FY2017 to approximately 16.8% for FY2018, which was mainly due to the increase of gross profit margin of factory projects and the improvement from gross loss for FY2017 to gross profit for FY2018 for institutional, commercial and/or residential projects. The table below sets forth the breakdown of our gross profit by project type and the corresponding gross profit margin for FY2017 and FY2018:

	FY2017		**FY2018**	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	RM'000	*%*	*RM'000*	*%*
Factory projects	47,924	15.0	15,427	23.7
Institutional, commercial and/or residential projects	(7,705)	(28.6)	8,011	9.2
Others	1,222	70.1	2,853	55.6
Total	41,441	11.9	26,291	16.8

Factory projects

Our gross profit generated from factory projects decreased by approximately RM32.5 million or 67.8% from approximately RM47.9 million for FY2017 to approximately RM15.4 million for FY2018. Such decrease was mainly due to the significant decrease in our revenue from factory projects after completion of two sizable projects, namely Project A and Project L – Phase 1, in FY2017. As such, the size of the on-going factory projects for FY2018 was smaller, as reflected by the decrease in total contract sums of on-going factory projects from approximately RM404.6 million for FY2017 to approximately RM185.3 million for FY2018. Nevertheless, the gross profit margin of factory projects increased from approximately 15.0% for FY2017 to approximately 23.7% for FY2018, which was mainly due to the completion of several factory projects with higher profit margins in FY2018. These completed projects incurred lower

Start-up Costs as they were of similar nature, in close schedule and in close proximity to sites of other projects, therefore incurred lower relocation and mobilisation costs.

Institutional, commercial and/or residential projects

Our gross profit generated from institutional, commercial and/or residential projects changed from a gross loss of approximately RM7.7 million for FY2017 (or a gross loss of approximately RM0.8 million after taking out the effect of the liquidated and ascertained damages in relation to the delay in completion of the HLB Project amounting to approximately RM6.9 million recognised during FY2017, details of which are set out in the paragraph headed "Business – Customers – Principal terms of engagement with our customers" in this prospectus and note 24 to the Accountant's Report set out in Appendix I to this prospectus), to a gross profit of approximately RM8.0 million for FY2018. Such improvement was mainly due to the commencement of work of two sizeable projects, namely the Crimson Omega Project and the IP-KN Project during the year, which contribute aggregated revenue and gross profit of approximately RM70.7 million and RM6.6 million respectively in FY2018. The gross profit margin of institutional, commercial and/or residential projects increased to approximately 9.2% for FY2018 from gross loss margin of approximately 28.6% (or gross loss margin of approximately 3.0% after taking out the effect of the aforesaid liquidated and ascertained damages in FY2017). The improvement was mainly due to the additional costs incurred for some projects in their respective defect liability periods during FY2017.

Other income, gain and loss

Our other income, gain and loss increased from approximately RM1.8 million for FY2017 to approximately RM2.1 million for FY2018, which was mainly due to gain on disposal of investment properties of approximately RM1.0 million for FY2018 as compared with nil for FY2017, and partially offset by decrease in bank interest income from approximately RM1.8 million for FY2017 to approximately RM0.8 million for FY2018.

Share of results of an associate

Our share of results of an associate increased from approximately RM10,000 for FY2017 to approximately RM60,000 for FY2018, which was due to an increase in profit of Mascolite.

Administrative and other expenses

Our administrative and other expenses was approximately RM5.4 million for FY2018 as compared with approximately RM5.2 million for FY2017, which was relatively stable. Nevertheless, directors' remuneration, staff cost and foreign workers expense and travelling expenses decreased by approximately RM0.4 million, RM0.3 million and RM0.1 million respectively, which were mainly due to the fact that the financial results of our Group for FY2018 were not as good as for FY2017, resulting in lower amounts of directors' bonus and staff bonus and no company trip for the year. Expenses related to entertainment also decreased by approximately RM25,000, which was mainly due to fewer relationship building activities during the year with potential customers.

Finance cost

Our finance cost decreased from approximately RM101,000 for FY2017 to approximately RM59,000 for FY2018, which was mainly due to decrease in interest on lease liabilities.

Income tax expenses

Our income tax expenses decreased by approximately RM2.3 million or approximately 29.1% from approximately RM7.9 million for FY2017 to approximately RM5.6 million for FY2018. It is primarily due to the decrease in our gross profit.

Our effective tax rate was approximately 20.8% for FY2017, which was due to exemption granted based on the percentage of increased chargeable income from the preceding year and is applicable for the years of assessment 2017 and 2018 according to Income Tax (Exemption) (No. 2) Order 2017. Given the substantial increase in our profit before tax for FY2017, the tax rate applicable to our Group for year of assessment 2017 shall be 20% according to the formulae prescribed in the aforementioned order which is close to our effective tax rate of approximately 20.8% for FY2017, as opposed to the prevailing standard Malaysian Corporate Income Tax Rate of 24% since the year of assessment 2016.

Since our chargeable income did not increase for FY2018, there is no exemption in tax rate applicable to our Group according to Income Tax (Exemption) (No. 2) Order 2017, and our effective tax rate increased from approximately 20.8% for FY2017 to approximately 24.3% for FY2018. Nevertheless, our effective tax rate of approximately 24.3% for FY2018 was in line with the prevailing Malaysian Corporate Income Tax Rate of 24%.

Net profit and net profit margin

As a result of the foregoing, our net profit decreased by approximately RM12.7 million or approximately 42.2% from approximately RM30.1 million for FY2017 to approximately RM17.4 million for FY2018. The corresponding net profit margin increased by approximately 2.4%, from approximately 8.7% for FY2017 to approximately 11.1% for FY2018 mainly due to increase of gross profit margin for the year.

FY2019 compared with FY2018

Revenue

Our revenue increased from approximately RM156.8 million for FY2018 to approximately RM262.5 million for FY2019, which represented an increase of approximately 67.4% or RM105.7 million. Such increase in our revenue was mainly due to the increase in revenue from both factory projects and institutional, commercial and/or residential projects as detailed below. The table below sets forth the breakdown of our revenue by project type for FY2018 and FY2019:

	FY2018		**FY2019**	
	Revenue *RM'000*	**% of total revenue**	**Revenue** *RM'000*	**% of total revenue**
Factory projects	65,096	41.5	101,192	38.6
Institutional, commercial and/or residential projects	86,619	55.2	158,771	60.5
Others	5,131	3.3	2,511	0.9
Total	156,846	100.0	262,474	100.0

Factory projects

Our revenue generated from factory projects represented approximately 41.5% and 38.6% of the total revenue for FY2018 and FY2019 respectively. The revenue from factory projects increased by approximately RM36.1 million or 55.5% from approximately RM65.1 million for FY2018 to approximately RM101.2 million for FY2019. The increase in revenue from factory projects was mainly due to the revenue contribution from a sizeable factory project in FY2019, namely Project B, which generated revenue of approximately RM64.6 million in FY2019. Project B commenced work in October 2018, and therefore only generated revenue of approximately RM0.2 million for FY2018.

Institutional, commercial and/or residential projects

Our revenue generated from institutional, commercial and/or residential projects represented approximately 55.2% and 60.5% of the total revenue for FY2018 and FY2019 respectively. The revenue from institutional, commercial and/or residential projects increased by approximately RM72.2 million or 83.4% from approximately RM86.6 million for FY2018 to approximately RM158.8 million for FY2019. The increase in revenue from institutional, commercial and/or residential projects was mainly due to the commencement of work of three sizeable projects, namely the Crimson Omega Project, the IP-KN Project and a project engaged by Island Hospital Sdn Bhd regarding the construction of a hospital (the "**Island Hospital**

Project"), during FY2018 in January 2018, April 2018 and September 2018 respectively, with increase in revenue contribution from approximately RM70.7 million in FY2018 to approximately RM136.2 million in FY2019.

Cost of services

The table below sets forth the breakdown of our cost of services by nature for FY2018 and FY2019:

	FY2018		**FY2019**	
	Cost of services	**% of total cost of services**	**Cost of services**	**% of total cost of services**
	RM'000	*%*	*RM'000*	*%*
Material costs	52,978	40.6	62,864	27.3
Subcontracting costs	42,462	32.5	126,861	55.2
Labour costs	10,181	7.8	12,999	5.7
Rental of machinery and equipment	4,971	3.8	7,453	3.2
Other project costs	19,963	15.3	19,849	8.6
Total	130,555	100.0	230,026	100.0

Our cost of services increased from approximately RM130.6 million for FY2018 to approximately RM230.0 million for FY2019, representing an increase of approximately 76.1% or RM99.4 million. Such increase in our cost of services was mainly due to the increases in subcontracting costs and material costs as detailed below.

The substantial increase in subcontracting costs from approximately RM42.5 million for FY2018 to approximately RM126.9 million for FY2019 was mainly due to (i) the Crimson Omega Project, one of our sizeable projects, related to pre-stressed and post-tensioning work; and (ii) Project B, which only commenced work in October 2018, related to metal work. The increase in material costs from approximately RM53.0 million for FY2018 to approximately RM62.9 million for FY2019 was mainly due to two sizeable projects, namely the Crimson Omega Project and Project B, which were in early stage during FY2019 and required more materials, such as concrete and steel bar.

Gross profit and gross profit margin

Our gross profit increased by approximately RM6.1 million or approximately 23.2% from approximately RM26.3 million for FY2018 to approximately RM32.4 million for FY2019. The increase in our gross profit was mainly due to increase in gross profit from institutional, commercial and/or residential projects, mainly from the Crimson Omega Project, the IP-KN

Project and the Island Hospital Project. Our gross profit margin decreased from approximately 16.8% for FY2018 to approximately 12.4% for FY2019, which was mainly due to decrease in gross profit margin of the factory projects as detailed below. The table below sets forth the breakdown of our gross profit by project type and the corresponding gross profit margin for FY2018 and FY2019:

	FY2018		**FY2019**	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	RM'000	*%*	*RM'000*	*%*
Factory projects	15,427	23.7	15,906	15.7
Institutional, commercial and/or residential projects	8,011	9.2	14,781	9.3
Others	2,853	55.6	1,761	70.1
Total	26,291	16.8	32,448	12.4

Factory projects

Our gross profit generated from factory projects was approximately RM15.9 million for FY2019 as compared to approximately RM15.4 million for FY2018 despite an increase in revenue by approximately 55.5%. This was mainly due to the decrease in gross profit margin from approximately 23.7% in FY2018 to approximately 15.7% for FY2019. Such decrease in gross profit margin was mainly due to completion of several factory projects with relatively higher gross margins in FY2018, which due to the similar nature, close schedule and close proximity to sites of other projects incurred lower relocation and mobilisation costs in FY2018.

Institutional, commercial and/or residential projects

Our gross profit generated from the institutional, commercial and/or residential projects increased by approximately RM6.8 million or 85.0% from approximately RM8.0 million for FY2018 to approximately RM14.8 million for FY2019. The increase in gross profit from institutional, commercial and/or residential projects was mainly due to commencement of work of three sizeable projects, namely the Crimson Omega Project, the IP-KN Project and the Island Hospital Project, during FY2018 in January 2018, April 2018 and September 2018 respectively. These three projects contributed an aggregate revenue and gross profit of approximately RM136.2 million and RM15.3 million respectively for FY2019. The gross profit margin for institutional, commercial and/or residential projects was approximately 9.3% for FY2019 as compared with approximately 9.2% for FY2018, which was relatively stable.

Other income, gain and loss

Our other income, gain and loss decreased by approximately RM1.2 million or approximately 57.1% from approximately RM2.1 million for FY2018 to approximately RM0.9 million for FY2019, which was mainly due to the decrease in gain on disposal of investment properties from approximately RM1.0 million for FY2018 to approximately RM0.2 million for FY2019.

Share of results of an associate

Our share of results of an associate increased from approximately RM60,000 for FY2018 to approximately RM97,000 for FY2019, which was due to increase in profit of Mascolite.

Administrative and other expenses

Our administrative and other expenses increased by approximately RM8.3 million or approximately 153.7% from approximately RM5.4 million for FY2018 to approximately RM13.7 million for FY2019, which was mainly due to non-recurring listing expenses incurred of approximately RM8.7 million charged to our profit or loss for FY2019, as compared with nil for FY2018.

Finance cost

Our finance cost increased by approximately RM980,000 or approximately 16.6 times from approximately RM59,000 for FY2018 to approximately RM1,039,000 for FY2019 which was mainly due to (i) increase in bill facilities and hence interest thereon during FY2019; and (ii) increase in interest on lease liabilities as a result of acquisition of construction machinery and equipment through hire purchase in FY2018.

Income tax expenses

Our income tax expenses increased by approximately RM0.9 million or approximately 16.1% from approximately RM5.6 million for FY2018 to approximately RM6.5 million for FY2019. The effective tax rate increased from approximately 24.3% for FY2018 to approximately 34.8% for FY2019. The increase in effective tax rate was mainly due to listing expenses amounting to approximately RM8.7 million for FY2019 being excluded from the profit before tax for calculation of the income tax for FY2019.

Net profit and net profit margin

As a result of the foregoing, in particular the increase in gross profit and offset by the non-recurring listing expenses, our net profit decreased by approximately RM5.2 million or 29.9% from approximately RM17.4 million for FY2018 to approximately RM12.2 million for FY2019. The corresponding net profit margin decreased by approximately 6.5%, from approximately 11.1% for FY2018 to approximately 4.6% for FY2019, which was mainly due to the non-recurring listing expenses.

ANALYSIS OF SELECTED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ITEMS

Property, plant and equipment

Our property, plant and equipment amounted to approximately RM6.0 million, RM6.1 million and RM6.6 million as at 31 October 2017, 2018 and 2019, respectively which remained relatively stable. Our property, plant and equipment mainly comprise plant and machinery, motor vehicles and leasehold land and buildings.

Right-of-use assets

Our Group recognises a right-of-use asset and a corresponding lease liability with respect to all leases.

Our right-of-use assets amounted to approximately RM0.7 million, RM8.2 million and RM8.3 million as at 31 October 2017, 2018 and 2019 respectively. The substantial increase in right-of-use assets was contributed by acquisition of construction machinery and equipment through hire purchase.

Investment properties

Our investment properties amounted to approximately RM7.9 million, RM6.7 million and RM6.4 million as at 31 October 2017, 2018 and 2019 respectively. Our investment properties comprise property interests in leasehold land and buildings in Malaysia. For further details, please refer to the section headed "Business – Properties" in this prospectus.

Contract assets/liabilities

Our Group adopted the input method for the recognition of revenue for works completed. This usually results in a timing difference between the completion of contract work, the payment certificates by our customers, the subsequent issue of the invoices by us and up to the payment by our customers.

Contract assets represent our Group's rights to payment from customers for our building construction services. The contract assets consist of: (i) unbilled revenue, which arises when our Group completed the relevant services under such contracts and pending formal certification by the customers; and (ii) retention receivables, which arises when the customers withhold certain amounts payable to our Group as retention monies to secure the due performance related to possible work during the contract period and defect liability period of the contracts. Any amount previously recognised as a contract asset is reclassified as trade receivables at the point when it becomes due for billing and is invoiced to the customer.

The following table sets forth the contract assets of our Group as at the dates indicated:

	As at 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Contract assets			
Unbilled revenue of construction contracts	5,527	35,699	57,452
Retention receivables of construction contracts	31,169	29,546	43,897
Total	36,696	65,245	101,349

Our contract assets are normally affected by (i) the number, contract sum and stage of projects on hand; (ii) the amount of works completed by our Group at the time close to the end of each reporting period, by reference to the actual costs incurred to date and the total budgeted costs for the projects; (iii) the timing to certify the application of payment progress for billings, which may vary from period to period; (iv) amount of works certified by our customers; and (v) depending on the terms of contract, the amount of the retention monies held by our customers yet to be released.

As at 31 October 2017, 2018 and 2019, our contract assets were approximately RM36.7 million, RM65.2 million and RM101.3 million respectively. Given that there were several on-going sizeable projects as at 31 October 2018 and 31 October 2019, such as the Crimson Omega Project and the IP-KN Project, the contract assets continued to increase as at 31 October 2018 and 31 October 2019.

As at the Latest Practicable Date, approximately RM59.0 million or 58.2% of our contract assets as at 31 October 2019 had been subsequently certified by our customers, and thus billed, of which approximately RM36.1 million or 61.2% had been subsequently settled.

Contract liabilities represent our Group's obligations to transfer goods or services to a customer for which our Group has received consideration (or an amount of consideration is due) from the customer. The amount of contract liabilities is affected by whether our Group can ask for advance payments from customers to cover part of the Start-up Costs, and therefore the amount of contract liabilities fluctuates from period to period.

The following table sets forth the contract liabilities of our Group as at the dates indicated:

	As at 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Advances from customers of building construction contracts	1,601	341	–

Our contract liabilities amounted to approximately RM1.6 million, RM0.3 million and nil as at 31 October 2017, 2018 and 2019 respectively.

Trade and other receivables

The following table sets out the composite of our trade and other receivables as at the dates indicated:

	As at 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Trade receivables from contracts with customers	26,014	46,553	74,548
Less: Allowance for doubtful debts/credit losses	(1,328)	(1,328)	(1,626)
Trade receivables, net	24,686	45,225	72,922
Other receivables	196	1,150	57
Advance to a third party	7,000	–	–
Rental and other deposits	246	891	1,269
Prepayments	59	7,593	4,914
Goods and Services Tax recoverable	1,912	1,328	305
Prepaid listing expenses	–	–	90
Deferred issue cost	–	–	2,449
Total	34,099	56,188	82,006

Trade receivables

Our trade receivables mainly represent progress billings of work performed by us, for which payment certificates have been received from our customers before the end of financial period and pending payment.

Our trade receivables increased by approximately RM20.5 million to approximately RM45.2 million as at 31 October 2018. The increase was mainly due to the fact that a sizeable project in progress in FY2018 had a relatively longer credit period of 60 days, which was at the upper end of our credit period which range from 14 to 60 days generally, therefore the customer settled our trade receivables in a longer period.

Our trade receivables then increased by approximately RM27.7 million to approximately RM72.9 million as at 31 October 2019. The increase was mainly due to the aforementioned sizeable project in FY2018 with a relatively longer credit period was still in progress during FY2019 and the same customer settled our receivables in a longer period.

Credit terms offered by us to our customers generally range from 14 to 60 days. The following table sets forth the aging analysis of our trade receivables based on the date of billing documents as at the dates indicated:

	As at 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Within 30 days	12,749	24,200	34,157
31 – 60 days	2,568	9,615	15,671
61 – 90 days	800	11,519	15,281
Over 90 days	9,897	1,219	9,439
	26,014	46,553	74,548

The aging analysis of trade receivables that were past due but not impaired are as follows:

	As at 31 October	
	2017	**2018**
	RM'000	*RM'000*
Days overdue		
1 – 90 days	4,494	16,048
Over 90 days	8,770	1,211
Total	13,264	17,259

As at 31 October 2019, an aggregate amount of RM5,339,000 has been past due 90 days or more and is not considered as in default as the amount were either subsequently settled or with no historical default of payments by the respective customers. Our Group does not hold any collateral over these balances.

The trade receivables past due but not provided for as at the end of each reporting period were either subsequently settled or no historical default of payments was noted by the respective customers and the management of our Group believes that no impairment is required.

As at the Latest Practicable Date, approximately RM64.2 million of our trade receivables as at 31 October 2019 had been settled respectively, representing approximately 86.1% of our total trade receivables as at 31 October 2019.

Trade receivables turnover days

The following table sets out the turnover days of our trade receivables for the periods presented:

	FY2017	**FY2018**	**FY2019**
Trade receivables turnover days[(1)]	38.0	81.3	82.1
Trade receivables turnover days (inclusive of contract assets)[(2)]	79.8	200.0	198.0

Notes:

(1) Trade receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables (after allowance for doubtful debts/credit losses) for the relevant year divided by the revenue for the relevant year and multiplied by number of days in a year (i.e. 365 days).

(2) Trade receivables turnover days (inclusive of contract assets) is calculated based on the average of the beginning and ending balance of trade receivables plus contract assets (including unbilled revenue and retention receivables and after allowance for doubtful debts/credit losses) for the relevant year divided by revenue for the relevant year and multiplied by the number of days of a year (i.e. 365 days).

Our trade receivables turnover days were approximately 38.0 days, 81.3 days and 82.1 days for FY2017, FY2018 and FY2019.

The increase in trade receivables turnover days for FY2018 was mainly attributable to the increase in trade receivables as at 31 October 2018 due to (i) completion of Project A in FY2017, being the largest project that year, where Customer A promptly settled our trade receivables upon demand; and (ii) a sizeable project which is in progress in FY2018 having a relatively longer credit period settled the receivables in a longer time in FY2018 as detailed above.

The trade receivables turnover days for FY2019 remained relatively stable as compared with FY2018.

The trade receivables turnover days were over the credit period of 14 to 60 days we offered to our customers for FY2018 and FY2019, which was mainly due to overdue trade receivables from some of our customers, including Crimson Omega Sdn Bhd and Era Alpha Sdn Bhd for FY2018, and Crimson Omega Sdn Bhd for FY2019. Taking into account the historical payment record and the subsequent and continuous payment of these customers, our Directors do not envisage material issue on their settlement.

Our trade receivables turnover days (inclusive of contract assets) were approximately 79.8 days, 200.0 days and 198.0 days for FY2017, FY2018 and FY2019 and followed similar trend as our trade receivables turnover days during the Track Record Period.

In addition to the increase in trade receivables as at 31 October 2018 as detailed above, the increase in trade receivables turnover days (inclusive of contract assets) for FY2018 was also attributable to the increase in contract assets due to several on-going sizeable projects as at 31 October 2018, such as the Crimson Omega Project and the IP-KN Project.

The trade receivables turnover days (inclusive of contract assets) for FY2019 remained relatively stable as compared with FY2018.

Other receivables

Other receivables mainly consist of staff loans and advances.

Advance to third parties

The amount represented an advance made by Infinity Vantage, a former non wholly-owned subsidiary of the Company, to a potential business partner prior to the Track Record Period. Infinity Vantage was disposed of by our Group during FY2018.

Rental and other deposits

Rental and other deposits amounted to approximately RM246,000, RM891,000 and RM1,269,000 as at 31 October 2017, 2018 and 2019 respectively. The increases in rental and other deposits as at 31 October 2018 and 31 October 2019 were mainly due to leasing of properties for staff quarters and site offices related to the Crimson Omega Project which commenced in FY2018 and was still on-going as at the Latest Practicable Date.

Prepayments

Prepayments amounted to approximately RM59,000, RM7,594,000 and RM4,914,000 as at 31 October 2017, 2018 and 2019 respectively. The increase in prepayments as at 31 October 2018 were mainly due to advance to Inspirasi Perkasa Sdn Bhd ("**IP**") pursuant to the agreement entered between our Group and IP for the co-execution of the IP-KN Project. For details of the aforesaid agreement and the IP-KN Project, please refer to the paragraph headed "Business – The IP-KN Project – Joint venture arrangement with Inspirasi Perkasa Sdn Bhd" in this prospectus.

Restricted bank deposits

Restricted bank deposits have been pledged to banks as security for banking facilities related to performance bond granted to our Group. Our restricted bank deposits as at 31 October 2017, 2018 and 2019 amounted to approximately RM8.4 million, RM9.7 million and RM8.7 million, respectively. For further details regarding our performance bonds, please refer to the section headed "Indebtedness – Contingent liabilities – Performance bonds" in this section below.

Bank balances and cash

As at 31 October 2017, 2018, and 2019, our bank balances and cash was approximately RM48.9 million, RM6.5 million and RM14.3 million respectively.

As at 31 October 2018, our bank balances and cash decreased from approximately RM48.9 million to approximately RM6.5 million, which was mainly due to (i) the profit before tax of approximately RM23.0 million being lower than for FY2017 of approximately RM38.0 million; (ii) increase in contract assets of approximately RM28.5 million; (iii) increase in trade and other receivables of approximately RM29.8 million; (iv) dividend paid of approximately RM12.0 million; and (v) income tax paid of approximately RM10.6 million.

As at 31 October 2019, our bank balances and cash increased to approximately RM14.3 million, which was mainly due to (i) the profit before income tax of approximately RM18.7 million; (ii) increase in trade, bills and other payables of approximately RM60.0 million; (iii) increase in contract assets of approximately RM36.6 million; and (iv) increase in trade and other receivables of approximately RM23.7 million.

Notwithstanding we had bank balances and cash of approximately RM14.3 million as at 31 October 2019, our Directors consider that the amount of our bank balances and cash fluctuates from time to time, depending on the timing of (i) payment from our customers; and (ii) payment to our subcontractors for subcontracting services and suppliers of materials. Therefore, the amount of our bank balances and cash as at a particular date may not fully reflect our general liquidity position.

Amounts due from related parties

Details of the amounts due from related parties are summarised in note 21(a) to the Accountants' Report set out in Appendix I to this prospectus. The amounts due from related parties are non-trade in nature, interest-free, unsecured and repayment on demand, and are expected to be settled upon Listing.

Trade, bills and other payables

The following table sets out the composition of our trade, bills and other payables as at the dates indicated:

	As at 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Trade and bills payables	24,068	40,794	85,814
Retention payables	17,376	8,543	13,714
Accruals	13,470	8,291	15,994
Provision for liquidated and ascertained damages	6,920	6,920	6,920
Others payables	401	747	963
Accrued listing expenses	–	–	1,583
Accrued issue costs	–	–	350
Total trade, bills and other payables	62,235	65,295	125,338

Trade and bills payables

Our trade payables mainly represent payables to subcontractors and suppliers in relation to our building construction projects, whereas our bills payables were owing to our Group's principal bank for settlement of our payables in accordance with the banking facilities provided.

The following table sets out the composition of our trade and bills payables as at the dates indicated:

	As at 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Trade payables	24,068	34,162	65,908
Bills payables	–	6,632	19,906
Total trade and bills payables	24,068	40,794	85,814

The bills payables as at 31 October 2018 and 2019 carried interest rate ranging from approximately 4.7% to 6.9% per annum, had credit term ranged from 37 days to 129 days, were secured by a property of Rimbaco Holdings, a company owned by our Controlling Shareholders, as collateral, and were guaranteed by our Controlling Shareholders.

Our trade and bills payables increased by approximately RM16.7 million to approximately RM40.8 million as at 31 October 2018. The increase was mainly due to the fact that a relatively higher portion of material and subcontracting costs were incurred close to the year end of FY2018 because of the Crimson Omega Project.

Our trade and bills payables then increased by approximately RM45.0 million to approximately RM85.8 million as at 31 October 2019. The increase was mainly due to the relatively larger amounts of material and subcontracting costs incurred during FY2019 because of the Crimson Omega Project and the IP-KN Project.

Credit terms offered by our suppliers generally range from 14 to 60 days after delivery of goods, while those provided by our subcontractors typically ranges from 10 to 60 days. The following table sets forth the aging analysis of our trade and bills payables based on the invoice dates/bills issued date as at the dates indicated:

	As at 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Within 30 days	11,989	18,456	34,449
31 – 60 days	6,353	9,141	17,182
61 – 90 days	2,015	9,255	19,230
Over 90 days	3,711	3,942	14,953
Total trade and bills payables	24,068	40,794	85,814

As at the Latest Practicable Date, approximately RM72.7 million of our trade and bills payables as at 31 October 2019 had been settled respectively, representing approximately 84.7% of our total trade and bills payables as at 31 October 2019 respectively.

Trade and bills payables turnover days

The following table sets out the turnover days of our trade and bills payables for the periods presented:

	FY2017	**FY2018**	**FY2019**
Trade and bills payables turnover days*(Note)*	32.4	90.7	100.4

Note: The trade and bills payables turnover days is calculated based on the average of the beginning and ending balance of trade and bills payables for the relevant year divided by cost of services for the relevant year and multiplied by number of days in a year (i.e. 365 days).

Our trade and bills payables turnover days were approximately 32.4 days, 90.7 days and 100.4 days for FY2017, FY2018 and FY2019.

The increase in trade and bills payables turnover days for FY2018 was mainly attributable to the fact that a relatively higher portion of material and subcontracting costs were incurred close to the year end of FY2018 because of the Crimson Omega Project.

The slight increase in trade and bills payables turnover days for FY2019 was mainly attributable to the fact a relatively higher portion of material and subcontracting costs were incurred close to the year end of FY2019 because of the Crimson Omega Project and the IP-KN Project.

Retention payables

Retention payables represent money withheld by us when making interim payments to our subcontractors. Such requirement is one of the terms stipulated in our standard subcontracting contracts with our subcontractors. The retention monies is usually 10% of each interim payment paid to our subcontractors.

Our retention payables decreased by approximately RM8.9 million to approximately RM8.5 million as at 31 October 2018, which was mainly due to the substantial amount of retention payables currently due or due within 12 months as at 31 October 2017 of approximately RM6.4 million being settled as at 31 October 2018.

Our retention payables then increased by approximately RM5.2 million to approximately RM13.7 million as at 31 October 2019, which was mainly due to the relatively larger amount of subcontracting costs incurred during FY2019 because of the IP-KN Project as compared with FY2018.

Accruals

Accruals mainly consist of accrual costs due to subcontractors and suppliers, which were estimated by the management of the Company based on the progress of projects and respective contract with subcontractors and suppliers by the end of the respective financial year. Accruals amounted to approximately RM13.5 million, RM8.3 million and RM16.0 million as at 31 October 2017, 2018 and 2019 respectively.

Provision for liquidated and ascertained damages

Subject to the terms of the extension of the contract period, if applicable, we may be required to compensate our customers for delays in the completion of our works. Compensation, if any, is calculated on a project-by-project basis according to the contract of the relevant building construction project. A provision of liquidated and ascertained damages was made to our profit and loss in the amount of approximately RM6.9 million for FY2017, and the provision for liquidated and ascertained damages remained the same as approximately RM6.9 million as at

31 October 2017, 2018 and 2019 respectively. The provision for liquidated and ascertained damages in 31 October 2017 was made in accordance with the compensation clause stated in the relevant agreement and the certificate issued by the architect. In December 2019, Customer I confirmed that the RM 6.9 million liquidated and ascertained damages would not be imposed against our Group. Accordingly, the relevant RM6.9 million provision will be reversed in the financial year ending 31 October 2020. For details, please refer to the section headed "Business – Customers – Principal terms of engagement with our customers" in this prospectus.

Other payables

Our other payables mainly include sundry payables, and amounted to approximately RM0.4 million, RM0.7 million and RM1.0 million as at 31 October 2017, 2018 and 2019 respectively.

Tax payable

Our tax payable as at 31 October 2017, 2018 and 2019 were approximately RM6.7 million, RM0.3 million and RM3.8 million respectively, representing income tax payable as at the respective year end dates.

Balance tax payable and underestimation of tax payable

Under the Malaysian income tax regime, a company in Malaysia is required to furnish with the Director General of Inland Revenue (the "**DGIR**") the estimate of its tax payable for each year of assessment. During the year of assessment for financial year ended 31 October 2017 (the "**2017 Tax Assessment**"), Rimbaco underestimated its tax payable by an amount of RM6,555,180.40 although revised estimates of its tax payable were furnished to the Inland Revenue Board of Malaysia (the "**IRBM**") in accordance with Section 107C(7) of the Income Tax Act 1967 (the "**ITA**") on the 6th and 9th month for the 2017 Tax Assessment being 20 April 2017 and 14 July 2017 respectively. The Controlling Shareholders have entered into the Deed of Indemnity in favour of our Company (for ourselves and as trustee for our subsidiaries) pursuant to which the Controlling Shareholders have given indemnities in favour of our Group from and against, *inter alia*, any action, claims, losses, charges, penalties which any member of our Group may incur or suffer as a result of or in connection with such underestimation of tax payable. Please refer to the paragraph headed "G. Other Information – 1. Tax and other indemnities" in Appendix V to this prospectus.

Pursuant to Section 107C(10) of the ITA, where the tax payable under an assessment for a year of assessment exceeds the revised estimate or deemed revised estimate under the ITA, whichever is later, or if no revised estimate is furnished or there is no such deemed revised estimate, the estimate of tax payable for that year of assessment, by an amount of more than 30% of the tax payable under the assessment, then, without any further notice being served, the difference between that amount and 30% of the tax payable under the assessment shall be increased by a sum equal to 10% of the amount of that difference, and that sum shall be recoverable as if it were tax due and payable under the ITA.

By a notice from the DGIR dated 9 July 2018 (the "**Notice**"), Rimbaco was informed by the IRBM that the actual tax payable had exceeded the estimated tax payable for the 2017 Tax Assessment by more than 30% of the actual tax payable, being the amount of RM6,555,180.40 (the "**Balance Tax Payable**") and the difference between the Balance Tax Payable and 30% of the actual tax payable is RM3,538,626.28 (the "**Difference**"). Further to this, in the Notice, the DGIR informed Rimbaco that tax payable for the 2017 Tax Assessment was increased by a sum equal to 10% of the Difference, being the sum of RM353,862.62 (the "**Additional Tax Payable**"). The DGIR had directed Rimbaco to pay the aggregate of the Balance Tax Payable and the Additional Tax Payable being the amount of RM6,909,043.02 (the "**Revised Tax Payable**") and that if Rimbaco fails to pay within 14 days, the Revised Tax Payable may be recovered by DGIR as authorised by the government of Malaysia by civil proceedings as a debt due to the government of Malaysia pursuant to Section 106 of the ITA.

Nevertheless, prior to the receipt of the Notice, Rimbaco was informed of the Revised Tax Payable by its tax agent, Intersources Tax Advisory Sdn Bhd, by way of a letter dated 22 June 2018 ("**Letter**"). Upon receipt of the Letter, Rimbaco promptly paid the Revised Tax Payable to the IRBM on 27 June 2018.

As advised by our Malaysian Legal Advisers, Rimbaco will not be subject to any further penalty or civil proceedings under Section 106 of the ITA upon the payment being made. Furthermore, as advised by our Malaysia Legal Advisers, the Revised Tax Payable which includes the Additional Tax Payable was not a fine, but a tax due and payable to the government of Malaysia under the section 107C(10) of the ITA. As such, the underestimation of the tax payable for the 2017 Tax Assessment does not constitute non-compliance under the ITA.

According to the tax opinion (the "**Tax Opinion**") issued by our tax adviser, Deloitte Tax Services Sdn Bhd, regarding the tax position of our Group, the underestimation of the tax payable for the 2017 Tax Assessment was mainly due to:

(i) miscalculation of the revenue and cost of services of two major projects during FY2017, namely Project A and a project engaged by Customer C for the construction of an one-storey factory and a two-storey office ("**Project C**"), which contributed revenue of approximately RM212.0 million and RM41.9 million respectively during the financial year ended 31 October 2016 to FY2018, and approximately RM205.8 million and RM27.9 million respectively during FY2017. In particular, the gross profit of Project A and Project C during FY2017 were underestimated by approximately RM15.7 million and approximately RM6.4 million respectively; and

(ii) disallowance of contract costs totalling approximately RM16.9 million, including (a) non-allowable expenses such as provision for the liquidated and ascertained damages of approximately RM6.9 million related to Project HLB and depreciations; and (b) contract costs incurred during FY2017 due to unavailability relevant invoices at the time, such claim for tax deduction in respect of contract cost was made in the subsequent year upon receiving the invoices.

The miscalculation of revenue and cost of services for Project A and Project C during FY2017 as aforementioned was due to the fact that Rimbaco estimated its tax payable based on the initial budgeted revenue and cost of services of the said projects. Rimbaco subsequently submitted revised estimates of its tax payable in the 6th and 9th month for the 2017 Tax Assessment based on the then progress of the two projects. These two projects were completed in 2017 and Rimbaco had calculated the actual revenue and cost of services of the two projects after the 9th month of the tax year. This consequently gave rise to an underestimation of tax payable caused by the differences of the initial budgeted revenue and cost of services and the actual revenue and cost of services incurred by Rimbaco. Although the revised estimates of its tax payable were furnished to the IRBM on the 6th and 9th month for the 2017 Tax Assessment, the miscalculation and the amount of non-allowable expenses were not realised until after the submission on the 9th month for the 2017 Tax Assessment, therefore Rimbaco was unable to submit the revised tax estimation as there was no further avenue to do so. There are no material differences in the revenue reported between the audited financial statements of Rimbaco and the respective tax assessment, and the audited financial statements of Rimbaco during the Track Record Period were not subsequently adjusted or restated.

According to the Tax Opinion, with effect from the year of assessment ("**YA**") 2001, Malaysia adopts a self-assessment system of taxation for companies. Under the self-assessment regime, the tax return filed by the company will be a deemed assessment and the IRBM will not issue any confirmation to confirm on the company's tax position.

According to the Tax Opinion, for YA 2016, YA 2017 and YA 2018, (i) the tax positions of Rimbaco and Rimbaco Property are considered as deemed assessed for that respective years of assessment; (ii) the relevant balance of tax payables for both Rimbaco and Rimbaco Property were remitted to the IRBM within the stipulated due dates; and (iii) the tax adviser is not aware of any tax disputes or tax investigation conducted by the IRBM during the Track Record Period and up to the Latest Practicable Date.

Our Directors are of the view that there are still many other unforeseen circumstances or factors which may affect business operation and thereby the accuracy of the estimated tax payable as our Group is required to recognise its revenue from various contracts by using the input method. As our contracts may take more than one year to complete, all the parameters affecting our revenue recognition may vary. For instance (i) we may secure new projects, receive variation orders from customers, shorten delivery schedule as requested by customers; (ii) subcontracting costs and prices of any other construction related materials may fluctuate and affect the actual costs incurred and the total expected costs, and in turn the proportion of actual costs incurred relative to the total expected costs. Both of these may affect the revenue, gross profit and chargeable income of our Group. These are beyond the control of our Group.

Due to the complex and comprehensive IRBM's guidelines in recognising revenue, and the above unforeseen circumstances and uncertainties in business operations, it is not uncommon for a construction company to underestimate its tax payable. There were examples that other Malaysia companies, including private companies and those comprising listed groups, were also subject to additional tax and/or penalties arising from underestimation of tax payable in similar circumstances. Our Group estimated the amount of tax payable based on the information available and discussions with customers and subcontractors. According to the Tax Opinion, for the period from YA 2012 to YA 2018: (i) apart from the 2017 Tax Assessment, Rimbaco also underestimated its tax payables for YA 2013, where the actual tax payable had exceeded the estimated tax payable by RM2,758,551; and (ii) Rimbaco Property underestimated its tax payables for YA 2017, where the actual tax payable had exceeded the estimated tax payable by RM127,103. Both of the aforementioned underestimations were more than 30% of the relevant tax payables which imposed additional tax payables on Rimbaco and Rimbaco Property respectively, and these additional tax payables have been fully settled.

Our management would review the amount of tax payable and, as part of their review, communicate with our quantity surveyors and finance department on a quarterly basis to evaluate the estimated amount of tax payable. To prevent similar incidents from happening again in the future, we have developed a number of internal control measures to ensure that information is obtained and received by our management and finance team in a timely basis in order to provide revenue, profit, and cost estimates as accurately as possible. Such measures include regular internal updates on the work progress of our on-going projects and status of potential projects and regular internal meetings between departments and our management in relation to business development and future projects. We will also appoint additional staff with the appropriate accounting and taxation experience to continually monitor the IRBM's guidelines to recognise revenue and have timely communication between our quantity surveyor and project team concerning the progress of our projects, assist our finance department to review the amount of tax payable and advise the management on any updates in respect of the progress of our projects. Our Directors will also exercise greater oversight in the tax payable area, and continue to review and revise estimates of contract costs as works under the relevant contract progress which would avoid any material misstatements in our financial statements, whether due to fraud or human error, on a monthly basis. In view of such measures, we believe that we will be able to ensure the payment of tax and estimation of tax payable of our Group to be more accurate and up to date.

LIQUIDITY AND CAPITAL RESOURCES

Overview

During the Track Record Period, we met our liquidity requirements principally through our cash flow from operations. Our use of cash is mainly for payments to suppliers, subcontractors and working capital needs. We do not expect any material changes to the underlying drivers of our source of cash and use of cash, except for the net proceeds from the Share Offer which will be used according to our use of proceeds as set out in the section headed "Future Plans and Use of Proceeds" in this prospectus.

Cash flows

The table below sets out a summary of our cash flows during the Track Record Period:

	FY2017	FY2018	FY2019
	RM'000	*RM'000*	*RM'000*
Operating cash flows before movements in working capital	45,410	23,506	23,374
Change in working capital	16,934	(52,938)	(620)
Income tax paid	(3,538)	(10,608)	(3,959)
Net cash generated from/(used in) operating activities	58,806	(40,040)	18,795
Net cash (used in)/generated from investing activities	(6,534)	7,492	2,065
Net cash (used in) financing activities	(12,903)	(9,772)	(13,094)
Net increase/(decrease) in cash and cash equivalents	39,369	(42,320)	7,766
Cash and cash equivalents at beginning of the year	9,485	48,854	6,534
Cash and cash equivalents at end of the year, represented by bank balances and cash	48,854	6,534	14,300

Net cash generated from/(used in) operating activities

During the Track Record Period, our cash generated from operating activities was principally generated from our building construction services. Our cash used in operating activities mainly included cost of services and administrative expenses.

For FY2017, our Group had net cash generated from operating activities of approximately RM58.8 million, mainly as a result of the profit before tax of approximately RM38.0 million, primarily adjusted for (i) decrease in trade and other receivables of approximately RM21.5 million; and (ii) decrease in contract assets of approximately RM6.2 million, and partially offset by decrease in contract liabilities of approximately RM9.4 million.

For FY2018, our Group had net cash used in operating activities of approximately RM40.0 million, mainly as a result of the profit before tax of approximately RM23.0 million, primarily adjusted for increase in trade, bills and other payables of approximately RM6.7 million, and offset by (i) increase in trade and other receivables of approximately RM29.8 million; (ii) increase in contract assets of approximately RM28.5 million; (iii) income tax paid of approximately RM10.6 million.

For FY2019, our Group had net cash generated from operating activities of approximately RM18.8 million, mainly as a result of the profit before tax of approximately RM18.7 million, primarily adjusted for increase in trade, bills and other payables of approximately RM60.0 million and offset by (i) increase in contract assets of approximately RM36.6 million; and (ii) increase in trade and other receivables of approximately RM23.7 million.

To improve our operating cash flow, we have adopted the following policies:

(i) our quantity surveyor and project manager are responsible for documenting expected cash inflow from customers and cash outflow to suppliers, preparing cash flow plans for each project, and submitting the cash flow plans to our finance department on a monthly basis;

(ii) our quantity surveyor is also responsible for inspecting the work progress on site, liaising with our customers and overseeing the latest certified progress for our customers;

(iii) our finance department is responsible for reviewing the cash flow plans for all of our projects to identify and address any potential shortfall in short term cash flow and submitting the cash flow plans to our Executive Directors for review;

(iv) our finance department is also responsible for analysing the cash flow plans with actual cash flow and investigating the reasons of variances monthly. The analysis is submitted to our Executive Directors for review and discussed with our quantity surveyor and project manager. Our tendering team will consider the cash flow position of our Group before submitting any tender;

(v) at the end of each month, our finance department is responsible for preparing the aging analysis of trade receivables to analyse the overdue accounts, and our quantity surveyor will follow up with our customers for overdue payment through telephone or payment reminder, or in case of long overdue notify the project director to consider possible legal actions to recover the overdue payment; and

(vi) in the event that there is expected cash outflow, we will consider utilising banking facilities, if any, to cover any potential shortfall in our cash flow position.

Net cash generated from/(used in) investing activities

During the Track Record Period, our cash generated from or used in investing activities mainly arose from advance to and repayments from related parties, purchase of properties, plant and equipment, proceeds from disposal of properties, plant and equipment, proceeds from disposal of investment properties, interest income received and placement and release of restricted bank deposits.

For FY2017, our Group had net cash used in investment activities of approximately RM6.5 million, mainly as a result of advance to related parties of approximately RM6.4 million.

For FY2018, our Group had net cash generated from investment activities of approximately RM7.5 million, mainly as a result of (i) repayments from related parties of approximately RM18.6 million; and (ii) proceeds from disposal of investment properties of approximately RM2.1 million, and partially offset by (i) advance to related parties of approximately RM12.0 million; (ii) purchase of properties, plant and equipment of approximately RM1.4 million; and (iii) placement of restricted bank deposits of approximately RM1.0 million.

For FY2019, our Group had net cash generated from investment activities of approximately RM2.1 million, mainly as a result of (i) repayments from related parties of approximately RM2.3 million; and (ii) released of restricted bank deposits of approximately RM0.9 million, and partially offset by purchase of property, plant and equipment of approximately RM2.1 million.

Net cash used in financing activities

During the Track Record Period, our cash used in financing activities mainly arose from the dividend paid, drawdown and repayment of bank overdrafts, repayment of bank borrowings, repayment of and advance from related parties, finance costs paid and repayment of lease liabilities.

For FY2017, our Group had net cash used in financing activities of approximately RM12.9 million, mainly as a result of (i) dividend paid of approximately RM12.2 million; and (ii) repayment of lease liabilities of approximately RM794,000.

For FY2018, our Group had net cash used in financing activities of approximately RM9.8 million, mainly as a result of dividend paid of approximately RM12.0 million, and partially offset by advance from related parties of approximately RM3.0 million.

For FY2019, our Group had net cash used in financing activities of approximately RM13.1 million, mainly as a result of (i) repayment of bank overdrafts of approximately RM7.8 million; (ii) repayment of related parties of approximately RM3.8 million; (iii) repayment of lease liabilities of approximately RM2.7 million; (iv) dividend paid of approximately RM2.2 million; and (v) issue costs paid of approximately RM2.1 million, and partially offset by drawdown of bank overdrafts of approximately RM7.8 million.

WORKING CAPITAL

Our Directors are of the opinion that, taking into consideration the financial resources presently available to us, including cash flows from operation and the estimated net proceeds from the Share Offer, our Group has sufficient working capital for our present requirements, that is, for at least the next 12 months commencing from the date of this prospectus.

NET CURRENT ASSETS

The following table sets forth the current assets and liabilities of our Group as at the dates indicated:

	As at 31 October			As at 29 February
	2017	**2018**	**2019**	**2020**
	RM'000	*RM'000*	*RM'000*	*RM'000*
				(unaudited)
Current assets				
Trade and other receivables	34,099	56,188	82,006	73,893
Contract assets	36,696	65,245	101,349	73,715
Amounts due from related parties	8,857	2,295	7	–
Tax recoverable	–	84	–	324
Restricted bank deposits	8,381	9,661	8,741	8,815
Bank balances and cash	48,854	6,534	14,300	12,998
	136,887	140,007	206,403	169,745
Asset classified as held for sale	534	–	–	–
	137,421	140,007	206,403	169,745
Current liabilities				
Trade, bills and other payables	62,235	65,295	125,338	76,114
Contract liabilities	1,601	341	–	–
Amounts due to related parties	3,955	3,811	–	–
Bank borrowings	182	111	–	–
Tax payable	6,721	252	3,760	6,838
Lease liabilities	320	2,120	3,317	3,555
	75,014	71,930	132,415	86,507
Net current assets	62,407	68,077	73,988	83,238

Our net current assets increased by approximately RM5.7 million, or 9.1%, from approximately RM62.4 million as at 31 October 2017 to approximately RM68.1 million as at 31 October 2018, which was primarily due to increase in trade and other receivables of approximately RM22.1 million and increase in contract assets of approximately RM28.5 million, and partially offset by decrease in bank balances and cash of approximately RM42.4 million.

Our net current assets increased by approximately RM5.9 million, or 8.7%, from approximately RM68.1 million as at 31 October 2018 to approximately RM74.0 million as at 31 October 2019, which was primarily due to the increase in contract assets by approximately RM36.1 million and increase in trade and other receivables by approximately RM25.8 million and partially offset by the increase in trade, bills and other payables by approximately RM60.0 million.

Our net current assets increased by approximately RM9.2 million, or 12.4%, from approximately RM74.0 million as at 31 October 2019 to approximately 83.2 million as at 29 February 2020, which was primarily due to the decrease in trade, bills and other payables by approximately RM49.2 million, and partially offset by the decrease in contract assets of approximately RM27.6 million and the decrease in trade and other receivables of approximately RM8.1 million.

For further discussions on the fluctuations of the components of our current assets and current liabilities mentioned above, please refer to the paragraph headed "Analysis on selected consolidated statements of financial position items" in this section above.

INDEBTEDNESS

Bank borrowings

As at 29 February 2020, being the latest practicable date for the indebtedness statement, our Group did not have any outstanding bank borrowings. Set out below is the maturity profile of our borrowings as at the dates indicated:

	As at 31 October			As at 29 February
	2017	**2018**	**2019**	**2020**
	RM'000	*RM'000*	*RM'000*	*RM'000*
				(unaudited)
Within one year	182	111	–	–
More than one year but not exceeding two years	111	164	–	–
More than two years but not exceeding five years	627	585	–	–
More than five years	541	421	–	–
	1,461	1,281	–	–

As at 31 October 2017, 2018 and 2019 and 29 February 2020, our bank borrowings comprised secured bank loans amounting to RM1.5 million, RM1.3 million, nil and nil respectively. The amount of bank loans as at 31 October 2017 and 2018 carried an interest rate ranged from approximately 4.7% to 6.3% per annum, and had been secured by charges over investment properties of our Group (where the pledged investments properties were released during FY2018 upon the disposal of relevant properties) and were guaranteed by our Controlling Shareholders. During FY2019, our Group has fully settled the bank borrowings and the personal guarantee of our Controlling Shareholders has been released.

As at 29 February 2020, our Group's unutilised facility for bank overdraft amounted to approximately RM500,000.

Our Directors confirmed that we had neither experienced any difficulties in obtaining or repaying, nor breached any major covenant or restriction of our facilities during the Track Record Period. As at the Latest Practicable Date, there are no material covenants related to our outstanding debts that would materially limit our ability to undertake additional debt or equity financing.

Lease liabilities

Our Group has early adopted IFRS 16 Leases throughout the Track Record Period as stated in note 3 of the Accountants' Report set out in Appendix I to this prospectus. As such, leases have been recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation) in our Group's consolidated statements of financial position during the Track Record Period.

Our Group leases properties and machinery for operation and these lease liabilities were measured at the present value of the lease payment that are not yet paid. All leases are entered at fixed prices.

As at 31 October 2017, 2018 and 2019, our lease liabilities amounted to approximately RM0.3 million, RM7.3 million and RM7.4 million respectively. The increase in our lease liabilities as at 31 October 2018 was mainly due to acquisition of construction machinery and equipment through hire purchase.

As at 29 February 2020, our lease liabilities amounted to approximately RM6.5 million, of which approximately RM6.0 million was related to the acquisition of construction machinery and was secured and guaranteed by our Directors, which will be released and replaced by corporate guarantees provided by our Company upon Listing. The remaining RM0.5 million was secured and unguaranteed.

Amounts due to related parties

As at 31 October 2017, 2018 and 2019 and 29 February 2020, we had amounts due to related parties, including (i) our Directors, namely Mr. Low, Mr. Cheang and Mr. Lau; (ii) RBC

Berjaya Sdn Bhd and Aspen Avenue, where some of our Directors are also directors of these companies; (iii) Ms. Teoh Lohsee who is the wife of a director of Infinity Vantage; and (iv) Tree Group Sdn Bhd, which is non-controlling shareholder of Infinity Vantage before the disposal by our Group during FY2018, totalling approximately RM4.0 million, RM3.8 million, nil and nil, respectively.

All of the amounts above were non-trade in nature, interest-free, unsecured and repayment on demand, and have been settled as at the Latest Practicable Date.

Contingent liabilities

Performance bonds

	As at 31 October			As at 29 February
	2017	**2018**	**2019**	**2020**
	RM'000	*RM'000*	*RM'000*	*RM'000* (unaudited)
Performance bonds	1,635	7,108	24,962	25,086

As at 29 February 2020, our performance bonds as set out above were secured by pledged bank deposits and personal guarantees by our Directors.

In order to secure proper performance and timely implementation of project, our customers will generally require us to provide performance bonds in the form of bank guarantees. In general, the performance bond is required to be provided within a specified period after a tender is awarded to us according to the terms of the contract. During the Track Record Period, the amounts of performance bonds required are generally 5% of the original contract sum, and such performance bonds are generally released after the issuance of CPC or completion of the defect liability period.

During the Track Record Period, the bank guarantees are secured by pledged bank deposits and/or personal guarantees of our Directors. Our Directors confirmed that the personal guarantees provided by our Directors for any outstanding bank guarantees will be released upon Listing.

Save as disclosed above, as at the Latest Practicable Date, our Group has no contingent liabilities.

Save as disclosed above in this paragraph headed "Indebtedness" and apart from intra-group liabilities, we did not have any other debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages and charges, debentures, recognised lease liabilities or material contingent liabilities or guarantees outstanding as at 29 February 2020.

CAPITAL EXPENDITURES AND COMMITMENTS

Our Group's capital expenditures have principally consisted of expenditures on acquisitions of property, plant and equipment in our operations. The majority of our capital expenditures came from the acquisition of property, plant and machinery related to our works. Our capital expenditure was funded by internal resources and finance lease arrangement during the Track Record Period. Subsequent to 29 February 2020 and up to the Latest Practicable Date, we did not make any material capital expenditures.

For FY2017, FY2018 and FY2019, our Group acquired plant and machinery (including transfer from right-of-use assets) at cost of approximately RM1.5 million, RM2.1 million and RM1.9 million, respectively.

We estimate that upon Listing, our planned capital expenditures are subject to revision based upon any future changes in our business plan, market conditions, and economic and regulatory environment. Please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus for further information.

We expect to fund our capital expenditures principally through the net proceeds from the Share Offer and cash generated from our operating activities. We believe that these sources of funding will be sufficient to finance our capital expenditure needs for the next 12 months.

For the operating lease commitments of our Group, please refer to the paragraph headed "Indebtedness – Lease liabilities" in this section above for details.

As at the Latest Practicable Date, our Group has no capital commitments.

OFF-BALANCE SHEET ARRANGEMENTS AND COMMITMENTS

As at the Latest Practicable Date, we did not have any material off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the Track Record Period, our Group entered into certain related party transactions as set out in note 33 to the Accountants' Report in Appendix I to this prospectus.

Before the Track Record Period, there were related party transactions conducted under a contract entered into between our Group as main contractor and Aspen Avenue as property developer. Aspen Avenue was established as a project company for the sole purpose of developing a real estate project ("**Project APB**"). Aspen Avenue commenced its operation in

January 2012, when it acquired the underlying land for Project APB. It obtained the property developer license issued under the Housing Development (Control and Licensing) Act 1966 by the Deputy Controller of Housing on 26 April 2013 and has been engaging in developing Project APB since then. Project APB is an apartment building located in Penang, Malaysia which comprises residential units and working spaces. In May 2013, Aspen Avenue awarded the main contractor mandate to Rimbaco at the total contract sum of RM30,471,000. The construction of Project APB was completed in April 2016, and Rimbaco received the last batch of payment from Aspen Avenue in November 2016. Apart from Rimbaco, Aspen Avenue also engaged other service providers, including consultants, suppliers and subcontractors to complete the development of Project APB.

For further details of Aspen Avenue, please refer to the paragraph headed "Relationship with the controlling shareholders – Rule 8.10 of the Listing Rules – Our relationship with Aspen Avenue" in this prospectus.

Our Directors confirm that these related party transactions were conducted on arm's length negotiations, on normal commercial terms, and would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our future performance.

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios during the Track Record Period:

	FY2017 or as at 31 October 2017	FY2018 or as at 31 October 2018	FY2019 or as at 31 October 2019
Profitability:			
Gross profit margin (1)	11.9%	16.8%	12.4%
Net profit margin (2)	8.7%	11.1%	4.6%
Return on equity (3)	37.8%	20.5%	12.9%
Return on total assets (4)	19.2%	10.6%	5.3%
Liquidity and solvency:			
Current ratio (5)	1.8 times	1.9 times	1.6 times
Gearing ratio (6)	2.2%	10.1%	7.8%
Net debt to equity ratio (7)	N/A	2.5%	N/A
Interest coverage (8)	377.0 times	390.9 times	19.0 times

Notes:

1. Gross profit margin is calculated by dividing the gross profit by revenue for the respective year and multiplied by 100%. Please refer to the paragraph headed "Period to Period Comparison of Results of Our Operation" in this section above for more details about our gross profit margin.

2. Net profit margin is calculated by dividing the profit for the year by revenue for the respective year and multiplied by 100%. Please refer to the paragraph headed "Period to Period Comparison of Results of Our Operation" in this section above for more details about our net profit margin.

3. Return on equity is calculated by dividing the profit for the year by total equity as at the end of the respective year and multiplied by 100%.

4. Return on total assets is calculated by dividing the profit for the year by total assets at the end of the respective year and multiplied by 100%.

5. Current ratio is calculated by dividing current assets by current liabilities as at the end of the respective year.

6. Gearing ratio is calculated by dividing the total debts (bank borrowings and lease liabilities) by total equity as at the end of the respective year and multiplied by 100%.

7. Net debt to equity ratio is calculated by the net debt (total debts net of bank balances and cash) divided by the total equity as at the end of the respective year and multiplied by 100%.

8. Interest coverage is calculated by dividing the operating profit (i.e. profit before tax adding back finance cost) by finance costs incurred for the respective year.

Return on equity

Our return on equity decreased from approximately to 37.8% for FY2017 to approximately 20.5% for FY2018. Such decrease was mainly due to the decrease in net profit by approximately 42.1% for FY2018 as compared with FY2017. Our return on equity decreased to approximately 12.9% for FY2019, which was mainly due to the decrease in net profit by approximately 29.9% mainly as a result of non-recurring listing expenses. Please refer to the paragraph headed "Period to Period Comparison of Results of Our Operation" in this section above for the fluctuations of net profit.

Return on total assets

Our return on total assets decreased from approximately 19.2% for FY2017 to approximately 10.6% for FY2018. Such decrease was mainly due to the decrease in net profit by approximately 42.1% for FY2018 as compared with FY2017. Our return on total assets decreased to approximately 5.3% for FY2019, which was mainly due to the decrease in net profit by approximately 29.9% mainly as a result of non-recurring listing expenses.

Current Ratio

Our current ratios were approximately 1.8 times, 1.9 times and 1.6 times as at 31 October 2017, 2018 and 2019 respectively, which were relatively stable.

Gearing ratio

Our gearing ratio increased from approximately 2.2% as at 31 October 2017 to approximately 10.1% as at 31 October 2018, which was mainly due to the acquisition of construction machinery and equipment through hire purchase. Our gearing ratio decreased to approximately 7.8% as at 31 October 2019, which was mainly due to the decrease in bank borrowing as at 31 October 2019.

Net debt to equity ratio

Net debt to equity ratio was not applicable as at 31 October 2017 since our Group had net cash. Our net debt to equity ratio was 2.5% as at 31 October 2018, which was mainly due to the acquisition of construction machinery and equipment through hire purchase. Net debt to equity ratio was not applicable as at 31 October 2019 since our Group had net cash.

Interest coverage

Our interest coverage was approximately 377.0 times, 390.9 times and 19.0 times for FY2017, FY2018 and FY2019 respectively. Our interest coverage increased to approximately 390.9 times for FY2018 due to the decrease in finance cost for the year. Our interest coverage decreased to approximately 19.0 times for FY2019 due to the increase in finance cost for the year.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Our activities expose us to a variety of financial risks such as interest rate risk, credit risk and liquidity risk. For further details of our financial and capital risk management, please refer to note 36 to the Accountants' Report set out in Appendix I to this prospectus.

We manage our capital to ensure that we will be able to continue as a going concern while maximising the return to shareholders and maintaining an adequate capital structure. Our Group's overall strategy remained unchanged throughout the Track Record Period. Risk management is carried out by our Directors who identify and evaluate financial risks in close co-operation with our operating units. Our Directors provide principles for overall risk management and policies covering specific areas. Depending on our capital structure and needs from time to time, we may balance our overall capital structure through the payment of dividends, the issue of new shares, and/or new debts.

DISTRIBUTABLE RESERVES

As at Latest Practicable Date, our Company had no distributable reserves available for distribution to our Shareholders.

DIVIDENDS

Our Company has not declared or paid any dividends during the Track Record Period and up to the Latest Practicable Date. Subsidiaries of our Company declared and paid interim dividends of an aggregate amount of RM12.2 million for FY2017, RM12.0 million for FY2018 and RM2.2 million for FY2019 respectively. For further details regarding the said interim dividends, please refer to note 13 to the Accountants' Report set out in Appendix I to this prospectus.

Our Directors consider that there is no material adverse impact on our Group's financial and liquidity position arising out of the dividend payment as our Group will maintain net current assets and net assets position after payment of the dividend. Our Group currently does not have a dividend policy nor any pre-determined dividend pay-out ratio, and may distribute dividends by way of cash or by other means that our Directors consider appropriate. A decision to declare and pay any dividend would require the approval of our Directors and will be at their discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval. Distribution of dividends in the future, if any, will depend on the results of our Group's operations, cash flows, financial conditions, statutory and regulatory restrictions and other factors that our Directors consider relevant. The dividend distribution record in the past should not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Board in the future. There is no assurance that dividends of any amount will be declared or distributed each year or in any year.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission and other fees and expenses incurred in connection with the Share Offer and the Listing. Assuming an Offer Price of HK$0.43 per Offer Share (being the mid-point of the indicative Offer Price range), our total listing expenses is estimated to be approximately HK$54.0 million (equivalent to approximately RM28.4 million), of which (i) approximately HK$28.5 million (equivalent to approximately RM15.0 million) is directly attributable to the issue of Offer Shares which is to be accounted for as a deduction from equity; (ii) approximately HK$16.5 million (equivalent to approximately RM8.7 million) have been charged to profit or loss of our Group for FY2019; and (iii) approximately HK$9.0 million (equivalent to approximately RM4.7 million) will be further charged to profit or loss of our Group subsequent to the Track Record Period upon the Listing of our Company. The listing expenses above are the latest practicable estimate and are for reference only, and the actual amount may differ from this estimate.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

For further details, please see the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus.

RECENT DEVELOPMENTS SUBSEQUENT TO THE TRACK RECORD PERIOD

As at the Latest Practicable Date, our projects (with an original contract sum of not less than RM1.5 million) on hand, which represent contracts that have commenced but not yet completed and that have engagement confirmed but not yet commenced, are as follows:

	Number of projects on hand	Aggregate contract sum (Note) *(RM' million)*	Revenue recognised up to the Latest Practicable Date *(RM' million)*	Outstanding contract sum (Note) *(RM' million)*	Revenue expected to be recognised subsequent to the Latest Practicable Date *(RM' million)*
Factory projects	1	14.6	0.1	14.5	14.5
Institutional, commercial and/or residential project	5	966.1	316.9	649.2	649.2
Total	6	980.7	317.0	663.7	663.7

Note: The contract sums take into account the adjustments and the variation orders as at the Latest Practicable Date.

As at the Latest Practicable Date, we had a total of six building construction projects on hand (building construction projects that have commenced but not completed) with an aggregate original contract sum of approximately RM979.0 million and an aggregate adjustment/variation order of approximately RM1.7 million, of which approximately RM317.0 million had been recognised as revenue as at the Latest Practicable Date. To the best estimate of our Directors, the remaining unrecognised revenue of approximately RM255.2 million, RM382.5 million and RM26.0 million are expected to be recognised as revenue in the financial years ending 31 October 2020, 2021 and 2022 respectively.

For further details, please refer to the paragraph headed "Business – Projects – On-going and completed projects during the Track Record Period and up to the Latest Practicable Date" in this prospectus.

As at the Latest Practicable Date, we are still pending for the results of the five tenders that we have submitted with an aggregate original contract sum of approximately RM623.1 million. For details of these tender submissions, please refer to paragraph headed "Business – Our Business Strategies – Strengthen our liquidity position for paying Start-up Costs and performance bonds in order to obtain remarkable projects with concurrent durations" in this prospectus.

The Directors are of the view that as the aggregate value of backlog of our building construction projects on hand of the Company as at Latest Practicable Date amounted to approximately RM663.7 million as shown in the table above, we are able to receive constant progress payments till the financial year ending 31 October 2022.

Our Directors believe that the steady source of recurring cash flow from the existing projects will boost our cash inflow for our existing or future projects, or for capital expenditures on future projects.

Material adverse change

Based on the projects on hand, we expect our profitability for the year ending 31 October 2020 will be negatively affected by (i) listing expenses; (ii) increase in administration and compliance cost after Listing. For details, please refer to the section headed "Risk Factors" in this prospectus.

Save as the aforesaid, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group since 31 October 2019, being the date to which the latest audited consolidated financial statements of our Group were made up, and there has been no event since 31 October 2019 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

Based on the unaudited combined management account of our Group, for the three months ended 31 January 2020 ("**3M2020**"), we recorded an increase in our overall revenue of approximately 34.3% as compared to the corresponding period of FY2019. To the best knowledge and information of our Directors, the increase in revenue was mainly due to (i) completion of a sizeable factory project during 3M2020; and (ii) the increase in revenue recognised from two sizeable institutional, commercial and/or residential projects during 3M2020. Meanwhile, cost of services of our Group for 3M2020 increased by approximately 10.6% as compared to the corresponding period of FY2019. To the best knowledge and information of our Directors, the increase in cost of services was mainly due to the combined effect of (i) the increase in costs incurred for the two sizeable institutional, commercial and/or residential projects during 3M2020; and (ii) the reversal of liquidated and ascertained damages previously recognised as cost of services in FY2017 during 3M2020. Accordingly, we recorded an increase in gross profit of approximately 232.7% for 3M2020 as compared to the corresponding period of FY2019. To the best knowledge and information of our Directors, the increase in gross profit was mainly due to the aforesaid increase in revenue and reversal of liquidated and ascertained damages during 3M2020. Overall, comparing to a loss in the corresponding period of FY2019, our Group was able to recognise a profit for 3M2020. To the best knowledge and information of our Directors, the improvement was mainly due to the increase in gross profit and the decrease in listing expenses.

EFFECTS OF THE COVID-19 OUTBREAK

Since the first case of COVID-19 has been confirmed in Malaysia, our Directors have closely monitored the development of the outbreak of COVID-19 and communicated with our customers, suppliers and subcontractors proactively and regularly on whether there would be (i) any significant impact on the status or progress of our on-going building construction projects; and (ii) any supply shortages on our materials and subcontractors. On 16 March 2020, the Malaysian government announced the Control Order issued under the Prevention and Control of Infectious Diseases Act 1988 which took effect from 18 March 2020 to 31 March 2020 to combat the rise of COVID-19 cases in the country. Furthermore, on 25 March 2020, the Malaysian government has announced that the Control Order has been extended for another two weeks until 14 April 2020.

With effect of the Control Order, our construction works have been suspended and our administrative staff have been working from home. Although our building construction works are being halted during the suspension period, our Directors consider that such suspension would not cause material business operational disruption because the suspension period is temporary and our costs to be incurred during the suspension period would not be significant due to the fact that our Group has outsourced most of the labour-intensive building construction works to our subcontractors, and has maintained a limited number of staff only. We would not incur subcontracting fee during the suspension period as no works would be rendered by our subcontractors. Our costs would mainly comprise staff costs and other fixed costs, which our Directors believe would not have any material impact on our business operation and financial performance. As at the Latest Practicable Date, our Directors confirmed that none of our building construction projects had been subject to significant delay since the outbreak of COVID-19. Pursuant to our communication with our customers, suppliers and subcontractors, our Directors are not aware of (a) any intention of our customers to delay or suspend our existing building construction projects; (b) any material difficulty of our suppliers in delivering materials which have been ordered by us within the agreed schedule; (c) any labour shortage or suspension of works on the part of our Group or our subcontractors; or (d) any delay or suspend of the schedule of the potential building construction projects that we have submitted our tenders, despite the outbreak of COVID-19 and the implementation of the Control Order in Malaysia. In light of the above, as at the Latest Practicable Date, our Group had not experienced any termination of projects. Furthermore, as confirmed by our Directors, our Group would generally leave room for buffer time in devising our project timetable when negotiating with our customers, to accommodate for any unexpected delay or disruption of our work progress for reasons beyond our control. As at the Latest Practicable Date, none of our existing projects or their estimated completion dates were affected by any material disruption of progress of other parties at the project sites as a result of the COVID-19. Hence, the buffer time in the relevant project timetables had not been fully utilised as at the Latest Practicable Date.

In devising the duration of the buffer time for our existing projects, we had not taken into account the outbreak of COVID-19 at the time. Hence, if the outbreak of COVID-19 persists for a substantial period or there are personnel working at the construction site(s) who are infected with COVID-19 or being held under quarantine for medical inspection, the construction site(s) may have to be suspended accordingly, and then the original buffer time may not be able to absorb the delay or disruption to the construction site(s). However, our Group will be able to apply for extension of time for completing our building construction projects in the event of any delay as such delay will not be due to the fault of either party but due to our compliance with laws and/or orders from the Malaysian government pursuant to the respective contractual terms. As most of our major on-going projects use the 2006 form of contract for building works published by the Malaysian Institute of Architects (the "**PAM Contract 2006**"), our Group will also be able to rely on the notice issued by the Malaysian Institute of Architects dated 18 March 2020 which stated that in view of the Control Order, the PAM Contract 2006 provides for contractors to apply for extension of time under Clause 23.8(a) – Force Majeure in which "Force Majeure" is defined as "any circumstances beyond the control of the contractor caused by terrorist acts, governmental or regulatory action, epidemics or natural disasters". Further, the Director General of the World Health Organization had in his opening remarks at the media briefing on COVID-19 on 11 March 2020 stated that "COVID-19 could be characterised as a pandemic". As such, by relying on the above, our Directors are confident that we will be able to obtain such extension of time for our building construction projects.

Further, our Directors consider that the disruption caused by and the impact of the COVID-19 outbreak will not be long-lasting. Therefore, it is expected that the overall impact caused by the outbreak of COVID-19 on our business, results of operations and/or financial performance will be minimal, and that our Group will be able to discharge our obligations under all existing building construction projects. Our Directors considered that the outbreak of COVID-19 poses a low risk to the intended application of net proceeds from the Share Offer. As such, our Group will apply the net proceeds from the Share Offer as intended despite the outbreak of COVID-19. Also, our Directors considered that there were no quantified amounts on potential losses as at the Latest Practicable Date. Despite the recent development of COVID-19 in Malaysia, our Directors remain positive that the Malaysia economy will recover after the outbreak recedes. Our Directors consider that the outbreak of COVID-19 is expected to cause a economic slowdown to a certain extent but it will not affect the building construction works market in Malaysia in the long run. In light of the above, our Directors are of the view that the outbreak of COVID-19 will only have a short-term effect without material adverse impact on our business operation and financial performance or prospect in the long run. Notwithstanding that, our Directors will continue to monitor the progress of both our on-going projects along with the development of these events in case any of the said potential adverse impacts materialises, which may negatively affect the financial performance and business operation of our Group.

After taking into account the outbreak of COVID-19 and the implementation of the Control Order in Malaysia, we estimate our existing cash and cash equivalents as at Latest Practicable Date could satisfy our necessary costs for over 12 months. Our key assumptions of the worst case scenario where our business is forced to be suspended for a prolonged period, say till 31 October 2020 or longer due to an extension of the Control Order, due to the impact of COVID-19 include: (i) we will not generate any income due to the suspension of business; (ii) we will not have to pay subcontracting fee to our subcontractors according to the subcontracting agreements due to suspension of works; (iii) we will not rent machinery unless necessary and accordingly no machinery rental costs will be incurred; (iv) other rental related payments including rentals of office and other miscellaneous charges are paid monthly; (v) minimal operating and administrative expenses will be incurred to maintain our operations at a minimum level (including basic head office maintenance cost and utilities expenses); (vi) as the Central Bank of Malaysia has provided that all banking institutions will facilitate requests by corporation to defer or restructure their loan/financing repayments, we may request our bank(s) to defer payment of our bank loans for the six months period from 1 April 2020 to 30 September 2020; (vii) the expansion plan is delayed under such condition; (viii) there will be no further internal or external financing from Shareholders or financial institutions; and (ix) no further dividend will be declared and paid under such situation. Based on the above assumptions, to the best estimate of our Directors, the fixed cash outflow in such situation would be approximately RM774,000 per month for the six months period from 1 April 2020 to 30 September 2020 (consisting of staff cost of approximately RM599,000, directors' remuneration of approximately RM75,000 and utilities and other expenses of approximately RM100,000), and approximately RM1,053,000 per month after including loan repayment (which include principal and interest) of approximately RM279,000 per month from 1 October 2020 onwards in the worst case scenario. Based on the cash and cash equivalent of approximately RM21.6 million as at the Latest Practicable Date, our Directors believe that our Group's cash and cash equivalent will be able to support the monthly cash demand for approximately 22.1 months.

The abovementioned extreme situation may or may not occur. The abovementioned analysis is for illustrative purpose only and our Directors currently assessed that the likelihood of such situation is remote. The actual impact caused by the outbreak of COVID-19 will depend on its subsequent development; therefore there is a possibility that such impact to our Group may be out of our Directors' control and beyond our estimation and assessment. If the outbreak of COVID-19 in Malaysia continues and deteriorate, negative impact may be caused to our business, results of operation, financial performance and future prospects.

Once our construction site works is resumed, our Directors shall implement additional hygiene and precautionary measures, contingency plans and employees' guidelines in order to maintain the progress of our on-going building construction projects and to safeguard the safety and health condition of our employees, including identification of and discussions with various suitable alternative subcontractors and suppliers which meet our demands and requirements to ensure the stability and consistency of our building construction projects, sourcing of additional quantities of materials needed for our operations to reduce any disruptions that may cause, and implementation of the flexible rotation arrangements for our staff across the West Malaysia with an aim to control and minimise possible community transmission of COVID-19 to ensure a stable workforce available.

The enhanced hygiene and precautionary measures across the work sites of our building construction projects which we shall adopt include (i) monitoring the medical symptoms of our site workers and visitors by measuring their body temperatures; (ii) requiring our site workers and visitors to wear suitable protective gear such as gloves and face masks; and (iii) promoting personal hygiene among our employees as well as visitors.

Further, our Group confirms that, should there be a complete or partial suspension of our business operation, our Group will have sufficient working capital for at least the next 12 months.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

BUSINESS OBJECTIVES AND STRATEGIES

To continue to develop our business and achieve long-term growth, we intend to adopt the following key business strategies:

- Strengthen our presence in the building construction industry in West Malaysia
- Strengthen our liquidity position for paying Start-up Costs and performance bonds in order to obtain remarkable projects with concurrent durations
- Directly participate in government projects
- Lower our construction costs in the long run and enhance operational advantages by acquiring more machinery and equipment and establishing our own warehouse for storage of machinery and equipment
- Further strengthening our manpower to cope with future business opportunities

Please refer to the paragraph headed "Business – Our business strategies" in this prospectus for our Group's objective and strategies.

REASONS FOR LISTING

1. Provide sufficient funds for the implementation of our future plans

During the Track Record Period, we have funded our business activities primarily from internally generated cash. Our cash outflows precede our cash inflows for our construction projects as we have to make payments to our subcontractors and our suppliers prior to obtaining progress payments from our customers. Our Directors believe that if we are to implement our future plans solely with our internal resources, our financial conditions and liquidity may be subject to material burden.

As at 31 October 2019, our cash and cash equivalents, which represent our immediately available working capital, amounted to approximately RM14.3 million, as set out in the section headed "Financial information – Net current assets" in this prospectus. Our Directors consider that the amount of our cash and cash equivalents fluctuate from time to time, depending on the timing of (i) payments from our customers; and (ii) payments to our subcontractors and suppliers of materials. Therefore, the amount of our cash and cash equivalents as at a particular date may not fully reflect our general liquidity position.

Based on the current scale of our operations and the costs incurred by us during the Track Record Period, our Directors estimate that currently we have to incur an average monthly operating expense of approximately RM18.5 million (calculated by the total cost of services during the Track Record Period divided by the number of months of the Track Record Period), primarily comprising subcontracting charges, cost of materials, staff costs and administrative expenses, for our daily operations. In particular, as at 31 October 2019, we have current liabilities of approximately RM132.4 million, which mostly consists of trade, bills and other payables. There can be no assurance that we will receive payments from our customers before we are required to settle our suppliers' invoices and other current liabilities, which may result in possible cash flow mismatch.

Based on the above analysis, and without taking into account other transactions that took place after 31 October 2019, our cash and cash equivalents of approximately RM14.3 million as at 31 October 2019 is sufficient to meet our average monthly operating expense only for less than one month. Therefore, our Directors consider that we will need to raise additional funding through the Share Offer to facilitate the implementation of our future plans, while maintaining sufficient working capital for our business operations.

Cash flows position in relation to our operating activities

We recorded net cash generated from operating activities of approximately RM58.8 million for FY2017, net cash used in operating activities of approximately RM40.0 million for FY2018 and recorded net cash generated from operating activities of approximately RM18.8 million for FY2019, respectively. Having considered the fluctuation net cash flow position for our operating activities during the aforesaid periods, our Directors consider that it would not be financially prudent for us to carry out further business expansion by solely relying on our own internal resources. Further, it will be difficult for us to formulate a comprehensive schedule for our expansion plans if we rely solely on the net cash generated from our operating activities for financing our business strategies, since our plan will be subject to uncertainties in relation to the timing of generating sufficient net cash from our operation for our expansion plans. Further, we may be required to modify our expansion plans from time to time depending on the amount of net cash generated from our operations. As a result, we would have less control over the timing of implementing our business strategies, and may fail to fully capture the forecasted increase in demand for building construction services in Malaysia as stated in the Industry Report.

Use of proceeds from the Share Offer

Having considered the aforesaid, our Directors are of the view that our Group is required to raise additional funding to facilitate the successful implementation of our business strategies. Therefore, our Directors consider that pursuing the Listing is in the interest of our Group. It is the current intention of our Directors to apply the net proceeds of approximately RM42.9 million from the Share Offer to be received by our Company (estimated to be approximately HK$81.5 million based on an Offer Price of HK$0.43 per Offer Share, being the mid-point of the indicative Offer Price range of HK$0.40 to HK$0.46 per Offer Share) for the implementation of the business objectives and strategies as aforementioned.

When considering the options for funding our expansion plans, our Directors have taken into account the following factors and came to the conclusion that it is in the interests of our Group and our Shareholders as a whole to proceed with equity financing in the form of Listing than through a combination of our internal resources and bank borrowings:

(i) assuming all our cash and cash equivalents of approximately RM14.3 million as at 31 October 2019 are applied towards funding our expansion plans, we will still face a shortfall of approximately RM28.6 million which is equal to the net proceeds from the Share Offer minus cash and cash equivalents of the Group as at 31 October 2019 as stated above. As such, our Directors may contemplate to apply for a banking facility in the amount of approximately RM28.6 million (the "**Potential Banking Facility**");

(ii) assuming we are able to obtain the Potential Banking Facility, our Group's financial performance may be negatively affected if we solely use the Potential Banking Facility together with our current available resources for funding our business expansion. The amounts drawn from the Potential Banking Facility are subject to repayment obligations for the principal amount and associated interest expenses. According to public available information, 3-month KLIOR (Kuala Lumpur Interbank Offered Rate) ranged from approximately 3.26% to 3.70% during the Track Record Period. There is no assurance on the future movement of the overall lending rate in Malaysia. Uncertain interest rate movement in the future may also expose our Group to increasing borrowing costs which may adversely affect our financial performance and liquidity. By comparison, the proceeds from the Listing will become our equity without any additional financial repayment obligations (i.e. principal amount and associated interest expenses) towards our Shareholders under normal circumstances;

(iii) if we decide to fully utilise our cash and cash equivalents to finance the expansion plan, we would be exposed to significant liquidity risk in the event of any significant increase in the lending rate and other unforeseen circumstances such as material delay in our projects;

(iv) based on our total equity as at 31 October 2019, it is estimated that our gearing ratio will increase from approximately 7.8% to 38.0% if we fully utilise the Potential Banking Facility of approximately RM28.6 million. The substantial increase in our indebtedness level and gearing ratio may adversely affect our financial credibility and financial condition and limit our future ability to obtain further financing from financial institutions to support our daily operations and business expansion;

(v) it is part of our business strategies to apply approximately RM13.4 million of our net proceeds from the Share Offer to acquire additional machinery and equipment. Please refer to the paragraph headed "Business – Our business strategies" for details about machinery and equipment we plan to acquire and the relevant cost analysis. Depending on further negotiations with the bank, the Potential Banking Facility may be subject to restrictions on the usage of the funds drawn down. For instance, the bank may require that the cash drawn from a revolving loan be used solely for financing those activities within our ordinary course of business (e.g. settlement of trade and other payables etc.). There is no guarantee that the terms of the Potential Banking Facility will permit us to apply the loan drawn for acquiring additional machinery and equipment;

(vi) in the event that we are unable to generate sufficient cash inflow from our operating activities during the repayment period, we may encounter risk of default which would entitle the bank to demand immediate repayment of all the outstanding loan amount and other enforcement actions against us (e.g. seizure of bank accounts and other available assets); and

(vii) if we raise additional funds by debt financing, we may be subject to various covenants under the relevant debt instruments which may restrict our ability to pay dividends or obtain additional financing.

2. Need to maintain liquidity position for project execution

During the Track Record Period, we submit tenders or quotations to potential customers to source for new projects, which would normally require information of our Group's financial strength as part of their assessment. Our Directors believe potential customers generally assess whether our financial resources are sufficient to implement and complete the new projects. Cash and cash equivalents, fixed assets and performance bonds status of the Group are important indicators as to whether the contractors are financially capable and committed in the industry when potential customers may require such information to be provided during the tendering or quotation process.

As at 31 October 2017, 2018 and 2019, our trade, bills and other payables were approximately RM62.2 million, RM65.3 million and RM125.3 million respectively, while our trade and other receivables are approximately RM34.1 million, RM56.2 million and RM82.0 million respectively. In general, we normally make an application for progress payment for the work done (including contract work and variation order work) and our customers would examine the completed work at that stage and issue a certification upon completion of the relevant works. We generally grant a 14 to 60 days credit term to our customers upon issuance of our invoice; (ii) our suppliers generally offer credit terms ranging from 14 to 60 days after delivery of goods; and (iii) our subcontractors provide credit terms typically 10 to 60 days after issuance of their invoice. In light of the above, we may experience potential time lags between making payments to our suppliers and subcontractors and receiving payments from our customers, resulting in possible cash flow mismatch. Consequently, we need to maintain a higher level of available cash and cash equivalents to be in line with our scale of operations and meeting our liquidity needs in case of unforeseen circumstances.

For contracts awarded, customers may require performance bonds, the amounts of which are generally 5% of the original contract sum, in favour of them to guarantee the completion of work. For banks to issue such performance bonds, they would normally require bank deposits to be pledged in favour of them. For details, please refer to the section headed "Business – Customers – Principal terms of engagement with our customers" in this prospectus. During the Track Record Period, the banks provide us bank facility lines with amounts equal to the respective performance bonds, and the pledged bank deposits required for the grant of these facility lines were minimal as compared to the amount of performance bonds. However, due to the banks in Malaysia have tightened the provision of project financing, including performance bonds to construction contractors for projects in relation to residential buildings, commercial complex and hotels in 2019 according to the Industry Report, the Directors expect that banks in Malaysia will tighten the provision of bank facilities and the bank deposits requirements and require us to pledge bank deposits of equal amounts to the corresponding performance bonds. Given the estimated total contract sum of approximately RM623.1 million of the five potential building construction projects that we have submitted tenders and are still pending tender results, our Directors believe that further financing is clearly required for our Group to continue its development and progress to work on projects of larger scale. For illustration purpose, assuming these potential building with a total contract sum of RM623.1 million, we estimated that we will require Start-up Costs of approximately RM77.7 million. Our Directors are of the view that our available cash on hand is not sufficient for the working capital required for the Start-up Costs for the abovementioned potential building construction projects and the capital required to purchase new machinery and equipment. Please refer to the paragraph headed "Business – Our business strategies" for details about machinery and equipment we plan to acquire.

Despite the initial cost of equity financing is relatively higher as compared with overall cost of debt financing, our Directors consider equity financing to be more beneficial to our Group's medium and long term development as compared to debt financing since (i) adequate amount of fund could be raised through Listing for our expansion plan; and (ii) our Group may enjoy flexibility on future financing options after Listing, as banks may be more willing to lend to a publicly listed company and our Group may access secondary market in case of need. In the event that we cannot obtain equity financing through Listing we may not able to tender for more building construction projects given our limited financial resources.

3. Cash and cash equivalents were just sufficient to maintain our existing business operation

As mentioned in this section above, our cash and cash equivalents of approximately RM14.3 million as at 31 October 2019 was only able to fund our Group's operating costs for less than one month based on our then operation scale. We therefore rely considerably on our operating cash flows to fund our day-to-day operations, and hence our capacity to implement our business strategies and plans to foster our growth and create greater return and value for our Shareholders would be limited without the support of the net proceeds from the Share Offer.

The aggregate value of backlog of our building construction projects on hand of the Company as at 31 October 2019 amounted to approximately RM745.3 million. Considering our total revenue of approximately RM347.3 million, RM156.8 million and RM262.5 million for FY2017, FY2018 and FY2019, respectively, our Directors consider that our current cash and cash equivalents may not be able to support our operations in the near future without the provision of funding from our Controlling Shareholders or the obtaining of external debt or equity financing. In the event that we cannot obtain equity financing through Listing, we plan to support our future operational funding needs partly by our internal resources and partly by advances from our Controlling Shareholders. Our Directors consider that our current cash and cash equivalents cannot provide any funding buffer for us to weather any material and unexpected adversities such as possible economic downturn, nor can they support our growth through business expansion. We expect that the cash outflow for our business operation will further increase correspondingly when the number of remarkable projects we take up increases along with our expansion plan. If there is no additional funding from the Share Offer, our cash and cash equivalents may not be sufficient to sustain our business should there be any adverse changes to our financial position, nor can we further strengthen our market position in the construction industry in Malaysia by expanding our market share through undertaking more remarkable projects.

Other risks set out in the section headed “Risk Factors” in this prospectus may also lead to unforeseen circumstances, which may result in an increase in working capital requirement.

4. Capture the growing market demand for building construction services in Malaysia

According to the Industry Report, the value of construction work done in Malaysia, being driven by favourable government support and expected positive economic outlook, is forecasted to increase in the next five years at a CAGR of approximately 5.4%, reaching RM185.8 billion by 2023 from approximately RM150.7 billion in 2019, in which building construction services for industrial sector is forecasted to increase in the next five years at a CAGR of approximately 9.1%, reaching RM31.3 billion by 2023 from approximately RM22.1 billion in 2019. In light of the favourable market trend and our present scale of operation, our Directors consider that it is the appropriate timing for us to expand our scale of operation and to implement our business objectives and strategies as set out in the section headed “Business – Our business strategies” in this prospectus. Our Directors believe that the Listing will enable us to obtain sufficient funding to implement our business plans, which will strengthen our market presence in the building construction industry and provide us with additional opportunities of being involved in additional and more remarkable construction projects in Malaysia.

5. Enhance work morale, recruitment and retention of talents

Our Directors believe that a listing status will facilitate us in attracting talents to join our Group, and retaining our existing staff more effectively, at both operational and administrative level. Staff will be motivated to further develop their career with us in view of the perceived status associated with working for a listed company. The implementation of our Group's future plan with proceeds from the Listing will also signify the development and growth of our Group, and strengthen the morale of staff in general. In turn, an integrated workforce will improve the quality of our work and optimise our daily operations to the benefit of our long term development.

6. Enhance corporate profile, brand awareness and competitiveness among industry players

Our Directors believe that the Listing will enhance our corporate profile among business stakeholders such as customers, suppliers, subcontractors, developers and project owners. We believe that the Listing will foster enhanced internal control and corporate governance practice, and promote confidence in us from the perspective of the potential business stakeholders.

In particular, during the Track Record Period, some of our customers are (or whose holding companies are) listed on different stock markets worldwide. Please refer to the section headed "Business – Customers" in this prospectus for further details. Our Directors consider that the Listing will establish our access to international financial market and strengthen our customers' confidence in our Group's services, financial strengths and credibility, which may further enhance our business relationship with them.

Given the public listing status and the consequential regulatory supervision, and publication of financial information, the Listing will naturally be associated with better reputation and confidence. Upon Listing, our Directors expect our Group to be in a better position and become more competitive in the market as potential customers will likely give preference to public listed company. In particular, our Group's operation and financial position will be strengthened by the proceeds of Listing, enabling our Group to tender for more remarkable projects.

REASONS FOR LISTING IN HONG KONG

Our Directors had considered and evaluated different listing venues including Hong Kong and Malaysia and have concluded that, notwithstanding that our business is primarily based in Malaysia, Hong Kong is the suitable venue for us to pursue a listing.

According to the global ranking of stock exchanges by market capitalisation table available on the SFC website, the Stock Exchange ranked the fifth largest market of the world's leading stock exchanges in terms of market capitalisation as at the end of December 2019 with a total market capitalisation of approximately US$4,899 billion. It was also the third largest stock market in Asia falling behind Japan and Shanghai as at the end of December 2019.

Our Directors recognised that our Group's presence in Hong Kong capital markets could create a higher level of visibility for our Group, and therefore Listing in Hong Kong will facilitate us to implement our future plans as well as to realise our business strategies. Visibility among international investors will also be enhanced and hence our Group can gain better access to international funding, which is important for our Group's future sustainable growth as this will provide us with diversified means to fund our future expansion plans.

(1) Better access to capital and expanding and diversifying our shareholder base

The table below highlights the differences between the Stock Exchange, Bursa Malaysia and Singapore Stock Exchange in terms of (i) number of new listings; (ii) total funds raised from new listings; (iii) average daily equity products turnover; and (iv) total market capitalisation:

	Stock Exchange			**Bursa Malaysia**			**Singapore Stock Exchange**		
	Year ended 31 December			**Year ended 31 December**			**Year ended 30 June**		
	2017	**2018**	**2019**	**2017**	**2018**	**2019**	**2017**	**2018**	**2019**
Number of new listings	94 *(Note 1 & 7)*	143 *(Note 1 & 7)*	168 *(Note 1 & 7)*	13 *(Note 3)*	22 *(Note 3)*	30 *(Note 3)*	23 *(Note 5)*	22 *(Note 6)*	20 *(Note 6)*
Total funds raised from new listings	HK$122.6 billion *(Note 1 & 7)*	HK$282.9 billion *(Note 1 & 7)*	HK$313.2 billion *(Note 1 & 7)*	RM7.4 billion (equivalent to approximately HK$14.1 billion) *(Note 2)*	RM0.7 billion (equivalent to approximately HK$1.3 billion) *(Note 3)*	RM2.0 billion (equivalent to approximately HK$3.8 billion) *(Note 3)*	SGD1.3 billion (equivalent to approximately HK$7.0 billion) *(Note 5 & 8)*	SGD6.2 billion (equivalent to approximately HK$33.4 billion) *(Note 6 & 8)*	SGD1.7 billion (equivalent to approximately HK$9.1 billion) *(Note 6 & 8)*
Average daily equity products turnover	HK$71.2 billion *(Note 1)*	HK$84.2 billion *(Note 1)*	HK$69.2 billion *(Note 1)*	RM2.3 billion (equivalent to approximately HK$4.4 billion) *(Note 3)*	RM2.4 billion (equivalent to approximately HK$4.6 billion) *(Note 3)*	RM1.9 billion (equivalent to approximately HK$3.6 billion) *(Note 3)*	SGD1.1 billion (equivalent to approximately HK$5.9 billion) *(Note 5 & 8)*	SGD1.3 billion (equivalent to approximately HK$7.0 billion) *(Note 6 & 8)*	SGD1.0 billion (equivalent to approximately HK$5.4 billion) *(Note 6 & 8)*
	As at 31 December			**As at 31 December**			**As at 30 June**		
	2017	**2018**	**2019**	**2017**	**2018**	**2019**	**2017**	**2018**	**2019**
Total market capitalisation	HK$33.7 trillion *(Note 1 & 7)*	HK$29.7 trillion *(Note 1 & 7)*	HK$38.1 trillion *(Note 1 & 7)*	RM1.9 trillion (equivalent to approximately HK$3.6 trillion) *(Note 3)*	RM1.7 trillion (equivalent to approximately HK$3.2 trillion) *(Note 3)*	RM1.7 trillion (equivalent to approximately HK$3.2 trillion) *(Note 3)*	SGD1.0 trillion (equivalent to approximately HK$5.4 trillion) *(Note 4 & 8)*	SGD1.0 trillion (equivalent to approximately HK$5.4 trillion) *(Note 5 & 8)*	SGD1.0 trillion (equivalent to approximately HK$5.4 trillion) *(Note 6 & 8)*

Notes:

1. Source: Industry Report
2. Source: Annual Report 2018 of Bursa Malaysia
3. Source: Annual Report 2019 to Bursa Malaysia
4. Source: Singapore Exchange Annual Report 2017
5. Source: Singapore Exchange Annual Report 2018
6. Source: Singapore Exchange Annual Report 2019
7. The figures indicate statistics for Main Board only
8. Exchange rate: SGD1.00: HK$5.38

From the tables above, the Hong Kong stock market is obviously larger and more liquid fund raising platform for listed companies. Hence, our Directors consider that the Listing would (i) provide our Group the opportunity to enhance its profile internationally; (ii) increase our presence among international corporations planning to expand to and invest in Malaysia; and (iii) attract international institutional investors, thereby expanding our sources of funding.

As the Listing and the Share Offer will allow institutional and professional investors to invest in our Shares, it would help to expand and diversify our shareholder base, thereby establishing a broader shareholder base which benefits our Company and Shareholders as a whole.

(2) High reputation of the Hong Kong stock market

Hong Kong stock market has a high level of internationalism, sound legal system and regulatory framework, mature financial system, wide diversity of investors, established reputation in the global financial market, with sufficient institutional capital and funds following the companies listed in Hong Kong. Our Directors believe that the Listing will further enhance our corporate profile and recognition and reinforce our brand awareness and image, which may assist us to further develop our customer base, including the property developers from the PRC and Hong Kong which develop property projects in Malaysia.

In view of the influx of direct investments from the PRC into Malaysia, we believe that the status as a listed company on the Stock Exchange will allow us to promote our brand further and improve our chances to secure contracts under PRC property developers' projects in Malaysia. In particular, our Directors consider that a public listing status on the Main Board can attract potential customers, including the multinational property developers or factory owners, who are more willing to establish a business relationship with companies which have a well-established internal control and corporate governance system. Accordingly, our Directors believe that Listing in Hong Kong will achieve our goals in relation to our future plans by allowing and assisting us to expand our operations and strengthen our market position in Malaysia.

Besides, having considered the increasing number of Malaysian companies which have already been listed on the Stock Exchange and in order to distinguish ourselves from other contractors in Malaysia, our Directors believe that a public listing status in Hong Kong will further enhance our competitiveness in the market since some customers and suppliers may prefer to work with companies with more transparent financial disclosure and regulatory supervision.

(3) Larger pool of talents accessed

Our Directors believe that being listed on the Hong Kong stock market will further facilitate us in attracting talents to join our Group and accessing to a larger pool of talents which will improve our quality of work. In addition, the status of being a listed company of Stock Exchange will also facilitate our in-house talent management, through staff retention and development, whereby our existing staff may be motivated to further develop their career with us in view of the perceived status associated with working for a company which is listed on the Hong Kong stock market.

(4) Our operating location should not be the deciding factor of where we pursue our Listing

Our Directors are of the view that the location of our operations in Malaysia should not be the deciding factor of where we pursue our Listing status. Instead, it should be based on an evaluation of factors as elaborate in the preceding paragraphs. Given the development of information technology, investors could trade in various stock exchanges regardless of the physical location. The location of business operations is therefore of little relevance as to listing avenue.

Having considered the above, our Directors decided that it is more preferential for our Group to be listed on the Stock Exchange in Hong Kong than in Bursa Malaysia.

USE OF PROCEEDS

Based on the Offer Price of HK$0.43 per Offer Share, being the mid-point of the indicative Offer Price range of HK$0.40 per Offer Share to HK$0.46 per Offer Share, the aggregate net proceeds from the Share Offer will be approximately RM42.9 million or HK$81.5 million. Our Directors intend to apply the net proceeds from the Share Offer as follows:

- Approximately RM16.9 million or HK$32.1 million (or approximately 39.4% of our total estimated net proceeds) will be used for strengthening our capital base for potential building construction projects (out of which approximately RM13.9 million will be allocated for payment of Start-up Costs for building construction projects that we submitted tenders; (ii) approximately RM1.3 million will be allocated for satisfying performance bond requirements for building construction projects that we submitted tenders; and (iii) the remaining balance of approximately RM1.7 million will be used for funding for future building construction projects);

- Approximately RM13.4 million or HK$25.5 million (or approximately 31.2% of our total estimated net proceeds) will be used for acquisition of additional machinery and equipment to lower our construction costs in the long run;

- Approximately RM2.8 million or HK$5.3 million (or approximately 6.5% of our total estimated net proceeds) will be used for acquisition of a parcel of land and construct a warehouse for storage of machinery and equipment;

- Approximately RM2.6 million or HK$4.9 million (or approximately 6.1% of our total estimated net proceeds) will be used as collateral for bank facilities and funding for the sinking fund in the principal bank of the Company;

- Approximately RM2.3 million or HK$4.4 million (or approximately 5.3% of our total estimated net proceeds) will be used for expansion of our workforce to support our business expansion and generally expected to cover three years' worth of staff costs for the new hires;

- Approximately RM0.8 million or HK$1.5 million (or approximately 1.9% of our total estimated net proceeds) will be used for setting up a branch office in Kuala Lumpur; and

- Approximately RM4.1 million or HK$7.8 million (or approximately 9.6% of our total estimated net proceeds) will be used for additional working capital and other general corporate purposes.

If the Offer Price is set at the high-end or low-end of the proposed Offer Price range, the net proceeds of the Share Offer will increase or decrease by approximately HK$8.0 million (assuming the Over-allotment Option is not exercised). We will adjust the allocation of the net proceeds for the abovementioned purposes on a pro rata basis.

In the event that the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds from the sale of these additional Offer Shares of approximately HK$17.1 million (based on the Offer Price of HK$0.43), after deducting the underwriting commissions and other estimated offering expenses payable by us and assuming the same initial Offer Price as stated above. We intend to apply the additional net proceeds to the abovementioned purposes on a pro rata basis. To the extent that the net proceeds of the Share Offer are not immediately used for the purposes described above, they will be placed on deposit with banks or other financial institutions or held in other treasury instruments.

We will issue an announcement in the event that there is any material change in the use of proceeds of the Share Offer as described above.

BASES AND ASSUMPTIONS

The future plans set out by our Directors are based on the following bases and assumptions:

- the Share Offer will be completed in accordance with and as set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus;
- there will be no change in the funding requirement for each of the near term future plans described in this prospectus from the amount as estimated by our Directors;
- there will be no material changes in existing laws, rules and regulations, or other governmental policies relating to our Group, or in the political, economic or market conditions in which our Group operates;
- we continue our existing operations in substantially the same manner as they were carried out during the Track Record Period and we will also be able to carry out our development plans without material disruptions;
- we are able to retain key staff in the management and the main operational departments;
- we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the future plans relate;
- there will be no material changes in the existing accounting policies from those stated in the audited consolidated financial statements of our Group for the Track Record Period;
- there will be no material changes in the bases or rates of taxation applicable to the activities of our Group;
- there will be no disasters, diseases, natural, political or otherwise, which would materially disrupt the business or operations of our Group; and
- our Group will not be materially affected by the risk factors as set out in the section headed "Risk Factors" in this prospectus.

UNDERWRITERS

Joint Bookrunners, Joint Lead Managers and Public Offer Underwriters

Realord Asia Pacific Securities Limited
China Tonghai Securities Limited
SPDB International Capital Limited
AMC Wanhai Securities Limited

Joint Lead Managers and Public Offer Underwriters

Conrad Investment Services Limited
Target Capital Management Limited
Augustine Securities Company Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, the Group is offering 31,500,000 Public Offer Shares (subject to reallocation) for subscription on the terms and subject to the conditions of this prospectus and the Application Forms at the Offer Price.

Subject to (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer and the Capitalisation Issue and any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme; and (ii) certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have severally agreed to apply or procure applications, on the terms and conditions of this prospectus, the related Application Forms and the Public Offer Underwriting Agreement, for the Public Offer Shares now being offered and which are not taken up under the Public Offer.

The Public Offer Underwriting Agreement is conditional upon and subject to the Placing Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

If prior to 8:00 a.m. (Hong Kong time) on the Listing Date:

(a) there comes to the notice of the Joint Bookrunners, the Joint Lead Managers or any of the Public Offer Underwriters:

(i) that any statement contained in any of this prospectus, the Application Forms, the formal notice and any announcements issued by the Company in connection with the Public Offer (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading, or that any forecasts, expressions of opinion, intention or expectation expressed in this prospectus, the Application Forms, the formal notice and/or any announcements issued by the Company in connection with the Public Offer (including any supplement or amendment thereto) are not fair and honest and based on reasonable assumptions, in each case when taken as a whole; or

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus and having not been disclosed in this prospectus, constitute a material omission therefrom; or

(iii) any breach of any of the obligations imposed upon any Group company, any Executive Directors or any Controlling Shareholders;

(iv) any event, act or omission which gives or is likely to give rise to any liability of any of the indemnifying parties pursuant to the Public Offer Underwriting Agreement; or

(v) any adverse change or development involving a prospective change (whether permanent or not) in the assets, liabilities, conditions, business affairs, prospects, profits, losses or financial or trading position or performance of any Group company; or

(vi) approval by the Listing Committee of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus or sold under the Share Offer is refused or not granted, other than subject to customary conditions, on or before the date of approval of the listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(vii) the Company withdraws this prospectus (and any other documents used in connection with the contemplated subscription and/or purchase of the Shares) or the Share Offer; or

(b) there shall have developed, occurred, existed or come into effect:

(i) commotion, riot, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, accident or interruption or delay in transportation or acts of terrorism or any state of emergency or calamity or crisis in or affecting any of Hong Kong, Malaysia, the Cayman Islands, the BVI or any other jurisdictions relevant to any member of the Group or the Share Offer (the "**Relevant Jurisdictions**"); or

(ii) any change or development involving a prospective change or development, or any event or series of events, likely to result in or represents any change or prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency or market conditions or any monetary or trading settlement system or matters and/or disaster (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the US, imposition or declaration of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange, or a material devaluation of Hong Kong dollars against the U.S. dollars) in or affecting any of the Relevant Jurisdictions; or

(iii) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), Malaysia, the Cayman Islands or the BVI, or there is a material disruption in commercial banking or securities settlement or clearance services in those places; or

(iv) any new law or regulation or change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any of the Relevant Jurisdictions; or

(v) the imposition of economic or other sanctions, in whatever form, directly or indirectly, by, or for any of the Relevant Jurisdictions; or

(vi) a change or development occurs involving a prospective change in taxation or foreign investment regulations (or the implementation of any exchange control) in any of the Relevant Jurisdictions and an investment in the Shares; or

(vii) any litigation or claim of any third party being threatened or instigated against any Group company; or

(viii) any Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(ix) the commencement by any regulatory or political body or organisation of any action against a Director or an announcement by any regulatory or political body or organisation that it intends to take any such action; or

(x) a contravention by any Group company of the Companies Ordinance, the SFO, or any of the Listing Rules; or

(xi) a prohibition on the Company for whatever reason from allotting or selling the Shares pursuant to the terms of the Share Offer; or

(xii) non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription for and/or purchase of the Shares) or any aspect of the Share Offer with the Listing Rules or any other applicable law or regulation; or

(xiii) other than with the approval of the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters (such approval not to be unreasonably withheld), the issue or requirement to issue by the Company of a supplementary prospectus (or any other documents used in connection with the contemplated subscription for and/or purchase of the Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules; or

(xiv) a petition is presented or an order is made for the winding up or liquidation of any Group company or any Group company makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any Group company or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any Group company or anything analogous thereto occurs in respect of any material Group company; or

(xv) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any of the Relevant Jurisdictions; or

(xvi) any loss or damage sustained by any Group company, which, in any such case and in the sole and absolute opinion of the Joint Bookrunners and the Joint Lead Managers:

(a) is or may individually or in the aggregate have a material adverse effect on the business, financial, trading position or other condition or prospects of the Group as a whole; or

(b) is or has or may have a material adverse effect on the success of the Public Offer or the Share Offer or the level of applications under the Public Offer or the level of interest under the Placing; or

(c) is or may make it inadvisable or impracticable for Public Offer and/or the Share Offer to proceed or to market the Public Offer and/or the Share Offer in any material respects; or

(d) is or may have the effect of making any part of the Public Offer Underwriting Agreement incapable of performance in accordance with its terms in any material respects,

then the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) may, upon giving notice in writing to the Company, prior to 8:00 a.m. on the Listing Date, terminate the Public Offer Underwriting Agreement with immediate effect.

Undertakings to the Stock Exchange pursuant to the Listing Rules

(A) Undertakings by the Company

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of the Company (whether or not of a class already listed) may be issued by the Company or form the subject of any agreement to such an issue by the Company within six months from the Listing Date (whether or not such issue of Shares or securities of the Company will be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules or pursuant to the Share Offer.

(B) Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and the Company that, save as permitted under the Listing Rules, he or it shall not and shall procure that the relevant registered holder(s) shall not:

(a) in the period commencing on the date by reference to which disclosure of its/his shareholding in the Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it/he is shown by this prospectus to be the beneficial owner; and

(b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it/he would cease to be a controlling shareholder of the Company.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has jointly and severally undertaken to the Stock Exchange and to the Company that within the period commencing on the date by reference to which disclosure of his/its shareholding in the Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he or it will:

(i) when he or it pledges or charges any Shares beneficially owned by him/it in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) (the "**Banking Ordinance**") pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform the Company of such pledge or charge together with the number of Shares so pledged or charged; and

(ii) when he or it receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform the Company of such indications.

The Company will also inform the Stock Exchange as soon as the Company has been informed of any of the above matters (if any) by the Controlling Shareholders and disclose such matters by way of an announcement to be published in accordance with the publication requirements under Rule 2.07C of the Listing Rules as soon as possible after being so informed by the Controlling Shareholders.

Undertakings pursuant to the Public Offer Underwriting Agreement

(A) Undertakings by the Company

The Company has, pursuant to the Public Offer Underwriting Agreement, undertaken to each of the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that the Company will except pursuant to or contemplated under the Share Offer and the exercise of the options that may be granted under the Share Option Scheme, not, without the prior written consent of the Sole Sponsor, the Joint Bookrunners and the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) and subject to the provisions of the Listing Rules:

(a) not at any time from the date of this prospectus up to and including the date falling six months after the Listing Date (the "**First Six-Month Period**"):

(i) offer, allot, issue or sell, or agree to allot, issue or sell, grant or agree to grant any option, right, warrant or other rights to subscribe for any Shares or other securities of the Company over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Company or any of its subsidiaries), either directly or indirectly, conditionally or unconditionally, any Shares or any securities convertible into or exchangeable for such Shares or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares or such securities, whether any of the foregoing transactions is to be settled by delivery of Shares or such securities, in cash or otherwise or announce any intention to effect any such transaction;

(ii) issue or create any mortgage, pledge, charge or other security interest or any rights in favour of any other person over, directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest therein (including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any Shares or securities of the Company) or repurchase any Shares or securities of the Company agree to do any of the foregoing, except pursuant to the Share Offer;

(b) at any time within the six-month period immediately following the First Six-Month Period (the "**Second Six-Month Period**") do any of the acts set out in paragraph (a) above such that the Controlling Shareholders together, directly or indirectly, would together cease to be a controlling shareholder of the Company (within the meaning defined in the Listing Rules) except in compliance with the Listing Rules; and

(c) in the event that the Company does any of the acts set out in paragraph (a) above, after the expiry of the First Six-Month Period or the Second Six-Month Period, as the case may be, take all reasonable steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of the Company or any interest therein except in compliance with the Listing Rules.

(B) Undertakings by the Controlling Shareholders

Each of the Controlling Shareholders has jointly and severally agreed, represented, warranted and undertaken to the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Public Offer Underwriters and the Company that:

(a) during the First Six-Month Period, he/it shall not, and shall procure that the relevant registered holder(s) and his/its associates and companies controlled by him/it and any nominee or trustee holding on trust for himself/itself shall not, without the prior written consent of the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Public Offer Underwriters or otherwise in compliance with the requirements of the Listing Rules, (i) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of the Shares or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive any such Shares or such securities; or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Shares, whether any of the foregoing transactions is to be settled by delivery of Shares or such other securities, in cash or otherwise; (iii) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (i) or (ii) above; or (iv) announce any intention to enter into or effect any of the transactions referred to in paragraphs (i), (ii) or (iii) above, except in the event of any of the Controlling Shareholders using securities of the Company beneficially owned by him/it as security (including a charge or pledge) in favour of any authorised institution (as defined in the Banking Ordinance) for a bona fide commercial loan or such other circumstances as permitted under the Listing Rules;

(b) he/it shall not, and shall procure that the relevant registered holder(s) and his/its associates or companies controlled by him/it and any nominee or trustee holding in trust for himself/itself shall not, without the prior written consent of the Stock Exchange (if required under the Listing Rules) during the Second Six-Month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Shares held by him/it or any of his/its associates or companies controlled by him/it or any nominee or trustee holding on trust for himself/itself if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be controlling shareholder (as defined in the Listing Rules) of the Company or the aggregate interest of all members of the Controlling Shareholders would be less than 30% of the Company's issued share capital except in the event of any of the Controlling Shareholders using securities of the Company beneficially owned by him/it as security (including a charge or pledge) in favour of any authorised institution (as defined in the Banking Ordinance) for a bona fide commercial loan or such other circumstances as permitted under the Listing Rules; and

(c) in the event of a disposal of any Shares or securities of the Company or any interest therein within the Second Six-Month Period, he/it shall take all reasonable steps to ensure that such a disposal shall not create a disorderly or false market for any Shares or other securities of the Company.

Without prejudice to the above provisions, each of the Controlling Shareholders has jointly and severally undertaken to the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Public Offer Underwriters and the Company that within the First Six-Month Period and the Second Six-Month Period, he or it shall:

(i) if and when he or it pledges or charges, directly or indirectly, any Shares or other securities of the Company beneficially owned by him or it (or any beneficial interest therein), immediately inform the Company, the Sole Sponsor, the Joint Bookrunners and the Joint Lead Managers in writing of such pledge or charge together with the number of such Shares or other securities so pledged or charged; and

(ii) if and when he or it receives indications, either verbal or written, from any pledgee or chargee that any Shares or other securities in the Company (or any beneficial interest therein) pledged or charged by him or it will be disposed of, immediately inform the Company, the Sole Sponsor, the Joint Bookrunners and the Joint Lead Managers in writing of such indications.

The Company will notify the Stock Exchange as soon as the Company has been informed of such event and shall make a public disclosure by way of announcement in accordance with the Listing Rules.

Indemnity

The Company and the Controlling Shareholders have agreed to indemnify the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters for certain losses which they may suffer, including but not limited to losses arising from the performance of their obligations under the Public Offer Underwriting Agreement and any breach by the Company of the Public Offer Underwriting Agreement.

The Placing

Placing Underwriting Agreement

In connection with the Placing, it is expected that the Company, the Controlling Shareholders and the Executive Directors will enter into the Placing Underwriting Agreement with the Joint Bookrunners, the Joint Lead Managers and the Placing Underwriters. Under the Placing Underwriting Agreement, the Placing Underwriters would, subject to certain conditions, agree to procure subscribers to subscribe for and/or purchase the Placing Shares being offered pursuant to the Placing, or failing which to subscribe for and/ or purchase, their respective applicable proportions of such Placing Shares which are not taken up under the Placing. The Placing Underwriting Agreement is expected to provide that it may be terminated on grounds similar to those provided in the Public Offer Underwriting Agreement. Potential investors are reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed.

It is expected that, pursuant to the Placing Underwriting Agreement, the Company and the Controlling Shareholders will give undertakings similar to those given pursuant to the Public Offer Underwriting Agreement, as described in the paragraph headed "Underwriting Arrangements and Expenses – The Public Offer – Undertakings pursuant to the Public Offer Underwriting Agreement" in this section.

It is expected that each of the Controlling Shareholders will undertake to the Placing Underwriters not to dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interest or encumbrances in respect of any of the Shares held by them in the Company for a period similar to that given by them pursuant to the Public Offer Underwriting Agreement as described in the paragraph headed "Underwriting Arrangements and Expenses – The Public Offer" in this section.

Commission and expenses

According to the terms and conditions of the Public Offer Underwriting Agreement, the Public Offer Underwriters will receive an underwriting commission of 16% of the aggregate Offer Price payable for the Public Offer Shares initially offered under the Public Offer. Underwriting commission will be payable by the Company for the number of Offer Shares offered for subscription in the Share Offer.

The total commission and expenses relating to the Share Offer and the Listing (including the listing fees, legal and other professional fees), are estimated to be approximately HK$54.0 million, assuming an Offer Price of HK$0.43 per Offer Share (being the mid-point of the indicative Offer Price range of HK$0.40 to HK$0.46 per Offer Share) and assuming that the Over-allotment Option is not exercised. All such commission and expenses shall be borne by our Company.

SPONSOR'S INDEPENDENCE

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor's, the Joint Bookrunners', the Joint Lead Managers' and the Underwriters' interest in the Company

The Sole Sponsor has been appointed as the compliance adviser of the Company with effect from the Listing Date until despatch of the audited consolidated financial results for the first full financial year after the Listing Date and the Company will pay to the Sole Sponsor an agreed fee for its provision of services as required under the Listing Rules.

Following the completion of the Share Offer, the Underwriters and their respective affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligation under the Underwriting Agreements.

Save for their interests and obligations under the Underwriting Agreements and the advisory and documentation fee payable to the Sole Sponsor in respect of the Share Offer, none of the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters or any of their close associates is interested beneficially or non-beneficially in any shares in any member of the Group or has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares in any member of the Group.

THE SHARE OFFER

The Share Offer comprises:

(i) the Public Offer of an aggregate of 31,500,000 Public Offer Shares (subject to reallocation as mentioned below) in Hong Kong as described under the paragraph headed "The Public Offer" in this section below; and

(ii) the Placing of 283,500,000 Placing Shares (subject to reallocation as mentioned below and the Over-allotment Option) are to be offered to institutional, professional and other investors as described below under the sub-section headed "The Placing" in this section.

Investors may apply for the Offer Shares under the Public Offer or, if qualified to do so, apply for or indicate an interest for the Offer Shares under the Placing, but may not do both.

The Public Offer is open to members of the public in Hong Kong as well as to institutional, professional and other investors in Hong Kong. The Placing will involve selective marketing of the Offer Shares to institutional, professional and other investors. The Placing Underwriters will solicit from prospective investors indications of interest in acquiring the Offer Shares in the Placing. Prospective investors will be required to specify the number of Offer Shares under the Placing they would be prepared to acquire either at different prices or at a particular price.

The Offer Shares will represent approximately 25% of the enlarged issued share capital of our Company immediately after completion of the Share Offer and the Capitalisation Issue.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Public Offer.

The number of Offer Shares to be offered under the Public Offer and the Placing respectively may be subject to reallocation as described in the sub-section heading "Pricing and allocation" in this section.

PRICING AND ALLOCATION

Offer Price

The Offer Price will be not more than HK$0.46 per Offer Share and is expected to be not less than HK$0.40 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Public Offer, as explained below. Prospective investors should be aware that the Offer Price will be fixed by the Price Determination Agreement to be entered into between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) on the Price Determination Date, and such Offer Price may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

Price payable on application

Applicants under the Public Offer must pay, on application, the maximum indicative Offer Price of HK$0.46 per Public Offer Share plus a 1% brokerage fee, a 0.0027% SFC transaction levy and a 0.005% Stock Exchange trading fee, amounting to a total of HK$2,323.18 for one board lot of 5,000 Shares. Each Application Form includes a table showing the exact amount payable on application for certain numbers of Offer Shares. If the Offer Price as finally determined in the manner described below, is less than HK$0.46, appropriate refund payments (including the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants without interest. Please refer to the section headed "How to apply for Public Offer Shares – 13. Refund of application monies" in this prospectus.

Determining the Offer Price

The Placing Underwriters will be soliciting from prospective investors indications of interest in acquiring the Shares in the Placing. Prospective investors will be required to specify the number of Offer Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Public Offer.

The Offer Price is expected to be fixed by agreement between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) on or around the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Monday, 20 April 2020 or such later date as may be agreed by the Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) and the Company.

Reduction in Offer Price range and/or number of Offer Shares

If, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, the Joint Bookrunners (for themselves and on behalf of the Underwriters) consider it appropriate and together with the Group's consent, the indicative Offer Price range and/or the number of Offer Shares may be reduced below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer.

In such a case, the Company will as soon as practicable following the decision to make any such reduction, and in any event not later than the morning of the last day for lodging applications under the Public Offer, cause to be published by the Company on the websites of the Company and the Stock Exchange at **www.rimbaco.com.my** and **www.hkexnews.hk**, respectively, notice of the reduction in the indicative Offer Price range and/or number of Offer Shares. Such notice will also include confirmation or revision, as appropriate, of the offering statistics as currently set out in the section headed "Summary" in this prospectus and any other financial information which may change as a result of such reduction. The Offer Price, if agreed upon, will be fixed within such revised Offer Price range.

In the absence of the publication of any such notice, the Offer Price shall under no circumstances be set outside the Offer Price range indicated in this prospectus.

Before submitting applications for Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the indicative Offer Price range and/or number of Offer Shares may not be made until the day which is the last day for lodging applications under the Public Offer. Applicants under the Public Offer should note that if an application for the Public Offer Shares before the last day for lodging applications under the Public Offer have been submitted, applicants will not be allowed to subsequently withdraw their application. However, if the Offer Price range and/or the number of Offer Shares is reduced, applicants will be notified that they are required to confirm their applications and will be entitled to withdraw their applications. If applicants have been notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

Allocation

The Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be re-allocated as between these offerings at the discretion of the Joint Bookrunners.

Allocation of the Offer Shares pursuant to the Placing will be determined by the Joint Bookrunners and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell the Shares after Listing. Such allocation may be made to institutional, professional and other investors and is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a stable shareholder base to the benefit of the Company and the Shareholders as a whole.

Allocation of the Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. The allocation of Public Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Announcement of final Offer Price and basis of allocations

The applicable final Offer Price, the level of indications of interest in the Placing and the basis of allocations of the Public Offer Shares are expected to be announced on Monday, 27 April 2020 on the website of the Stock Exchange at **www.hkexnews.hk** and the Company's website at **www.rimbaco.com.my**.

Results of allocations in the Public Offer, including the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants (where applicable) and the number of Public Offer Shares successfully applied for under **WHITE** and **YELLOW** Application Forms, or by giving electronic application instructions to HKSCC or by applying online through the **White Form eIPO** Service Provider under the **White Form eIPO** service, will be made available through a variety of channels as described in the section headed "How to apply for Public Offer Shares – 11. Publication of results" in this prospectus.

PUBLIC OFFER UNDERWRITING AGREEMENT

The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is subject to, *inter alia*, our Company and the Joint Bookrunners agreeing on the Offer Price. Details of the underwriting arrangements are summarised in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for Offer Shares will be conditional on, *inter alia*:

(i) the Listing Committee granting the approval of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer and the Capitalisation Issue and any Shares which be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme);

(ii) the execution of the Placing Underwriting Agreement and the Price Determination Agreement on or around the Price Determination Date;

(iii) our Company, our Executive Directors and our Controlling Shareholders have, in all material respects, complied with the Underwriting Agreements and satisfied all the obligations and conditions on their parts under the Underwriting Agreements to be performed or satisfied on or prior to the respective times and dates by which such obligations must be performed or conditions met; and

(iv) the obligations of the Underwriters under each of the Public Offer Underwriting Agreement and the Placing Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) on or about Monday, 20 April 2020 or such later date as may be agreed by the Company and the Joint Bookrunners, the Share Offer will not proceed and will lapse.

The consummation of each of the Public Offer and the Placing is conditional upon, *inter alia*, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived, prior to the dates and times specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will cause to be published by the Company on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.rimbaco.com.my** on the next day following such lapse. In such event, all application monies will be returned, without interest, on the terms set out in the section headed "How to apply for Public Offer Shares – 14. Despatch/Collection of Share Certificates and Refund Monies" in this prospectus. In the meantime, the application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares are expected to be issued on Monday, 27 April 2020 but will only become valid certificates of title at 8:00 a.m. on Tuesday, 28 April 2020, provided that (i) the Share Offer has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting – Underwriting arrangements and expenses – The Public Offer – Grounds for termination" in this prospectus has not been exercised.

THE PUBLIC OFFER

Number of Shares initially offered

The Company is initially offering 31,500,000 Shares at the Offer Price, representing 10% of the 315,000,000 Shares initially available under the Share Offer, for subscription by the public in Hong Kong. Subject to reallocation as mentioned below, the number of Shares offered under the Public Offer will represent 2.5% of the total issued share capital of the Company immediately after completion of the Capitalisation Issue and Share Offer (assuming that the Over-allotment Option is not exercised). The Public Offer is open to members of the public in Hong Kong as well as to institutional, professional and other investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Completion of the Public Offer is subject to the conditions set out in the paragraph headed "Conditions of the Share Offer" in this section above.

Allocation

The total number of Public Offer Shares initially available under the Public Offer (after taking into account any reallocation in the number of Offer Shares allocated between the Public Offer and the Placing) shall be divided equally (subject to adjustment of odd lot size) into two pools: Pool A and Pool B, both of which are allocated on an equitable basis to successful applicants. All valid applications that have been received for Public Offer Shares with an aggregate subscription price (excluding brokerage fee, SFC transaction levy and the Stock Exchange trading fee) of HK$5 million or below will fall into Pool A and all valid applications that have been received for Public Offer Shares with an aggregate subscription price (excluding brokerage fee, SFC transaction levy and the Stock Exchange trading fee) of over HK$5 million and up to the total value of Pool B will fall into Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Public Offer Shares in one pool (but not both pools) is under-subscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares from either Pool A or Pool B but not from both pools and may only apply for Public Offer Shares in either Pool A or Pool B. In addition, multiple or suspected multiple applications within either pool or between pools will be rejected. No application will be accepted from applicants for more than 15,750,000 Public Offer Shares (being 50% of the initial number of Public Offer Shares).

Reallocation

The allocation of Offer Shares between the Public Offer and the Placing is subject to reallocation. If both the Public Offer Shares and the Placing Shares are undersubscribed, the Share Offer shall not proceed unless the Underwriters would subscribe or procure subscribers to subscribe for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Share Offer on the terms and conditions of this prospectus, the Application Forms and the Underwriting Agreements.

If the Placing Shares are fully subscribed or oversubscribed and if the number of Public Offer Shares validly applied for under the Public Offer represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Public Offer Shares initially available under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing so that the total number of Offer Shares available under the Public Offer will be increased to a maximum of 94,500,000 Shares, 126,000,000 Shares and 157,500,000 Shares, respectively, representing 30% (in the case of (i)), 40% (in the case of (ii)) and 50% (in the case of (iii)), respectively, of the total number of Offer Shares initially available under the Share Offer (before any exercise of the Over-allotment Option). In such cases, the number of Offer Shares allocated in the Placing will be correspondingly reduced, in such manner as the Joint Bookrunners deem appropriate.

If the Public Offer Shares are not fully subscribed, and provided that the Placing Shares are fully subscribed, the Joint Bookrunners (for themselves and on behalf of the Underwriters) will have the discretion (but shall not be under any obligation) to reallocate all or any of the unsubscribed Public Offer Shares originally included in the Public Offer to the Placing in such amount as they deem appropriate to satisfy the demand under the Placing. If (i) the Placing Shares are fully subscribed or oversubscribed, and if the number of Public Offer Shares validly applied for under the Public Offer represents 100% or more, but less than 15 times, of the number of Public Offer Shares initially available under the Public Offer; or (ii) the Placing Shares are not fully subscribed, and if the number of Public Offer Shares validly applied for under the Public Offer represents 100% or more of the number of Public Offer Shares initially available under the Public Offer, the Joint Bookrunners may, at their discretion, reallocate the Offer Shares to the Public Offer from the Placing, increasing the total number of Offer Shares available under the Public Offer to a maximum of 63,000,000 Shares (which is not more than double the initial allocation to the Public Offer Shares under the Share Offer), representing 20% of the total number of Offer Shares initially available under the Share Offer. In the event of reallocation of the Offer Shares between the Public Offer and the Placing in accordance with the circumstances as stated in (i) or (ii) above, the final Offer Price will be fixed at HK$0.40, being the low-end of the indicative Offer Price range.

Applications

The Joint Bookrunners (for themselves and on behalf of the Underwriters) may require any investor who has been offered Shares under the Placing, and who has made an application under the Public Offer to provide sufficient information to the Joint Bookrunners so as to allow them to identify the relevant applications under the Public Offer and to ensure that it is excluded from any application for Shares under the Public Offer.

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application submitted by him that he and any person for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking or confirmation is breached or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the Placing.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Public Offer.

THE PLACING

Number of Offer Shares initially offered

Subject to the reallocation as described above, the number of Offer Shares to be initially offered under the Placing will be 283,500,000 Shares, representing 90% of the total number of the Offer Shares initially available under the Share Offer. Subject to the reallocation of the Offer

Shares between the Placing and the Public Offer, the number of Shares initially offered under the Placing will represent approximately 22.5% of the Company's enlarged issue share capital immediately after the completion of the Share Offer, but without taking into account Shares which may be issued upon exercise of options granted under the Share Option Scheme.

Allocation

Pursuant to the Placing, the Placing Shares will be conditionally placed on behalf of the Company by the Placing Underwriters or through selling agents appointed by them. Placing Shares will be selectively placed to certain institutional and professional and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions. The Placing is subject to the Public Offer being unconditional.

Allocation of Offer Shares pursuant to the Placing will be effected in accordance with the "book-building" process described in the paragraph headed "Pricing and allocation" in this section above and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Shares on the Stock Exchange.

Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid institutional and professional shareholder base to the benefit of the Company and the Shareholders as a whole.

The Joint Bookrunners (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the Placing, and who has made an application under the Public Offer, to provide sufficient information to the Joint Bookrunners so as to allow them to identify the relevant applications under the Public Offer and to ensure that they are excluded from any application of Offer Shares under the Public Offer.

Reallocation

The total number of Offer Shares to be issued pursuant to the Placing may change as a result of the clawback arrangement as described in the paragraph headed "The Public Offer – Reallocation" in this section above. For details, please refer to the paragraph headed "The Public Offer – Reallocation" in this section above.

OVER-ALLOTMENT OPTION

In connection with the Share Offer, our Company is expected to grant to the Placing Underwriters the Over-allotment Option, which is exercisable in full or in part by the Joint Bookrunners (for themselves and on behalf of the Placing Underwriters) at any time and from time to time from the Listing Date, up to (and including) the date which is the 30th day after the last day for lodging of Application Forms under the Share Offer. Pursuant to the Over-allotment

Option, our Company may be required to allot and issue up to 47,250,000 Shares, representing 15% of the number of Offer Shares initially available under the Share Offer, at the Offer Price.

STOCK BORROWING AGREEMENT

The Stabilising Manager, or any person acting for it may choose to borrow 47,250,000 Shares from RBC Venture under the Stock Borrowing Agreement, or acquire Shares from other sources, including the exercising of the Over-allotment Option. The Stock Borrowing Agreement will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set out in Rule 10.07(3) of the Listing Rules are to be complied with as follows:

– such stock borrowing arrangement with RBC Venture will only be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option;

– the maximum number of Shares borrowed from RBC Venture under the Stock Borrowing Agreement will be limited to the maximum number of Shares which may be issued upon the exercise of the Over-allotment Option;

– the same number of Shares so borrowed must be returned to RBC Venture or its nominees within three business days following the earlier of (i) the last day on which the Over-allotment Option may be exercised, (ii) the date on which the Over-allotment Option is exercised in full, and (iii) such earlier time as the parties may from time to time agree in writing;

– the stock borrowing arrangement under the Stock Borrowing Agreement will be effected in compliance with all applicable laws, listing rules and regulatory requirements; and

– no payment will be made to RBC Venture by the Stabilising Manager or its authorised agents in relation to such stock borrowing arrangement.

STABILISATION AND OVER-ALLOTMENT

In connection with the Share Offer, the Stabilising Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect any other transactions with a view to stabilising or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. Any market purchases of Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising activity, which if commenced, will be done at the sole and absolute discretion of the Stabilising Manager or any person acting for it and may be discontinued at any time. Any such stabilising activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Public Offer. The number of Shares that may be over-allocated will not exceed the number of Shares that may be sold under the Over-allotment Option, namely, 47,250,000 Shares, which is 15% of the number of Offer Shares initially available under the Share Offer.

Stabilising action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) includes: (i) over-allocation for the purpose of preventing or minimising any reduction in the market price of the Shares; (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares; (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares; (v) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Shares should note that:

- the Stabilising Manager, or any person acting for it, may, in connection with the stabilising action, maintain a long position in the Shares;

- there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, or any person acting for it, will maintain such a position;

- liquidation of any such long position by the Stabilising Manager may have an adverse impact on the market price of the Shares;

- no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on the last business day falling within 30 days after the last date for lodging applications under the Public Offer. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;

- the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by taking of any stabilising action; and

- stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilising period. Such stabilisation action, if commenced, may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws, rules and regulatory requirements, including the Securities and Futures (Price Stabilizing) Rules, as amended, made under the SFO.

All stabilising actions will be taken in accordance with the laws, rules and regulation in place in Hong Kong on stabilisation.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and the Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Share Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, 28 April 2020, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, 28 April 2020. The Shares will be traded in board lots of 5,000 Shares. The stock code of the Shares will be 1953.

1. HOW TO APPLY

If you apply for the Public Offer Shares, then you may not apply for or indicate an interest for the Placing Shares. To apply for the Public Offer Shares, you may:

(a) use a **WHITE** or **YELLOW** Application Form;

(b) apply online via the **White Form eIPO** at **www.eipo.com.hk**; or

(c) electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application. Our Company, the Joint Bookrunners, the Joint Lead Managers, the **White Form eIPO** Service Provider and their respective agents and nominees may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY FOR THE PUBLIC OFFER SHARES

You can apply for the Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you (or the person(s) for whose benefit you are applying):

(a) are 18 years of age or older;

(b) have a Hong Kong address;

(c) are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S Securities Act); and

(d) are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO**, in addition to the above, you must also: (i) have a valid Hong Kong identity card number; and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorised officer, who must state his or her representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers or their respective agents and nominees may accept or reject it at their discretion, and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** for the Public Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of the Shares and/or any of our subsidiaries;
- a Director or chief executive officer of our Company and/or any of our subsidiaries;
- a connected person or a core connected person (both as defined in the Listing Rules) of our Company or will become a connected person or a core connected person of our Company immediately upon completion of the Share Offer;
- an associate or a close associate (both as defined in the Listing Rules) of any of the above; or
- have been allocated or have applied for or indicated an interest in any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR THE PUBLIC OFFER SHARES

Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk**.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Prospectus and Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 14 April 2020 until 12:00 noon on Friday, 17 April 2020 from:

(a) any of the following address of the Public Offer Underwriters:

Realord Asia Pacific Securities Limited	Suite 2402, 24/F Jardine House 1 Connaught Place Central Hong Kong
China Tonghai Securities Limited	18/F–19/F China Building 29 Queen's Road Central Hong Kong
SPDB International Capital Limited	33/F SPD Bank Tower One Hennessy 1 Hennessy Road Hong Kong
AMC Wanhai Securities Limited	1605, 16/F West Tower Shun Tak Center 168–200 Connaught Road Sheung Wan Hong Kong
Conrad Investment Services Limited	23/F, Tung Hip Commercial Building 244–248, Des Voeux Road Central, Sheung Wan Hong Kong
Target Capital Management Limited	6/F, 18 King Wah Road North Point Hong Kong
Augustine Securities Company Limited	Suite 1803, 18/F, Tower 1 The Gateway, Harbour City 25 Canton Road Tsim Sha Tsui Kowloon Hong Kong

(b) or any of the following branches of Industrial and Commercial Bank of China (Asia) Limited, the receiving bank for the Public Offer:

District	Branch name	Address
Hong Kong Island	Central Branch	1/F., 9 Queen's Road Central, Hong Kong
	Admiralty Branch	Shop 1013-1014, 1/F, United Centre, 95 Queensway, Admiralty, Hong Kong
Kowloon	Tsim Sha Tsui Branch	Shop 1&2, G/F, No. 35–37 Hankow Road, Tsimshatsui, Kowloon
	Prince Edward Branch	777 Nathan Road, Mongkok, Kowloon
New Territories	Sha Tsui Road Branch	Shop 4, G/F Chung On Building, 297–313 Sha Tsui Road, Tsuen Wan, New Territories
	Yuen Long Branch	G/F, 197–199 Castle Peak Road, Yuen Long, New Territories

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 14 April 2020 until 12:00 noon on Friday, 17 April 2020 from:

(i) the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong; or

(ii) your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "ICBC (Asia) Nominee Limited – Rimbaco Group Global Limited Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Tuesday, 14 April 2020	**–**	**9:00 a.m. to 5:00 p.m.**
Wednesday, 15 April 2020	**–**	**9:00 a.m. to 5:00 p.m.**
Thursday, 16 April 2020	**–**	**9:00 a.m. to 5:00 p.m.**
Friday, 17 April 2020	**–**	**9:00 a.m. to 12:00 noon**

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 17 April 2020, the last application day or such later time as described in the paragraph headed "10. Effect of bad weather on the opening of the application lists" in this section below.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected. By submitting an Application Form or applying through the **White Form eIPO**, *inter alia*, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

- undertake to execute all relevant documents and instruct and authorise our Company and/or, the Joint Bookrunners and the Joint Lead Managers (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

- agree to comply with the Companies Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Memorandum of Association and the Articles of Association;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

- confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

- confirm that you are aware of the restrictions on the Share Offer in this prospectus;

- agree that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);

- undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;

- agree to disclose to our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

- if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

- agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

- agree that your application will be governed by the laws of Hong Kong;

- represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulations) or are person described in paragraph (h)(3) of Rule 902 of Regulation S;

- warrant that the information you have provided is true and accurate;

- agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;

- authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to deposit any share certificates into CCASS and/or to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the share certificate(s) and/or refund cheque(s) in person;

- declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

- understand that our Company, our Directors, the Sole Sponsor, the Joint Bookrunners and the Joint Lead Managers and their respective agents and nominees will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making false declaration;

- (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** or by any one as your agent or by any other person; and

- (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in the paragraph headed "2. Who can apply for the Public Offer Shares" in this section above, may apply through the **White Form eIPO** for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** are set out on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorise the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO**.

Time for Submitting Applications under the White Form eIPO

You may submit your application through the **White Form eIPO** at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Tuesday, 14 April 2020 until 11:30 a.m. on Friday, 17 April 2020 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, 17 April 2020 or such later time under the paragraph headed "10. Effect of bad weather on the opening of the application lists" in this section below.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **White Form eIPO** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Commitment to sustainability

The obvious advantage of **White Form eIPO** service is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 for each "Rimbaco Group Global Limited" **White Form eIPO** application submitted via **www.eipo.com.hk** to support sustainability.

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the monies due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling (852) 2979 7888 or through the CCASS Internet System at **https://ip.ccass.com** (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square,
8 Connaught Place, Central,
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are **not a CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Branch Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Public Offer Shares applied for or any lesser number allocated to you under the application;

- undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

- confirm that you understand that our Company, our Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and their respective agents and nominees will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make false declaration;

- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and our Company and/or its agents to deposit any share certificate(s) into CCASS and/or to send any refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

- confirm that you have received and/or read copy of this prospectus and have relied only on the information and representations in this prospectus in making your application and will not rely on any other information or representation except those set out in any supplement to this prospectus;

- agree that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for the Public Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of our Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Memorandum and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

(a) instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;

(b) instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and Stock Exchange trading fee but without interest) by crediting your designated bank account; and

(c) instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 5,000 Public Offer Shares. Instructions for more than 5,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates*(Note)*:

Tuesday, 14 April 2020	**–**	**9:00 a.m. to 8:30 p.m.**
Wednesday, 15 April 2020	**–**	**8:00 a.m. to 8:30 p.m.**
Thursday, 16 April 2020	**–**	**8:00 a.m. to 8:30 p.m.**
Friday, 17 April 2020	**–**	**8:00 a.m. to 12:00 noon**

Note: These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, 14 April 2020 until 12:00 noon on Friday, 17 April 2020 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, 17 April 2020, the last application day or such later time as described in the paragraph headed "10. Effect of bad weather on the opening of the application lists" in this section below.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the White Form eIPO is also only a facility provided by the White Form eIPO Service Provider to public investors. Such facility is subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form; or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, 17 April 2020.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or

- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

(a) the principal business of that company is dealing in securities; and

(b) you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for the Public Offer Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** in respect of a minimum of 5,000 Public Offer Shares. Each application or electronic application instruction in respect of more than 5,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please refer to the paragraph headed "Structure and conditions of the Share Offer – Pricing and allocation – Price payable on application" in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

(a) a "black" rainstorm warning,

(b) a tropical cyclone warning signal number 8 or above; or

(c) a Extreme Conditions.

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 17 April 2020. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, 17 April 2020 or if there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above or Extreme Conditions signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected timetable" in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the indication of the level of interest in the Placing, the level of applications under the Public Offer and the basis of allocation of the Public Offer Shares on Monday, 27 April 2020 on our Company's website at **www.rimbaco.com.my** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants (where applicable) under the Public Offer will be available at the times and date and in the manner specified below:

(a) in the announcement to be posted on our Company's website at **www.rimbaco.com.my** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Monday, 27 April 2020;

(b) from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Monday, 27 April 2020 to 12:00 midnight on Sunday, 3 May 2020;

(c) by telephone enquiry line by calling (852) 2862 8555 between 9:00 a.m. and 6:00 p.m. on Monday, 27 April 2020, Tuesday, 28 April 2020, Wednesday, 29 April 2020 and Monday, 4 May 2020; and

(d) in the special allocation results booklets which will be available for inspection during opening hours on Monday, 27 April 2020, Tuesday, 28 April 2020 and Wednesday, 29 April 2020 at all the designated receiving bank branches on a Business Day.

If our Company accepts your offer to purchase (in whole or in part), which we may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed "Structure and conditions of the Share Offer" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

(a) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **White Form eIPO**, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in an announcement of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or the results of the ballot respectively.

(b) If our Company or our agents exercise their discretion to reject your application:

Our Company, the Joint Bookrunners, the Joint Lead Managers, and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(c) If the allotment of the Public Offer Shares is void:

The allotment of the Public Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

(i) within three weeks from the closing date of the application lists; or

(ii) within a longer period of up to six weeks if the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

(d) If:

(i) you make multiple applications or suspected multiple applications;

(ii) you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;

(iii) your Application Form is not completed in accordance with the stated instructions;

(iv) your electronic application instructions through the **White Form eIPO** are not completed in accordance with the instructions, terms and conditions on the designated website;

(v) your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;

(vi) the Underwriting Agreements do not become unconditional or are terminated;

(vii) our Company, the Joint Bookrunners or the Joint Lead Managers believe(s) that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or

(viii) your application is for more than 50% of the Public Offer Shares initially offered under the Public Offer.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only or if the Offer Price as finally determined is less than the maximum Offer Price of HK$0.46 per Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee thereon), or if the conditions of the Share Offer are not fulfilled in accordance with the section headed "Structure and conditions of the Share Offer" in this prospectus are not fulfilled or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Monday, 27 April 2020.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

(a) share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

(b) refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Share and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Monday, 27 April 2020. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier order(s).

Share certificates will only become valid documents of title at 8:00 a.m. on Tuesday, 28 April 2020 provided that the Share Offer has become unconditional and the right of termination described in the section headed "Underwriting – Underwriting arrangements and expenses – The Public Offer – Grounds for termination" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(a) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) in person from our Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 27 April 2020 or such other date as announced by us.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time period specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Monday, 27 April 2020, by ordinary post and at your own risk.

(b) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above for collection of your refund cheque(s). If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Monday, 27 April 2020, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or the designated CCASS Participant's stock account as stated in your Application Form on Monday, 27 April 2020, or upon contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.

(i) If you apply through a designated CCASS participant (other than a CCASS investor participant)

For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

(ii) If you are applying as a CCASS Investor Participant

We will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "11. Publication of results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 27 April 2020 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(c) If you apply through the White Form eIPO

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from the Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 27 April 2020, or such other date as notified by our Company as the date of despatch/collection of share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Monday, 27 April 2020 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(d) If you apply via Electronic Application Instructions to HKSCC

Allocation of the Public Offer Shares

For the purposes of allocating the Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Monday, 27 April 2020 or on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer Shares in the manner specified in "11. Publication of results" above on Monday, 27 April 2020. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 27 April 2020 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Monday, 27 April 2020. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or the difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, 27 April 2020.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or, under contingent situation, any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-67, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF RIMBACO GROUP GLOBAL LIMITED AND TITAN FINANCIAL SERVICES LIMITED

Introduction

We report on the historical financial information of Rimbaco Group Global Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-67, which comprises the consolidated statements of financial position as at 31 October 2017, 2018 and 2019, statement of financial position of the Company as at 31 October 2019 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the three years ended 31 October 2019 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-67 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 14 April 2020 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 October 2017, 2018 and 2019, of the Company's financial position as at 31 October 2019 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 13 to the Historical Financial Information which contains information about the dividends declared and paid by the Company's subsidiaries in respect of the Track Record Period and states that no dividend was declared or paid by the Company since its incorporation.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
14 April 2020

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board (the "IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Malaysia Ringgit ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 October		
		2017	**2018**	**2019**
	NOTES	*RM'000*	*RM'000*	*RM'000*
Revenue	6	347,304	156,846	262,474
Cost of services		(305,863)	(130,555)	(230,026)
Gross profit		41,441	26,291	32,448
Other income, gain and loss	7	1,797	2,118	891
Share of results of an associate	17	10	60	97
Administrative and other expenses		(5,171)	(5,407)	(13,652)
Finance costs	8	(101)	(59)	(1,039)
Profit before tax	9	37,976	23,003	18,745
Income tax expense	10	(7,883)	(5,593)	(6,528)
Profit and total comprehensive income for the year		30,093	17,410	12,217
Profit (loss) and total comprehensive income (expense) for the year attributable to:				
Owners of the Company		30,132	17,410	12,217
Non-controlling interests		(39)	–*	–
		30,093	17,410	12,217
Earnings per share *(RM cents)*	12	3.19	1.84	1.29

* *Less than RM1,000.*

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		The Group			The Company
		At 31 October			At 31 October
		2017	2018	2019	2019
	NOTES	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Non-current assets					
Property, plant and equipment	14	5,957	6,087	6,568	–
Investment properties	15	7,895	6,704	6,352	–
Right-of-use assets	16	734	8,179	8,292	–
Investment in subsidiaries	38	–	–	–	–*
Interest in an associate	17	821	834	931	–
Other non-current asset	18	118	118	118	–
Deferred tax assets	28	3,443	1,905	3,167	–
		18,968	23,827	25,428	–*
Current assets					
Trade and other receivables	19	34,099	56,188	82,006	2,539
Contract assets	20	36,696	65,245	101,349	–
Amounts due from related parties	21(a)	8,857	2,295	7	–
Tax recoverable		–	84	–	–
Restricted bank deposits	22	8,381	9,661	8,741	–
Bank balances and cash	22	48,854	6,534	14,300	–
		136,887	140,007	206,403	2,539
Asset classified as held for sale	23	534	–	–	–
		137,421	140,007	206,403	2,539
Current liabilities					
Trade, bills and other payables	24	62,235	65,295	125,338	1,933
Contract liabilities	25	1,601	341	–	–
Amounts due to related parties	21(b)	3,955	3,811	–	–
Amount due to a subsidiary	21(c)	–	–	–	9,277
Bank borrowings	26	182	111	–	–
Tax payable		6,721	252	3,760	–
Lease liabilities	27	320	2,120	3,317	–
		75,014	71,930	132,415	11,210
Net current asset (liability)		62,407	68,077	73,988	(8,671)
Total assets less current liabilities		81,375	91,904	99,416	(8,671)

		The Group			The Company
			At 31 October		At 31 October
		2017	2018	2019	2019
	NOTES	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Non-current liabilities					
Bank borrowings	26	1,279	1,170	–	–
Lease liabilities	27	–	5,216	4,054	–
Deferred tax liabilities	28	549	549	689	–
		1,828	6,935	4,743	–
Net asset (liability)		79,547	84,969	94,673	(8,671)
Capital and reserves					
Share capital	29	2,050	2,050	–*	–*
Reserves	37	77,509	82,919	94,673	(8,671)
Equity attributable to owners of the Company		79,559	84,969	94,673	(8,671)
Non-controlling interests		(12)	–	–	–
Total equity		79,547	84,969	94,673	(8,671)

* *Less than RM1,000.*

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company					
	Share capital *RM'000*	**Merger reserve** *RM'000*	**Retained earnings** *RM'000*	**Total** *RM'000*	**Non-controlling interest** *RM'000*	**Total** *RM'000*
At 1 November 2016	2,050	–	59,577	61,627	27	61,654
Profit (loss) and total comprehensive income (expense) recognised for the year	–	–	30,132	30,132	(39)	30,093
Dividend *(note 13)*	–	–	(12,200)	(12,200)	–	(12,200)
At 31 October 2017	2,050	–	77,509	79,559	(12)	79,547
Profit and total comprehensive income recognised for the year	–	–	17,410	17,410	–*	17,410
Dividend *(note 13)*	–	–	(12,000)	(12,000)	–	(12,000)
Disposal of a subsidiary	–	–	–	–	12	12
At 31 October 2018	2,050	–	82,919	84,969	–	84,969
Adjustment *(note 3)*	–	–	(313)	(313)	–	(313)
At 1 November 2018 (restated)	2,050	–	82,606	84,656	–	84,656
Profit and total comprehensive income recognised for the year	–	–	12,217	12,217	–	12,217
Issue of shares *(note 29)*	–*	–	–	–*	–	–*
Arising from Reorganisation (as defined in note 2) *(Note)*	(2,050)	2,050	–	–	–	–
Dividend *(note 13)*	–	–	(2,200)	(2,200)	–	(2,200)
At 31 October 2019	–*	2,050	92,623	94,673	–	94,673

Note: Amount represents the effects of the acquisition of the entire interest of Rimbaco Sdn. Bhd. ("Rimbaco") and Rimbaco Property Sdn. Bhd. ("Rimbaco Property") from the Controlling Shareholders (as defined in note 1) by issue of 900 shares of the Company as part of the Reorganisation (as defined in note 2). The difference between the aggregate paid-in capital of RM2,050,000 as at 31 October 2018 and the paid-in capital of the Company of HKD 10 (equivalents to RM5) immediately upon the completion of the Reorganisation was accounted for as the merger reserve.

* *Less than RM1,000.*

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
OPERATING ACTIVITIES			
Profit before tax	37,976	23,003	18,745
Adjustments for:			
Share of result of an associate	(10)	(60)	(97)
Depreciation of property, plant and equipment	1,506	1,814	1,576
Depreciation of investment properties	99	123	139
Depreciation of right-of-use assets	530	559	2,288
Loss (gain) on disposal of property, plant and equipment	47	(68)	(215)
Gain on disposal of investment properties	–	(1,032)	(180)
Loss on disposal of asset classified as held for sale	–	4	–
Gain on disposal of a subsidiary	–	(58)	–
Written off of property, plant and equipment	–	–	50
Provision for credit losses	–	–	385
Provision for liquidated and ascertained damages	6,920	–	–
Finance costs	101	59	1,039
Interest income	(1,759)	(838)	(356)
Operating cash flows before movements in working capital	45,410	23,506	23,374
Decrease (increase) in trade and other receivables	21,474	(29,791)	(23,713)
Decrease (increase) in contract assets	6,225	(28,549)	(36,557)
(Decrease) increase in trade, bills and other payables	(1,331)	6,662	59,991
Decrease in contract liabilities	(9,434)	(1,260)	(341)
Cash generated from (used in) operations	62,344	(29,432)	22,754
Income tax paid	(3,538)	(10,608)	(3,959)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	58,806	(40,040)	18,795

	Year ended 31 October		
	2017	2018	2019
	RM'000	*RM'000*	*RM'000*
INVESTING ACTIVITIES			
Proceeds from disposal of investment properties	–	2,100	393
Proceeds from disposal of assets classified as held for sale	–	530	–
Proceeds from disposal of property, plant and equipment	325	73	238
Proceed from disposal of a subsidiary, net of bank balances disposed of *(note 30)*	–	42	–
Interest income received	1,509	558	356
Dividend received	46	47	–
Purchase of property, plant and equipment	(1,668)	(1,420)	(2,130)
Purchase of investment property	(382)	–	–
Placement of restricted bank deposits	–	(1,000)	–
Release of restricted bank deposits	–	–	920
Advance to related parties	(6,364)	(12,023)	–
Repayments from related parties	–	18,585	2,288
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(6,534)	7,492	2,065
FINANCING ACTIVITIES			
Repayment of bank borrowings	(129)	(180)	(1,281)
Repayment of bank overdrafts	–	–	(7,790)
Repayment of lease liabilities	(794)	(556)	(2,678)
Repayment of related parties	(63)	–	(3,811)
Advance from related parties	–	3,011	–
Finance costs paid	(100)	(47)	(1,025)
Bank borrowings raised	383	–	–
Drawdown of bank overdrafts	–	–	7,790
Dividend paid	(12,200)	(12,000)	(2,200)
Issue costs paid	–	–	(2,099)
NET CASH USED IN FINANCING ACTIVITIES	(12,903)	(9,772)	(13,094)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	39,369	(42,320)	7,766
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	9,485	48,854	6,534
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	48,854	6,534	14,300

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 28 February 2019 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. At the date of incorporation, the Company had an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of par value HK$0.01 each, of which one share was allotted and issued to a subscriber, which was then transferred to RBC Venture Limited ("RBC Venture") at par on the same date. On the same date, 99 new shares of the Company were allotted, issued and credited as fully-paid to RBC Venture. After such allotment and issue of shares, the Company was directly wholly owned by RBC Venture. RBC Venture is owned as to 40% by Mr. Low Seah Sun ("Mr. Low"), 30% by Ms. Seah Peet Hwah ("Ms. Seah"), 20% by Mr. Cheang Wye Keong ("Mr. Cheang") and 10% by Mr. Lau Ah Cheng ("Mr. Lau") (collectively referred as the "Controlling Shareholders"), who represented to us that the four of them have been exercising their voting rights unanimously at all shareholders' meetings of all entities now comprising the Group in respect of provisions of building construction services throughout the Track Record Period and have reiterated this in writing subsequent to the Track Record Period and have resolved that they will continue to do so and will obtain consent from other shareholders in advance of purchasing, selling, pledging or creating any right to acquire or dispose of any securities of RBC Venture.

The address of the Company's registered office and the principal place of business is disclosed in the section "Corporate Information" in the Prospectus.

The Historical Financial Information is presented in RM, which is same as the functional currency of the Company.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 38.

2. GROUP REORGANISATION, BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in note 4 which conform with IFRSs issued by the IASB and the principle of merger accounting under Accounting Guideline 5 *Merger Accounting for Common Control Combinations*. Since its date of incorporation and up to 31 October 2019, the Company has not carried on any business other than the preparation for the proposed listing of the shares of the Company on the Stock Exchange. Through a series of group reorganisation as detailed below, the Company became the holding company of the subsidiaries, including RBC International Limited ("RBC International"), Rimbaco and Rimbaco Property (the "Reorganisation").

During the Track Record Period and up to immediately prior to the Reorganisation as set out below, Rimbaco and Rimbaco Property were wholly owned by the Controlling Shareholders.

Major steps of the Reorganisation are as follows:

(i) On 28 February 2019, the Company was incorporated, which is wholly owned by RBC Venture and ultimately controlled by the Controlling Shareholders as set out in note 1 above.

(ii) On 12 March 2019, RBC International was incorporated in the British Virgin Islands (the "BVI") as a limited liability company. 100 shares of US$1 each were allotted, issued and credited as fully-paid to the Company, and became a direct wholly-owned subsidiary of the Company.

(iii) On 17 June 2019, the Controlling Shareholders as the sellers and the Company as the purchaser entered into a share sale agreement pursuant to which the Controlling Shareholders agreed to transfer their entire shareholdings in Rimbaco and Rimbaco Property to a direct wholly-owned subsidiary of the Company, RBC International. In consideration, 900 shares of the Company were allotted and issued to RBC Venture (as directed by the Controlling Shareholders as the sellers). After the share swap, Rimbaco and Rimbaco Property became indirect wholly-owned subsidiaries of the Company.

RBC Venture is considered to be the immediate and ultimate holding company of the Company.

Pursuant to the Reorganisation detailed above, the Company became the holding company of the companies now comprising the Group on 17 June 2019 and the Controlling Shareholders are the ultimate controlling shareholders through their investment holding company, namely RBC Venture. The Company and its subsidiaries have been under the common control of the Controlling Shareholders throughout the Track Record Period. The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the Historical Financial Information has been prepared using the principles of merger accounting on the basis as if the Company had always been the holding company of the Group.

The consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statements of cash flows for the Track Record Period include the results, changes in equity and cash flows of the companies now comprising the Group, as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the Track Record Period.

The consolidated statements of financial position as at 31 October 2017 and 2018 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates, taking into account the respective dates of incorporation, where applicable.

3. APPLICATION OF IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently adopted the accounting policies which confirm with IFRSs, International Accounting Standards ("IASs"), amendments and interpretations ("IFRIC") issued by the IASB, which are effective for the accounting periods beginning on 1 November 2018 throughout the Track Record Period except that the (i) Group adopted IFRS 9 *Financial Instruments* on 1 November 2018 and IAS 39 *Financial Instruments: Recognition and Measurement* up to 31 October 2018 and (ii) early adopted IFRS 16 *Leases* throughout the Track Record Period.

IFRS 9 *Financial Instruments*

During the year ended 31 October 2019, the Group has applied IFRS 9 and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("ECL") for financial assets and contract assets and (3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 November 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 November 2018. The difference between carrying amounts as at 31 October 2018 and the carrying amounts as at 1 November 2018 are recognised in the opening retained earnings as at 1 November 2018, without restating comparative information.

Accordingly, certain information for the year ended 31 October 2019 may not be comparable to information for the two years ended 31 October 2018, as such information was prepared under IAS 39 *Financial Instruments Recognition and Measurement*.

Accounting policies resulting from application of IFRS 9 are disclosed in note 4.

Summary of effects arising from initial application of IFRS 9

The table below illustrates the classification and measurement of financial assets and other items subject to ECL under IFRS 9 and IAS 39 at the date of initial application, 1 November 2018. Line items that were not affected by the changes have not been included.

	Financial assets at amortised cost (previously classified as loans and receivables) *RM'000* *(Note a)*	**Contract assets** *RM'000*	**Deferred tax assets** *RM'000*	**Retained earnings** *RM'000*
Closing balance at 31 October 2018 – IAS 39	65,756	65,245	1,905	82,919
Effect arising from initial application of IFRS 9: Remeasurement – impairment under ECL model *(Note b)*	(167)	(245)	99	(313)
Opening balance at 1 November 2018	65,589	65,000	2,004	82,606

Notes:

(a) Classification of financial assets

The application of IFRS 9 on 1 November 2018 has no impact on the consolidated financial position of the Group with regard to classification of financial instruments. All financial assets classified as loans and receivables and financial liabilities measured at amortised cost under IAS 39 continued to be measured at amortised cost under IFRS 9.

(b) Impairment under ECL model

As at 1 November 2018, the directors of the Company reviewed and assessed the Group's existing financial assets and contract assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of IFRS 9.

The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. To measure the ECL, the trade receivables and contract assets have been assessed individually for each debtor.

Loss allowances for other financial assets at amortised cost mainly comprise of other receivables, amounts due from related parties, restricted bank deposits and bank balances, are measured on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition.

For other receivables and amounts due from related parties, the management of the Group makes periodic assessment on the recoverability based on historical settlement records and past experience and forward-looking information. Based on assessment by management of the Group, the ECL for these assets is not material.

For restricted bank deposits and bank balances, the Group only transacts with reputable banks with high credit ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these banks. The ECL is negligible.

As at 1 November 2018, the additional loss allowance of RM412,000 (before net off the effect of deferred tax of RM99,000) has been recognised against retained earnings on the same date. The additional loss allowance is charged against the respective assets.

Loss allowances for trade receivables and contract assets as at 31 October 2018 are reconciled to the opening loss allowance as at 1 November 2018 as follows:

	Allowance for ECL on trade receivables	**Allowance for ECL on contract assets**	**Total**
	RM'000	*RM'000*	*RM'000*
At 31 October 2018 – IAS 39	1,328	–	1,328
Amounts remeasured through opening retained earnings	167	245	412
At 1 November 2018 – IFRS 9	1,495	245	1,740

At the date of this report, the Group has not early applied the following new, amendments and interpretations to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts[2]
IFRIC 23	Uncertainty over Income Tax Treatments[1]
Amendments to IFRS 3	Definition of a Business[4]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[6]
Amendments to IAS 1 and IAS 8	Definition of Material[5]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015−2017 Cycle[1]
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform[5]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after a date to be determined

[4] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

[5] Effective for annual periods beginning on or after 1 January 2020

[6] Effective for annual periods beginning on or after 1 January 2022

The directors of the Company anticipate that the application of the above new, amendments and interpretations to IFRSs will have no material impact to the Group's financial position and financial performance in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with accounting policies conform with IFRSs issued by the IASB that are effective for the accounting period beginning on 1 November 2018 throughout the Track Record Period. The Group also early adopted IFRS 16 *Leases* throughout the Track Record Period. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains controls until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company.

Merger accounting for business combination involving business under common control

The Historical Financial Information incorporates the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

The Historical Financial Information is presented as if the businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

Investment in a subsidiary

Investment in a subsidiary is stated in the statement of financial position of the Company at cost less any identified impairment loss.

Interest in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of an associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any assets, including goodwill, forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for investment properties which continue to be measured in accordance with the accounting policies as set out in respective sections.

Revenue from contracts with customers

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the services.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liabilities relating to the same contract are accounted for an presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation under the input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of services.

Variable consideration

For contracts that contain variable consideration (variation order of building construction services), the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset.

The Group as lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;

- any lease payments made at or before the commencement date, less any lease incentives received; and

- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liabilities comprise fixed lease payments (including in-substance fixed payments) and the exercise price of a purchase option reasonably certain to be exercised by the Group.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payment made.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The lease liability is presented as a separate line in the consolidated statements of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs which are not eligible for capitalisation to qualifying assets are recognised in profit or loss in the year in which they are incurred.

Retirement benefits costs

Payments to defined contribution benefits plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expenses unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages, salaries and annual leave) after deducting and amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income as directly in equity, respectively.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the supply of services, or for administrative purposes other than freehold lands as described below. Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than freehold lands less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purposes.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Impairment on property, plant and equipment and right-of-use assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, corporate assets are allocated to individual cash-generating units when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, the recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset of financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised in profit or loss and is included in the "other income, gain and loss" line item.

Financial assets

Classification and measurement of financial assets (upon application of IFRS 9 in accordance with transitions in note 3)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at to fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Amortised cost and interest income

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial assets, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting period, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment under ECL model (upon application of IFRS 9 with transitions in accordance with note 3)

The Group performs impairment assessment under ECL model on financial assets (including trade and other receivables, amounts due from related parties, pledged bank deposits and bank balances and cash) and other items (contract assets) which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, general economic conditions, industrial environment, repayment history of the Group and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually for each counterparty.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The management of the Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower; or
- a breach of contract, such as a default or past due event; or
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The gross carrying amount of a financial asset or contract assets is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of accounts receivables where the corresponding adjustment is recognised through a loss allowance account.

Classification and subsequent measurement of financial assets (before application of IFRS 9 on 1 November 2018)

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related parties, restricted bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities subsequently measured at amortised cost

Financial liabilities, including trade and other payables, amount due to a subsidiary, amounts due to related parties and bank borrowings, are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months are as follows:

Revenue recognition from contracts with customers

The Group recognises contract revenue and costs by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Accordingly, revenue recognition involves a significant degree of judgment, with estimates being made to assess the total contract costs and stage of completion of the contract to provide appropriately for loss making contracts.

The management estimates the amount of foreseeable losses or attributable profits of contract work including construction materials costs, sub contracting costs and labour costs based on the latest available budgets of the contracts prepared by project team with reference to the overall performance of each contract work and the management's best estimates and judgments.

Due to the contracting nature of the business, revenue recognition involves a significant degree of judgement. Notwithstanding that the management reviews and revises the estimates of contract costs for the contract of building construction services as the contract progresses, the actual outcome of the contract in terms of its total costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

Estimated impairment of trade receivables and contract assets

Before the adoption of IFRS 9, management makes allowances for trade receivables and contract assets based on the assessment of recoverability of these assets. When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows.

The amount of the impairment loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate compounded at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

Since the adoption of IFRS 9 on 1 November 2018, management estimates the amount of loss allowance for ECL on trade receivables and contract assets that are measured at amortised cost based on the credit risk of these assets. The loss allowance amount is measured as the difference between the assets' carrying amounts and present values of estimated future cash flows with the consideration of expected future credit loss. When the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 October 2017, 2018 and 2019, the aggregate carrying amounts of trade receivables and contract assets of the Group are set out in notes 19 and 20, respectively.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on provision of building construction services for the Track Record Period.

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker (the "CODM"), being the executive directors of the Group for the purposes of resources allocation and assessment of segment performance focuses on types of services delivered or provided. For management purpose, the Group operates in one business unit based on the services provided, and its sole operating segment is the provision of building construction services. The CODM monitors the revenue, results, assets and liabilities of its business unit as a whole and regularly reviews financial information prepared in accordance with the accounting policies which conform with IFRSs and consistently presented in this report, and without further discrete financial information. Accordingly, no analysis of segment information other than entity-wide information is presented.

An analysis of the Group's revenue during the Track Record Period is as follows:

	Year ended 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Revenue from contracts with customers recognised over time and disaggregated by types of building construction services:			
Factory projects	318,593	65,096	101,192
Institutional, commercial and/or residential projects	26,968	86,619	158,771
Others	1,743	5,131	2,511
Total	347,304	156,846	262,474

Performance obligations for contracts with customers

The Group provides building construction services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these services based on the stage of completion of the contract using input-method.

The Group's construction contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits at 10% of total contract sum. When the Group receives a deposit before construction commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the services are performed, representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The credit period granted to individual customer is within 60 days in general, which the Group considered on a case-by-case basis. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfer the contract assets to trade receivables when the Group achieved the specific milestones in the corresponding contracts.

Retention receivables, prior to expiration of defect liability period, are recognised as contract assets, which ranges from 1 year to 2 years from the date of the completion of the services (i.e. the date of issuance of certificate of practical completion). The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the services performed comply with agreed-upon specifications and such assurance cannot be purchased separately.

Transaction price allocated to the remaining performance obligations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 October 2017, 2018 and 2019 and the expected timing of recognising revenue are as follows:

	At 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Within one year	30,982	255,993	343,024
More than one year but not more than two years	25,059	345,945	369,292
More than two years	–	389,174	32,990
	56,041	991,112	745,306

No geographical segment information is presented as the Group's operations are solely located in Malaysia.

Information about major customers

Revenue from customers of the corresponding years individually contributing over 10% of the Group's revenue are as follows:

	Year ended 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Customer 1	63,543	N/A[1]	N/A[2]
Customer 2	N/A[1]	21,598	N/A[1]
Customer 3	205,802	N/A[2]	N/A[2]
Customer 4	N/A[2]	56,564	82,859
Customer 5	N/A[2]	20,997	N/A[1]
Customer 6	N/A[2]	N/A[1]	27,179
Customer 7	N/A[2]	N/A[1]	64,586

1 The corresponding revenue did not contribute over 10% of the total revenue of the Group of the year.

2 No revenue generated from the customer during the year.

7. OTHER INCOME, GAIN AND LOSS

	Year ended 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Bank interest income	1,759	838	356
Rental income	85	116	172
(Loss) gain on disposal of property, plant and equipment	(47)	68	215
Written off of property, plant and equipment	–	–	(50)
Gain on disposal of investment properties	–	1,032	180
Loss on disposal of assets classified as held for sales	–	(4)	–
Gain on disposal of a subsidiary *(note 30)*	–	58	–
Others	–	10	18
	1,797	2,118	891

8. FINANCE COSTS

	Year ended 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Interest on:			
bank borrowings and bank overdraft	60	41	678
lease liabilities	41	18	361
	101	59	1,039

9. PROFIT BEFORE TAX

	Year ended 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Profit before tax has been arrived at after charging:			
Directors' emolument *(note 11)*	2,055	1,657	1,914
Other staff costs:			
Salaries, wages and other allowances	14,815	10,735	13,138
Retirement benefit scheme contributions, excluding those of directors	981	859	1,007
Total staff costs	17,851	13,251	16,059
Auditors' remuneration	68	49	79
Depreciation of property, plant and equipment	1,506	1,814	1,576
Depreciation of investment properties	99	123	139
Depreciation of right-of-use assets	530	559	2,288
Construction material costs (included in cost of services)	38,306	52,978	62,864
Subcontracting costs (included in cost of services)	229,513	42,462	126,861
Provision for liquidated and ascertained damages (included in cost of services)	6,920	–	–
Provision for doubtful debts/credit losses	–	–	385
Listing expenses (included in administrative and other expenses)	–	–	8,662

10. INCOME TAX EXPENSE

	Year ended 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Income tax charge (credit) comprises:			
Malaysian Corporate Income Tax			
– current year	11,119	4,055	7,503
– prior years	52	–	48
Deferred tax *(note 28)*	(3,288)	1,538	(1,023)
Income tax expense	7,883	5,593	6,528

Malaysian Corporate Income Tax is calculated at the statutory tax rate on the estimated assessable profit for the Track Record Period.

Details of deferred taxation are set out in note 28.

The income tax expense for the Track Record Period can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Profit before tax	37,976	23,003	18,745
Tax charge at Malaysian Corporate Income Tax Rate of 24%	9,114	5,521	4,499
Tax effect of income not taxable for tax purpose	(89)	(40)	(104)
Tax effect of expenses not deductible for tax purposes	316	148	2,083
Tax effect of two-tiered profits tax rates regime *(Note i)*	(60)	(30)	(30)
Tax effect of special income tax exemption *(Note ii)*	(1,517)	–	–
Tax effect of share of results of an associate	(3)	(15)	(23)
Underprovision in respect of prior year	52	–	48
Others	70	9	55
Income tax expense for the year	7,883	5,593	6,528

Notes:

(i) Under the Income Tax Act 1967 of Malaysia, small and medium enterprises in Malaysia with paid-up capital amounting to RM2,500,000 or less are subject to income tax at the rate of 18%, 18% and 18% on chargeable income amounting to RM500,000 or less for years of assessment in 2017, 2018 and 2019 respectively. Under the two-tiered profits tax rates regime, the first RM500,000 of chargeable income of the group entities for years of assessment in 2017, 2018 and 2019 will be taxed at 18%, 18% and 18% respectively and profits above RM500,000 will be taxed at 24%.

(ii) On 10 April 2017, the Income Tax (Exemption) (No. 2) Order 2017 was gazetted to provide a special income tax exemption for companies, limited liability partnerships, trust bodies, executors of estates and receivers under subsection 68(4) of the Income Tax Act 1967 of Malaysia (the act). Such qualifying entity are required to have been carrying on a business for more than two years and earned chargeable income for two years with both of the years having an accounting period of 12 months with the same accounting year-end.

The exemption is granted based on the incremental amount of chargeable income from the preceding year and is applicable for the years of assessment 2017 and 2018. The exemption given is computed based on the percentage of increased chargeable income and according to the formulae prescribed in the order.

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid or payable (including emoluments for the services as employees or directors of the group entities prior to becoming directors of the Company) to the directors of the Company during the Track Record Period for their services rendered to the entities comprising the Group are as follows:

(a) Directors

	Fee	Salaries and other allowances	Bonus	Retirement benefit scheme contributions	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Year ended 31 October 2017					
Executive directors					
Mr. Low	240	244	164	39	687
Ms. Seah	190	134	90	21	435
Mr. Cheang	110	184	124	29	447
Mr. Lau	60	121	82	19	282
Mr. Low Wui Linn	–	132	53	19	204
Total	600	815	513	127	2,055

	Fee	Salaries and other allowances	Bonus	Retirement benefit scheme contributions	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Year ended 31 October 2018					
Executive directors					
Mr. Low	230	267	23	42	562
Ms. Seah	182	148	13	23	366
Mr. Cheang	105	200	17	32	354
Mr. Lau	58	131	11	21	221
Mr. Low Wui Linn	25	104	9	16	154
Total	600	850	73	134	1,657

	Fee	Salaries and other allowances	Bonus	Retirement benefit scheme contributions	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Year ended 31 October 2019					
Executive directors					
Mr. Low	230	280	93	44	647
Ms. Seah	182	156	52	25	415
Mr. Cheang	105	209	69	33	416
Mr. Lau	58	136	45	22	261
Mr. Low Wui Linn	25	107	27	16	175
Total	600	888	286	140	1,914

Notes:

(i) Mr. Low, Ms. Seah, Mr. Cheang, Mr. Lau and Mr. Low Wui Linn were appointed as directors of the Company on 28 February 2019 and redesignated as executive directors on 6 September 2019. Mr. Low is the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive in connection with the management of the affairs of the companies comprising the Group.

The emoluments of other executive directors shown above also represent their services in connection with the management of the affairs of the Company and the Group.

The emoluments of the executive directors during the Track Record Period were within the following bands:

	Year ended 31 October		
	2017	**2018**	**2019**
	No. of directors	*No. of directors*	*No. of directors*
Nil to HK$1,000,000	4	4	4
HK$1,000,001 to HK$1,500,000	1	1	1
	5	5	5

(ii) No independent non-executive directors were appointed by the Company during the Track Record Period. Mr. Ng Kok Seng, Mr. Wong Chi Wai and Ms. Yeo Chen Yen Mary were appointed as independent non-executive directors of the Company on 31 March 2020.

(iii) The discretionary bonus is determined based on the performance of individual and market trend during each year in the Track Record Period.

(b) Employees' emoluments

The five highest paid individuals of the Group for each year in the Track Record Period include three directors whose remuneration are disclosed above. The emoluments of remaining two highest paid employees who are neither a director nor chief executive of the Company for Track Record Period are as follows:

	Year ended 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Salaries and other benefits	586	371	399
Discretionary bonus	47	78	97
Retirement benefit scheme contributions	75	51	57
	708	500	553

The emoluments of each of the two highest paid employees who are neither a director nor chief executive of the Company were within the band of nil to HK$1,000,000 during each year in the Track Record Period.

During the Track Record Period, no emoluments were paid by the Group to any of the directors of the Company or the chief executive of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. The directors of the Company or the chief executive of the Group did not waive or agree to waive any emoluments during the Track Record Period.

12. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	Year ended 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Earnings:			
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company)	30,132	17,410	12,217
Number of shares:			
Weighted average number of ordinary shares for the purpose of basic earnings per share	945,000,000	945,000,000	945,000,000

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined based on the number of shares that would have been outstanding for the relevant year on the assumption that the Reorganisation set out in note 2 and the capitalisation issue as referred to in the section headed "Share Capital" in the Prospectus had been effective on 1 November 2016.

No diluted earnings per share for the Track Record Period was presented as there were no potential ordinary share in issue during the Track Record Period.

13. DIVIDEND

During the year ended 31 October 2017, Rimbaco and Rimbaco Property declared and paid an interim dividend of RM8,000,000 and RM4,200,000 to their shareholders, respectively.

During the year ended 31 October 2018, Rimbaco declared and paid interim dividends of RM12,000,000, to its shareholders.

During the year ended 31 October 2019, Rimbaco and Rimbaco Property declared and paid an interim dividend of RM1,000,000 and RM1,200,000 to their shareholders, respectively.

The rate of dividends and the number of shares ranking for the dividends are not presented as such information is not meaningful having regard to the purpose of this report.

No dividend was paid or declared by the Company since its incorporation.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings	Leasehold improvement	Plant and Machinery	Furniture and fixtures	Motor vehicles	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
COST							
At 1 November 2016	64	1,738	118	12,576	945	2,878	18,319
Additions	–	–	–	558	119	991	1,668
Transfer from right-of-use assets *(note 16)*	–	–	–	972	–	–	972
Disposal	–	–	–	(364)	–	(646)	(1,010)
At 31 October 2017	64	1,738	118	13,742	1,064	3,223	19,949
Additions	–	–	–	286	221	913	1,420
Transfer from right-of-use assets *(note 16)*	–	–	–	1,805	–	–	1,805
Disposal	–	–	–	(96)	(9)	(300)	(405)
At 31 October 2018	64	1,738	118	15,737	1,276	3,836	22,769
Additions	–	–	–	1,870	187	73	2,130
Disposal/written off	–	–	(118)	(4,427)	(39)	(95)	(4,679)
At 31 October 2019	64	1,738	–	13,180	1,424	3,814	20,220
DEPRECIATION							
At 1 November 2016	–	230	35	9,161	499	2,470	12,395
Provided for the year	–	35	12	1,031	128	300	1,506
Transfer from right-of-use assets *(note 16)*	–	–	–	729	–	–	729
Eliminated on disposal	–	–	–	(222)	–	(416)	(638)
At 31 October 2017	–	265	47	10,699	627	2,354	13,992
Provided for the year	–	35	12	1,286	122	359	1,814
Transfer from right-of-use assets *(note 16)*	–	–	–	1,276	–	–	1,276
Eliminated on disposal	–	–	–	(93)	(7)	(300)	(400)
At 31 October 2018	–	300	59	13,168	742	2,413	16,682
Provided for the year	–	35	11	987	102	441	1,576
Eliminated on disposal/written off	–	–	(70)	(4,406)	(35)	(95)	(4,606)
At 31 October 2019	–	335	–	9,749	809	2,759	13,652
CARRYING VALUE							
At 31 October 2017	64	1,473	71	3,043	437	869	5,957
At 31 October 2018	64	1,438	59	2,569	534	1,423	6,087
At 31 October 2019	64	1,403	–	3,431	615	1,055	6,568

During the year ended 31 October 2017 and 2018, the Group obtained ownership of certain underlying leased assets through exercise of purchase option at the end of the lease terms of certain leases. The then carrying amounts of the relevant right-of-use assets as set out in note 16 upon the expiration of these leases were transferred to property, plant and equipment as set out above.

The property, plant and equipment other than freehold land are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	2%
Leasehold improvement	10%
Plant and machinery	20%
Furniture and fixtures	10%
Motor vehicles	20%

15. INVESTMENT PROPERTIES

	RM'000
COST	
At 1 November 2016	7,973
Addition	885
Transferred to asset classified as held for sale	(577)
At 31 October 2017	8,281
Disposal	(1,250)
At 31 October 2018	7,031
Disposal	(232)
At 31 October 2019	6,799
DEPRECIATION	
At 1 November 2016	330
Provided for the year	99
Transferred to asset classified as held for sale	(43)
At 31 October 2017	386
Provided for the year	123
Eliminated on disposal	(182)
At 31 October 2018	327
Provided for the year	139
Eliminated on disposal	(19)
At 31 October 2019	447

	RM'000
CARRYING VALUES	
At 31 October 2017	7,895
At 31 October 2018	6,704
At 31 October 2019	6,352

The freehold land included in investment properties as at 31 October 2017, 2018 and 2019 was RM251,000.

The buildings included in investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	50 years

All of the Group's property interests in freehold land and buildings as shown above to earn rentals or for capital appreciation purposes are measured using the cost model and classified and accounted for as investment properties.

The fair values of the Group's investment properties at 31 October 2017, 2018 and 2019, all of which are measured at Level 3 of the fair value measurements as set out in note 4, were RM8,825,000, RM8,788,000 and RM9,040,000, respectively. The fair value has been arrived at based on a valuation carried out by Avista Valuation Advisory Limited, of 23rd Floor, Siu On Centre, No. 188 Lockhart Road, Wanchai, Hong Kong, independent qualified professional valuers not connected with the Group and processing the appropriate qualifications and experience in the valuation of properties in the relevant locations. Avista Valuation Advisory Limited is member of the Hong Kong Institute of Surveyors.

The fair values of the investment properties were determined by the valuers using direct comparison approach. Direct comparison approach reflects market observable transactions for similar properties, mainly adjusted for differences in the location and condition of the investment properties. There has no change to the valuation technique during the Track Record Period. One of the key inputs used in valuing the investment properties, was the market observable transactions of similar properties.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The Group has pledged investment properties with carrying value of RM1,088,000 to secure general banking facilities granted to the Group as at 31 October 2017. During the year ended 31 October 2018, the pledged investment properties has been released upon the disposal of relevant properties.

During the year ended 31 October 2017, the amount of RM503,000 included in additions of investment properties are settled against trade receivable of the same amount.

16. RIGHT-OF-USE ASSETS

The average lease term of the Group's buildings and plant and machinery is 2 years, 2 years and 2 years during the year ended 31 October 2017, 2018 and 2019, respectively. The Group does not have the option to purchase the buildings for a nominal amount at the end of the relevant lease terms and have the option to purchase the plant and machinery for a nominal amount at the end of the relevant lease terms. As the results of assessment at corresponding lease commencement date, the Group was reasonably certain to exercise the purchase options agreed in the relevant lease contracts.

	Buildings	**Plant and machinery**	**Total**
	RM'000	*RM'000*	*RM'000*
COST			
At 1 November 2016	52	2,777	2,829
Modification of contract	10	–	10
Transfer to property, plant and equipment upon expiration of lease contracts *(note 14)*	–	(972)	(972)
At 31 October 2017	62	1,805	1,867
Addition	729	7,794	8,523
Modification of contract	10	–	10
Transfer to property, plant and equipment upon expiration of lease contracts *(note 14)*	–	(1,805)	(1,805)
At 31 October 2018	801	7,794	8,595
Addition	303	2,098	2,401
At 31 October 2019	1,104	9,892	10,996
DEPRECIATION			
At 1 November 2016	27	1,305	1,332
Charge for the year	23	507	530
Transfer to property, plant and equipment upon expiration of lease contracts *(note 14)*	–	(729)	(729)
At 31 October 2017	50	1,083	1,133
Charge for the year	240	319	559
Transfer to property, plant and equipment upon expiration of lease contracts *(note 14)*	–	(1,276)	(1,276)
At 31 October 2018	290	126	416
Charge for the year	443	1,845	2,288
At 31 October 2019	733	1,971	2,704
CARRYING VALUE			
At 31 October 2017	12	722	734
At 31 October 2018	511	7,668	8,179
At 31 October 2019	371	7,921	8,292

The above right-of-use assets are depreciated on a straight-line basis over their estimated useful life or lease term as follows:.

Buildings	over the lease terms of 1 to 3 years
Plants and machinery	5 years

Lease terms are negotiated on an individual basis and contain various different terms and conditions. The lease arrangements do not impose any convenants other than the security interests in leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purpose.

During the year ended 31 October 2017, 2018 and 2019, no expenses relating to short-term leases or low-value leases was recognised.

The total cash outflows for leases including the payments of lease liabilities for the years ended 31 October 2017, 2018 and 2019 were RM834,000, RM562,000 and RM3,025,000 respectively.

17. INTEREST IN AN ASSOCIATE

	At 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Cost of investment in an associate	237	237	237
Share of post-acquisition profit, net of dividend received	584	597	694
	821	834	931

During the Track Record Period, the Group had interest in the following associate:

Name of associate	Place of establishment/ operations	Registered capital	Proportion of registered paid up capital and voting right held by the Group: At 31 October 2017	2018	2019	At date of this report	Principal activities
			%	%	%	%	
Mascolite Sdn. Bhd.	Malaysia	RM500,000	47.37	47.37	47.37	47.37	Trading of building materials

The financial year end date of the Group's associate is 31 August. For the purpose of applying the equity method of accounting, the financial statements of the associate for the year ended 31 August 2017, 2018 and 2019 have been used for the preparation of the Historical Financial Information for the years ended 31 October 2017, 2018 and 2019 respectively as the Group considers that it is impracticable for the associate to prepare a separate set of financial statements as of the respective end of reporting periods of the Group as stated above.

The summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs:

	At 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Non-current assets	11	8	24
Current assets	2,503	2,338	2,679
Current liabilities	(780)	(585)	(737)
Non-current liability	(1)	(1)	(1)
	1,733	1,760	1,965

	Year ended 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Revenue	4,009	3,724	4,087
Profit and total comprehensive income for the year	22	127	206
Dividends received from the associate by the Group during the year	47	48	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in an associate recognised in the Historical Financial Information:

	At 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Net assets of the associate	1,733	1,760	1,965
Proportion of the Group's ownership in an associate	47.37%	47.37%	47.37%
Carrying amount of the Group's interest in an associate	821	834	931

18. OTHER NON-CURRENT ASSET

	At 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Transferable club membership	118	118	118

19. TRADE AND OTHER RECEIVABLES

	The Group			The Company
		At 31 October		At 31 October
	2017	2018	2019	2019
	RM'000	*RM'000*	*RM'000*	*RM'000*
Trade receivables from contracts with customers	26,014	46,553	74,548	–
Less: Allowance for doubtful debts/credit losses	(1,328)	(1,328)	(1,626)	–
Trade receivables, net *(Note i)*	24,686	45,225	72,922	–
Other receivables, deposits and prepayments				
– Other receivables	196	1,150	57	–
– Advance to a third party *(Note ii)*	7,000	–	–	–
– Rental and other deposits	246	891	1,269	–
– Prepayments	59	7,594	4,914	–
– Goods and Services Tax recoverable	1,912	1,328	305	–
– Prepaid listing expenses	–	–	90	90
– Deferred issue costs	–	–	2,449	2,449
	9,413	10,963	9,084	2,539
Total trade and other receivables	34,099	56,188	82,006	2,539

Notes:

(i) The Group allows an average credit period of no longer than 60 days to its customers.

(ii) The amount represented an advance made by Infinity Vantage Sdn. Bhd. ("**Infinity Vantage**"), a subsidiary of the Company, to a potential business partner prior to the Track Record Period (the "Borrower", which owned a piece of land in Malaysia) in which the Group intended to acquire a piece of land therefrom. However, the relevant agreement did not eventuate and the Group discovered that the Borrower has breached certain term of the agreement and took legal action against the Borrower since 2017 for the recovery of the advance. Although the Group was ruled in favor by a court in Malaysia, the legal case is currently under appeal. Taking into consideration of all facts and circumstances and after seeking opinion from its legal counsel, the management of the Group is of the view that the advance could be recovered in full and therefore no provision has been made. The Group disposed of its entire 55% equity interests in Infinity Vantage to the Controlling Shareholders during the year ended 31 October 2018 and details are set out in note 30.

The trade receivables from contracts with customers amounted to RM48,946,000 as at 1 November 2016.

The following is an aged analysis of the Group's trade receivables based on the date of billing documents at the end of each reporting period:

	At 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Trade receivables:			
Within 30 days	12,749	24,200	34,157
31 – 60 days	2,568	9,615	15,671
61 – 90 days	800	11,519	15,281
Over 90 days	9,897	1,219	9,439
	26,014	46,553	74,548

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically. The Group's trade receivables that are neither past due nor impaired have good credit quality with reference to respective settlement history.

Included in the Group's allowance for doubtful debts as at 31 October 2017 and 2018 are individually impaired trade receivables with an aggregate balance of RM1,328,000 and RM1,328,000, respectively, which have poor credit quality with reference to respective settlement history. The Group did not hold any collateral over these balances.

Included in the Group's trade receivables balance are debtors with aggregate carrying amounts of RM13,264,000 and RM17,259,000 as at 31 October 2017 and 2018, respectively, which past due but not provided for as at the end of each reporting period were either subsequently settled or no historical default of payments was noted by the respective customers and the management of the Group believes that no impairment is required. The Group does not hold any collateral over these balances.

The following is an aged analysis of trade receivables based on the date of billing documents which are past due but not impaired at the end of each reporting period:

	At 31 October	
	2017	**2018**
	RM'000	*RM'000*
Days overdue		
1 – 90 days	4,494	16,048
Over 90 days	8,770	1,211
	13,264	17,259

As at 31 October 2019, an aggregate amount of RM5,339,000 has been past due 90 days or more and is not considered as in default as the amount were either subsequently settled or with no historical default of payments by the respective customers. The Group does not hold any collateral over these balances.

Before the initial application of IFRS 9 on 1 November 2018, in determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. No allowance for doubtful debts has been provided during the year ended 31 October 2017 and 2018 and the balance of allowance for doubtful debts as at these days were RM1,328,000.

Details of impairment assessment of trade and other receivables for the year ended 31 October 2019 are set out in note 36.

20. CONTRACT ASSETS

	Notes	**At 1 November 2016**	**At 31 October 2017**	**2018**	**2019**
		RM'000	*RM'000*	*RM'000*	*RM'000*
Analysed as current:					
Unbilled revenue of construction contracts	(i)	15,213	5,527	35,699	57,452
Retention receivables of construction contracts	(ii)	27,708	31,169	29,546	43,897
		42,921	36,696	65,245	101,349

Notes:

(i) Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed but not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.

(ii) Retention receivables included in contract assets represents the Group's right to receive consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group.

The retention receivables of construction contracts to be settled based on the expiry of the defect liability period, at end of each reporting period are as follows:

	At 31 October 2017	2018	2019
	RM'000	*RM'000*	*RM'000*
Retention receivables of construction contracts			
Due within one year	28,364	20,392	9,820
Due more than one year, but not exceeding two years	2,805	9,154	6,712
Due more than two years, but not exceeding five years	–	–	27,365
	31,169	29,546	43,897

Before the initial application of IFRS 9 on 1 November 2018, the entire balances of the Group's retention receivables as at 31 October 2017 and 2018 are not yet due, which were either subsequently settled or no historical default of payments was noted by the respective customers and the management of the Group believes that no impairment is required. The Group does not hold any collected over these balances.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

Details of the impairment assessment of contract assets for the year ended 31 October 2019 are set out in note 36.

21. AMOUNTS DUE FROM/TO RELATED PARTIES

(a) Amounts due from related parties

	At 1 November	At 31 October			Maximum amount outstanding during Year ended 31 October		
	2016	2017	2018	2019	2017	2018	2019
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Mr. Low	677	3,774	760	5	3,774	2,360	760
Ms. Seah	320	2,280	35	1	2,280	1,335	35
Mr. Cheang	213	1,520	–	1	1,520	800	1
Mr. Lau	107	760	–	–	760	445	–
Infinity Commerce Sdn. Bhd. *(Note)*	553	–	–	–	–	–	–
Rimbaco Holdings (M) Sdn. Bhd. *(Note)*	623	523	1,500	–	523	1,500	1,500
	2,493	8,857	2,295	7			

Note: Certain directors of the Company are also the directors of and have control over Infinity Commerce Sdn. Bhd. and Rimbaco Holdings (M) Sdn. Bhd.

All of the amounts above are non-trade in nature, interest-free, unsecured and repayment on demand. The directors of the Company have represented to us that the amount due from the related parties as at 31 October 2019 is expected to be settled upon the listing of the shares of the Company on the Stock Exchange.

(b) Amounts due to related parties

	At 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Mr. Low	800	1,227	–
Mr. Cheang	–	4	–
Mr. Lau	–	180	–
RBC Berjaya Sdn. Bhd. *(Note i)*	–	–	–
Aspen Avenue Sdn. Bhd. *(Note i)*	–	2,400	–
Ms. Teoh Lohsee *(Note ii)*	1,405	–	–
Tree Group Sdn. Bhd. *(Note iii)*	1,750	–	–
	3,955	3,811	–

Notes:

i. Certain directors of the Company are also the directors of and have control over RBC Berjaya Sdn. Bhd. and Aspen Avenue Sdn. Bhd.

ii. Ms. Teoh Lohsee is spouse of a non-controlling shareholder of Infinity Vantage before the disposal by the Group during the year ended 31 October 2018.

iii. Tree Group Sdn. Bhd. is a non-controlling shareholder of Infinity Vantage before the disposal by the Group during the year ended 31 October 2018.

All of the amounts above are non-trade in nature, interest-free, unsecured and repayment on demand.

(c) Amount due to a subsidiary

The amount is non-trade in nature, unsecured, interest-free and repayable on demand.

22. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

Restricted bank deposits are placed with banks to secure general banking facilities granted to the Group. As at 31 October 2017, 2018 and 2019, these deposits carry the interest rate ranged from 2.65% to 3.40%, from 2.65% to 3.65% and from 2.90% to 3.55% per annum, respectively. The amounts are denominated in RM.

Bank balances and cash comprise bank balances and cash on hand and time deposits with original maturity of three months or less. Bank balances carried interest at prevailing market rates based on daily bank deposit rate for the Track Record Period. As at 31 October 2017, 2018 and 2019, the interest rate of these bank deposits ranged from 0.01% to 3.40%, from 0.01% to 3.55% and from 0.01% to 3.50% per annum, respectively.

23. ASSET CLASSIFIED AS HELD FOR SALE

	At 31 October 2017	2018	2019
	RM'000	*RM'000*	*RM'000*
Amount comprises:			
Investment properties	534	–	–

The Group planned to sell certain investment properties and has been actively locating a buyer to complete the plan during the year ended 31 October 2017. In the opinion of the directors of the Company, the disposal would be taken place within twelve months from 31 October 2017. Accordingly, the relevant investment properties have been classified as asset held for sales as at 31 October 2017. The disposals have been completed during the year ended 31 October 2018.

24. TRADE, BILLS AND OTHER PAYABLES

	The Group			The Company
	At 31 October			At 31 October
	2017	2018	2019	2019
	RM'000	*RM'000*	*RM'000*	*RM'000*
Trade and bills payables *(Note (i))*	24,068	40,794	85,814	–
Retention payables *(Note (ii))*	17,376	8,543	13,714	–
Accruals	13,470	8,291	15,994	–
Provision for liquidated and ascertained damages *(Note (iii))*	6,920	6,920	6,920	–
Others payables	401	747	963	–
Accrued listing expenses	–	–	1,583	1,583
Accrued issue costs	–	–	350	350
	62,235	65,295	125,338	1,933

Notes:

(i) The average credit period on trade and bills payables is 30 days. The aging analysis of the trade and bills payables based on invoice dates/bills issued date at the end of each reporting period is as follows:

	At 31 October 2017	2018	2019
	RM'000	*RM'000*	*RM'000*
Within 30 days	11,989	18,456	34,449
31 – 60 days	6,353	9,141	17,182
61 – 90 days	2,015	9,255	19,230
Over 90 days	3,711	3,942	14,953
	24,068	40,794	85,814

(ii) All retention payables as at 31 October 2017, 2018 and 2019 were expected to be paid or settled in less than twelve months from the end of the corresponding reporting period.

(iii) Amount being the provision for liquidated and ascertained damages for a building construction project made during the year ended 31 October 2017 where the completion of the relevant construction works borne by the Group was behind the schedule as stipulated the contract. The provision is made in accordance with the compensation clause stated in the agreement and the certificates issued by the architect engaged by the customer of the relevant contract. On 16 December 2019, the final account settlement agreement was signed by the Group and its customer, in which the customer had agreed waive the liquidated and ascertained damages amounting at RM6,920,000.

25. CONTRACT LIABILITIES

	At 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Advances from customers of building construction contracts	1,601	341	–

When the Group receives a deposit before the construction work commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit. The Group receives advance payment of 10% of the relevant contract sum for certain customers before construction work commences.

The contract liabilities amounted to RM11,035,000 as at 1 November 2016.

Contract liabilities of the Group, which are expected to be settled within the Group's normal operating cycle, are classified under current liabilities.

Revenue from building construction contracts recognised during the year ended 31 October 2017, 2018 and 2019 that was included in the contract liabilities at beginning of the year were RM11,035,000, RM1,601,000 and RM341,000, respectively.

26. BANK BORROWINGS

	At 31 October 2017	2018	2019
	RM'000	*RM'000*	*RM'000*
Secured bank loans	1,461	1,281	–
Carrying amount repayable based on scheduled repayment dates set out in the loan agreements:			
Within one year	182	111	–
More than one year, but not exceeding two years	111	164	–
More than two years, but not exceeding five years	627	585	–
More than five years	541	421	–
	1,461	1,281	–
Less: Amounts due within one year shown under current liabilities	(182)	(111)	–
Amounts shown under non-current liabilities	1,279	1,170	–

During the year ended 31 October 2019, the Group has fully settled the bank borrowings and the personal guarantee of the Controlling Shareholders has been released.

The bank loans as at 31 October 2017 and 2018 are variable rate borrowings which carried interest ranged from 4.7% to 6.3% per annum. The effective interest rate of the Group ranged from 4.2% to 7.5% per annum as at 31 October 2017 and 2018. The amounts are denominated in RM.

As at 31 October 2017 and 2018, these bank loans were secured by charges over investment properties disclosed in note 15 and were guaranteed by the Controlling Shareholders.

27. LEASE LIABILITIES

The exposure of the Group's lease liabilities are as follow:

	At 31 October 2017	2018	2019
	RM'000	*RM'000*	*RM'000*
Current	320	2,120	3,317
Non-current	–	5,216	4,054
	320	7,336	7,371

	Minimum lease payments As at 31 October			Present value of minimum lease payments As at 31 October		
	2017	2018	2019	2017	2018	2019
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Lease liabilities:						
Within one year	326	2,423	3,640	320	2,120	3,317
More than one year, but not exceeding two years	–	2,625	3,430	–	2,414	3,287
More than two years but not exceeding five years	–	2,919	785	–	2,802	767
	326	7,967	7,855	320	7,336	7,371
Less: future finance charges	(6)	(631)	(484)	N/A	N/A	N/A
Present value of lease obligations	320	7,336	7,371			
Less: Amounts due for settlement within twelve months (shown under current liabilities)				(320)	(2,120)	(3,317)
Amounts due for settlement after twelve months				–	5,216	4,054

The Group leases properties and machineries for operation and these lease liabilities were measured at the present value of the lease payments that are not yet paid and personal guaranteed by the Controlling Shareholders. All leases are entered at fixed prices.

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

Extension options are included in certain lease agreements entered by the Group. Certain periods covered extension options were included in these lease terms as the Group were reasonably certain to exercise the options.

28. DEFERRED TAX ASSETS (LIABILITIES)

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose:

	At 31 October		
	2017	2018	2019
	RM'000	*RM'000*	*RM'000*
Deferred tax assets	3,443	1,905	3,167
Deferred tax liabilities	(549)	(549)	(689)
	2,894	1,356	2,478

The following is the major deferred tax assets (liabilities) recognised by the Group and movements thereon for the Track Record Period:

	Accelerated tax depreciation	Provisions	Leases	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*
At 1 November 2016	(713)	319	–	(394)
Credit to profit or loss	119	3,169	–	3,288
At 31 October 2017	(594)	3,488	–	2,894
Charge to profit or loss	(746)	(792)	–	(1,538)
At 31 October 2018	(1,340)	2,696	–	1,356
Application of IFRS 9 *(Note 2)*	–	99	–	99
At 1 November 2018 (restated)	(1,340)	2,795	–	1,455
Credit to profit or loss	568	285	170	1,023
At 31 October 2019	(772)	3,080	170	2,478

As at 31 October 2017, 2018 and 2019, the Group had no unused tax losses.

29. SHARE CAPITAL

For the purpose of the Historical Financial Information, the share capital as at 1 November 2016, 31 October 2017 and 2018 shown on the consolidated statements of financial position represented the sum of share capital of the following group entities attributable to the Controlling Shareholders prior to the completion of the Reorganisation:

	At 1 November	At 31 October	
	2016	2017	2018
	RM'000	*RM'000*	*RM'000*
Rimbaco	2,000	2,000	2,000
Rimbaco property	50	50	50
The Company	N/A	N/A	N/A
	2,050	2,050	2,050

The Company is incorporated and the Reorganisation completed during the year ended 31 October 2019 and the balance of share capital as at 31 October 2019 represented the share capital of the Company. Details of movements of authorised and issued capital of the Company are as follow:

	Number of shares	Share capital	Shown in the Historical financial information
		HK$	*RM'000*
Ordinary shares of HK$0.01 each			
Authorised			
At incorporation (28 February 2019) and 31 October 2019	38,000,000	380,000	N/A
Issued and fully paid			
At 28 February 2019 (date of incorporation)	100	1	–*
Issue of shares on 17 June 2019 upon the Reorganisation *(note 2 (iii))*	900	9	–*
At 31 October 2019	1,000	10	–*

* *Less than RM1,000.*

30. DISPOSAL OF A SUBSIDIARY

On 15 December 2017, the Group disposed of its entire 55% equity interests in Infinity Vantage to the Controlling Shareholders for a consideration of RM44,000. Infinity Vantage was then inactive. Upon completion of the disposal, the Group no longer holds any equity interest in Infinity Vantage. The net liabilities of Infinity Vantage on the date of disposal were as follows:

	RM'000
Assets and liabilities of Infinity Vantage at the date of disposal:	
Advance to a third party	7,000
Other receivables	702
Bank balances	2
Loans from the shareholders	(7,730)
Net liabilities disposed of	(26)
Gain on disposal	
Cash consideration	44
Net liabilities disposed of	26
Non-controlling interests	(12)
	58
Net cash inflow arising on disposal:	
Cash consideration received	44
Less: bank balances disposed of	(2)
Net cash inflows	42

31. PERFORMANCE BOND

	At 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Performance bonds for construction contracts in favour of customers	1,635	7,108	24,962

The above performance bonds were given by banks in favour of some of Group's customers as security for the due performance and observance of the Group's obligations under the construction contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks accordingly. The performance bonds will be released upon completion of the contract work for the relevant customers. Certain of the Group's performance bonds were personally guaranteed by the Controlling Shareholders. As represented by the directors of Company, these guarantees will be released upon listing of the shares on the Stock Exchange.

32. RETIREMENT BENEFIT PLANS

The Group participates in the Employee Provident Fund ("**EPF**") for its qualifying employees in Malaysia. The assets of the EPF are held separately from those of the Group in funds under the control of an independent trustee. The only obligation of the Group with respect to the EPF is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The total cost of RM1,108,000, RM993,000 and RM1,147,000 charged to profit or loss represents contribution paid or payable to the above scheme by the Group for the years ended 31 October 2017, 2018 and 2019, respectively.

33. RELATED PARTY DISCLOSURES

(a) Balances

Details of the balances with related parties are set out in the consolidated statements of financial position and note 21.

(b) Transactions

During the Track Record Period, the Group entered into the following transactions with related parties:

	Year ended 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Proceeds received from the Controlling Shareholders for disposal of a subsidiary	–	44	–

(c) Compensation of key management personnel

	Year ended 31 October		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Salaries and other allowance	1,905	1,934	2,011
Bonus	954	192	419
Retirement benefit scheme contributions	231	191	206
	3,090	2,317	2,636

The remuneration of the directors of the Company and other key management personnel of the Group are determined having regard to the performance of the individuals.

34. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to its shareholders and maintaining an adequate capital structure. The Group's overall strategy remained unchanged throughout the Track Record Period.

The capital structure of the Group consists of bank borrowings, net of cash and cash equivalent, and equity attributable to owners of the Company, comprising the share capitals, merger reserve, and retained earnings of the Group.

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from a financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows used in financing activity.

	Dividend payable	Bank borrowings	Lease liabilities	Amounts due to related parties	Accrued issue costs	Accrued interest on bank overdraft	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
At 1 November 2016	–	1,207	1,103	4,018	–	–	6,328
Financing cash flows	(12,200)	194	(834)	(63)	–	–	(12,903)
Non-cash changes:							
Finance costs	–	60	41	–	–	–	101
Modification of contract	–	–	10	–	–	–	10
Dividends recognised as distribution *(note 13)*	12,200	–	–	–	–	–	12,200
At 31 October 2017	–	1,461	320	3,955	–	–	5,736
Financing cash flows	(12,000)	(221)	(562)	3,011	–	–	(9,772)
Non-cash changes:							
Finance costs	–	41	18	–	–	–	59
New leases	–	–	7,550	–	–	–	7,550
Modification of contract	–	–	10	–	–	–	10
Dividends recognised as distribution *(note 13)*	12,000	–	–	–	–	–	12,000
Disposal of subsidiary *(note 21)*	–	–	–	(3,155)	–	–	(3,155)
At 31 October 2018	–	1,281	7,336	3,811	–	–	12,428
Financing cash flows	(2,200)	(1,951)	(3,025)	(3,811)	(2,099)	(8)	(13,094)
Non-cash changes:							
Finance costs	–	670	361	–	–	8	1,039
New leases	–	–	2,699	–	–	–	2,699
Dividends recognised as distribution *(note 13)*	2,200	–	–	–	–	–	2,200
Deferred issue costs	–	–	–	–	2,449	–	2,449
At 31 October 2019	–	–	7,371	–	350	–	7,721

36. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	The Group			The Company
	As at 31 October			As at 31 October
	2017	2018	2019	2019
	RM'000	*RM'000*	*RM'000*	*RM'000*
Financial assets				
Loans and receivables (including bank balances and cash)	98,220	65,756	–	–
Amortised cost	–	–	97,296	–
Financial liabilities				
Amortised cost	47,261	55,176	100,491	9,277
Lease liabilities	320	7,336	7,371	–

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from/to related parties, restricted bank deposits, bank balances and cash, trade, bills and other payables, lease liabilities and bank borrowings. The Company's financial instrument include amount due to a subsidiary. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include interest rate risk, credit risk and liquidity risk and the policies on how to mitigate these risks are set out below. The directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely basis and in an effective manner.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate restricted bank deposits, bank balances and variable-rate bank borrowings due to the fluctuation of the prevailing market interest rate.

In order to mitigate the interest rate risk, the Group adopts a policy of maintaining an appropriate level of floating rate borrowings which is achieved primarily through the contractual terms of borrowings. The position is regularly monitored and evaluated by reference of anticipated changes in market interest rate. The Group did not use any interest rate swap to hedge its interest rate risk during the Track Record Period. However, management will consider hedging significant interest rate risk should the need arises.

The effect on changes in interest rate to the Group on interest-bearing financial instrument is insignificant.

Credit risk and impairment assessment

At the end of respective reporting periods, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties provided by the Group is arising from the carrying amount of the respective recognised financial assets and contract assets as stated in the consolidated statements of financial position.

The Group's credit risk is primarily attributable to its trade receivables and contract assets. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed regularly. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In order to minimise the credit risk, the management of the Group has assessed the credibility and other monitoring procedures to ensure that follow-up action is taken up to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other debts at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

In addition, the Group performs impairment assessment under ECL model upon application of IFRS 9 (Before adoption of IFRS 9: incurred loss model) on trade receivable balances and contract assets individually. The provision rates applied is estimated using the historical observed default rates of the debtors taking into consideration forward-looking information that is reasonably and supportably available without undue costs or effort. At the end of each of the reporting period, these historical loss rates are reassessed and updated if required after considering the forward-looking information then available to the directors of the Company. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group is exposed to concentration of credit risk as at 31 October 2017, 2018 and 2019 on trade receivables and contract assets from the Group's five major customers amounting to approximately RM37,846,000, RM74,005,000 and RM136,590,000, respectively and accounted for approximately 61.7%, 67.0% and 77.5%, respectively, of the Group's total trade receivables and contract assets. The management of the Group considered the credit risk of amounts due from these customers is insignificant after considering their historical settlement record, credit quality and financial position.

The credit risks on other receivables and amounts due from related parties are managed closely. The credit quality of each counterparty is investigated before an advance or a transaction is made or entered into. The Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risks on restricted bank deposits and bank balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than the concentration of credit risk on liquid funds which are deposited with several banks with good reputation and high credit ratings, the Group does not have any other significant concentration of credit risk, with exposure spread over a number of counterparties.

The Group has considered that credit risk on other receivables, amounts due from related parties, restricted bank deposits and bank balances has not increased significantly since initial recognition and has assessed the expected credit loss rate under 12m ECL method based on the Group's assessment in the risk of default of the respective counterparties.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	**Description**	**Trade receivables/ contract assets**	**Other financial assets**
Good	The counterparty has a low risk of default and frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12-month ECL
Fair	The debtor may face major ongoing uncertainties that could lead to the obligor's inadequate capacity to meet its financial commitments	Lifetime ECL – not credit-impaired	12-month ECL
Poor	The debtor has minimal capacity for timely payment of financial commitments and increased vulnerability to near term adverse changes in financial and economic conditions. Its ability to pay will depend on favorable condition to the business and economic environment and current ongoing relationship	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The table below details the credit risk exposures of the Group's financial assets and contract assets, which are subject to ECL assessment:

At 31 October 2019	*Notes*	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount *RM'000*
Financial assets at amortised cost					
Trade receivables	19	N/A	*Note i*	Lifetime ECL – not credit impaired	73,231
Trade receivables	19	N/A	*Note i*	Lifetime ECL – credit impaired	1,317
Other receivables, rental and other deposits	19	N/A	*Note ii*	12m ECL	1,326
Other receivable	19	N/A	*Note ii*	Lifetime ECL – credit impaired	46
Contracts assets	20	N/A	*Note i*	Lifetime ECL – not credit impaired	101,803
Amounts due from related parties	21	N/A	*Note ii*	12m ECL	7
Restricted bank deposits	22	Aa1 to A2	N/A	12m ECL	8,741
Bank balances and cash	22	Aa1 to A2	N/A	12m ECL	14,300

Notes:

(i) For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses individually for each trade receivable and contract asset.

(ii) For the purposes of internal credit risk management, the Group has applied the general approach in IFRS 9 to measure the loss allowance at 12m ECL as there is no significant increase in credit risk since initial recognition. The Group determines the expected credit losses for other receivables, rental and other deposits and amounts due from related parties by assessment of probability of default and loss given default. During the year ended 31 October 2019, in view of the nature of the balance and historical default rate and forward looking information, the Group considers the provision of impairment allowance for rental and other deposits and amounts due from related parties are insignificant and thus no loss allowance was recognised except for the other receivable at RM46,000 which is the gross amount of credit impaired debtors as at 31 October 2019. The provision for credit loss at RM46,000 has been made during the year ended 31 October 2019.

The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed based on individual basis as at 31 October 2019 within lifetime ECL (not credit-impaired). The gross carrying amount of credit-impaired debtors were RM1,317,000 as at 31 October 2019.

Internal credit rating	**Average loss rate**	**Trade receivables**	**Contract assets**
		RM'000	*RM'000*
Good	0.36%	66,436	88,955
Fair	1.00%	6,737	12,736
Poor	5.00%	58	112
		73,231	101,803

The assessment is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not-credit impaired)	**Lifetime ECL (credit impaired)**	**Total**
	RM'000	*RM'000*	*RM'000*
As at 31 October 2018 under IAS 39	–	1,328	1,328
Adjustment upon application of IFRS 9 *(note 3)*	167	–	167
As at 1 November 2018 – As restated	167	1,328	1,495
Changes due to financial instruments, recognised as at 1 November 2018:			
– Impairment losses reversed	(167)	–	(167)
– Written off	–	(11)	(11)
New financial assets originated	309	–	309
As at 31 October 2019	309	1,317	1,626

The following table shows the movement in lifetime ECL that has been recognised for contract assets under the simplified approach.

	Lifetime ECL (not-credit impaired) *RM'000*
As at 31 October 2018 under IAS 39	–
Adjustment upon application of IFRS 9	245
As at 1 November 2018 – As restated	245
Changes due to financial instruments recognised as at 1 November 2018:	
– Impairment losses reversed	(158)
New financial assets originated	366
As at 31 October 2019	453

Liquidity risk

In management of the liquidity risk, the Group monitor and maintains levels of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the remaining contractual maturity of the Group and the Company for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group or the Company can be required to pay. The table includes both interest and principal cash flows.

The Group

	Weighted average interest rate %	On demand or less than 1 month *RM'000*	1 month to 3 months *RM'000*	3 months to 1 year *RM'000*	1 year to 2 years *RM'000*	Over 2 years *RM'000*	Total undiscounted cash flows *RM'000*	Carrying amount at 31.10.2017 *RM'000*
31 October 2017								
Non-derivative financial liabilities								
Trade, bills and other payables	N/A	41,845	–	–	–	–	41,845	41,845
Amounts due to related parties	N/A	3,955	–	–	–	–	3,955	3,955
Bank borrowings	5.05	18	55	147	220	1,339	1,779	1,461
		45,818	55	147	220	1,339	47,579	47,261
Lease liabilities	3.05	50	88	188	–	–	326	320

	Weighted average interest rate	On demand or less than 1 month	1 month to 3 months	3 months to 1 year	1 year to 2 years	Over 2 years	Total undiscounted cash flows	Carrying amount at 31.10.2018
	%	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
31 October 2018								
Non-derivative financial liabilities								
Trade, bills and other payables	N/A	50,084	–	–	–	–	50,084	50,084
Amounts due to related parties	N/A	3,811	–	–	–	–	3,811	3,811
Bank borrowings	5.21	18	55	147	220	1,120	1,560	1,281
		53,913	55	147	220	1,120	55,455	55,176
Lease liabilities	5.44	202	404	1,817	2,625	2,919	7,967	7,336

	Weighted average interest rate	On demand or less than 1 month	1 month to 3 months	3 months to 1 year	1 year to 2 years	Over 2 years	Total undiscounted cash flows	Carrying amount at 31.10.2019
	%	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
31 October 2019								
Non-derivative financial liabilities								
Trade, bills and other payables	N/A	100,491	–	–	–	–	100,491	100,491
Lease liabilities	5.61	321	637	2,682	3,430	785	7,855	7,371

The Company

	Weighted average interest rate	On demand or less than 1 month	1 month to 3 months	3 months to 1 year	1 year to 2 years	Over 2 years	Total undiscounted cash flows	Carrying amount at 31.10.2019
	%	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
31 October 2019								
Non-derivative financial liability								
Amount due to a subsidiary	N/A	9,277	–	–	–	–	9,277	9,277

(c) Fair value measurements of financial instruments

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost and recorded in the Historical Financial Information approximate their fair values.

37. FINANCIAL INFORMATION OF THE COMPANY

Movement of the Company's reserve

Below is a table showing the movements of the reserves of the Company since its incorporation and up to 31 October 2019:

	Accumulated loss
	RM'000
At 28 February 2019 (date of incorporation)	–
Loss and total comprehensive expenses for the period	(8,671)
At 31 October 2019	(8,671)

No statutory financial statements have been prepared for the Company since its date of incorporation as it is incorporated in the jurisdiction where there is no statutory audit requirement.

38. PARTICULARS OF SUBSIDIARIES

As at the date of this report, the Company has direct and indirect equity interest in the following subsidiaries:

Name of subsidiaries	Place of incorporation	Date of incorporation	Issued and fully paid-up share capital	Equity attributable to the Company as at 31 October			Date of this report	Principal activities
				2017	2018	2019		
RBC International *(Note i)*	BVI	12 March 2019	US$1	N/A	N/A	100%	100%	Investment holdings
Rimbaco *(Note ii)*	Malaysia	17 October 1985	RM2,000,000	100%	100%	100%	100%	Provision of general contractor services
Rimbaco Property *(Note iii)*	Malaysia	4 December 1990	RM50,000	100%	100%	100%	100%	Provision of construction equipment rental services
Infinity Vantage *(Note iv)*	Malaysia	23 April 2014	RM80,000	55%	–	–	–	Inactive

All subsidiaries are limited liability companies and have adopted 31 October as their financial year end date, except for Rimbaco Property, which has adopted 31 December as its financial year end date.

Notes:

(i) RBC International is directly held by the Company. No statutory financial statements have been prepared for RBC International since its date of incorporation as it was incorporated in a jurisdiction where no statutory audit requirements.

(ii) The statutory consolidated financial statements of Rimbaco for the year ended 31 October 2017 and 2018 have been prepared in accordance with Malaysian Financial Reporting Standards ("**MFRSs**") and were audited by Tan & Loh Chartered Accountants and UHY Loh Chartered Accountants, respectively. The statutory financial statement for the year ended 31 October 2019 have not been issued yet.

(iii) The statutory financial statements of Rimbaco Property for the year ended 31 December 2017 and 2018 have been prepared in accordance with Malaysian Private Entities Reporting Standard and were audited by Tan & Loh Chartered Accountants and UHY Loh Chartered Accountants, respectively. The statutory financial statement for the year ended 31 December 2019 have not been issued yet.

(iv) The statutory financial statements of Infinity Vantage for the year ended 31 December 2017 have been prepared in accordance with MFRSs and were audited by Tan & Loh Chartered Accountants. During the year ended 31 October 2018, the Group has disposed of 55% equity interest in Infinity Vantage. Upon completion of the disposal, the Group no longer holds any equity interest in Infinity Vantage (note 30).

39. EVENTS AFTER THE END OF THE REPORTING PERIOD

(i) Since the first case of the Novel Coronavirus, or known as the COVID-19, has been confirmed in Malaysia, the directors of the Company have closely monitored the development of the outbreak of COVID-19 and kept regular communications with its customers, suppliers and subcontractors to understand whether there would be any significant impacts on the status or progress of the Group's ongoing building construction projects, and/or any shortages in supply on the materials required by the Group's construction projects and availability of subcontractors in the local market. Further details are set out in the section headed "Summary" in the Prospectus.

Based on the currently available information, the directors of the Company consider that the COVID-19 event would not have a material financial impact to the Group. However, given the inherent unpredictable nature and rapid development relating to COVID-19, the Group's business might be affected should the situations in West Malaysia (where the Group operates) deteriorates and the directors of the Company will continue to closely monitor in this regard.

(ii) On 31 March 2020, the authorised share capital of the Company increased from HK$380,000 divided into 38,000,000 shares to HK$100,000,000 divided into 10,000,000,000 shares by creation of an additional 9,962,000,000 shares and new shares so created shall rank *pari passu* with the then existing shares.

(iii) Pursuant to the written resolutions passed by the shareholders of the Company on 31 March 2020, conditional upon the crediting of the Company's share premium account as a result of the issue of the offer shares pursuant to the share offer, the directors of the Company were authorised to capitalise an amount of approximately HK$9,450,000 (equivalent to approximately RM4,974,000) standing to the credit of the share premium account of the Company by applying such sum towards the paying up in full at par a total of 944,999,000 shares for allotment and issue to the shareholders as of 31 March 2020, on a pro rata basis.

40. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group in respect of any period subsequent to 31 October 2019.

The information set forth in this appendix does not form part of the accountants' report on the historical financial information of the Group for each of the three years ended 31 October 2019 (the "Accountants' Report") from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" and the "Accountants' Report" set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company prepared in accordance with paragraph 4.29 of the Listing Rules for the purpose of illustrating the effect of Share Offer on the consolidated net tangible assets of the Group attributable to owners of the Company as if the Share Offer had taken place on 31 October 2019.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2019 or at any future dates following the Share Offer.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2019 is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2019 as shown in the Accountants' Report as set out in Appendix I to this prospectus and adjusted as described below.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2019	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2019	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2019 per Share
	RM'000	*RM'000*	*RM'000*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*
Based on Offer Price of HK$0.40 per Offer Share	94,673	47,352	142,025	0.21
Based on Offer Price of HK$0.46 per Offer Share	94,673	55,708	150,381	0.23

Notes:

1. The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2019 is based on the audited consolidated net assets of the Group attributable to owners of the Company of RM94,673,000 as at 31 October 2019 extracted from the Accountants' Report set out in Appendix I to this prospectus.

2. The estimated net proceeds from the Share Offer are based on 315,000,000 Offer Shares to be issued at the Offer Price of HK$0.40 and HK$0.46 per Offer Share, being the low-end and high-end of the indicated Offer Price range respectively, after deduction of the estimated underwriting fee and other related expenses to be incurred by the Group (excluding approximately RM8,662,000 of listing expenses recognised in profit or loss up to 31 October 2019). It does not take into account any shares which may be issued or repurchased by the Company pursuant to the "Share Option Scheme", "Issuing Mandate" or "Repurchase Mandate" detailed under the section headed "Share Capital" in this prospectus, as applicable.

   For the purpose of this unaudited pro forma statement, the estimated net proceeds is converted from Hong Kong dollars into Malaysia Ringgit at the rate of HK$1.9 to RM1. No representation is made that Hong Kong dollar amounts have been, could have been or could be converted to Malaysia Ringgit, or vice versa, at that rate or at any other rates at all.

3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company is arrived at after adjustments referred to in note 2 above and on the basis of 1,260,000,000 shares were in issue assuming that the increase in share capital of the Company, the Capitalisation Issue and the Share Offer had been completed on 31 October 2019. It does not take into account any shares which may be issued or repurchased by the Company pursuant to the "Share Option Scheme", "Issuing Mandate" or "Repurchase Mandate" detailed under the section headed "Share Capital" in this prospectus, as applicable.

   For the purpose of this unaudited pro forma statement, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share is converted from Malaysia Ringgit into Hong Kong dollars at the rate of RM1 to HK$1.9. No representation is made that Hong Kong dollar amounts have been, could have been or could be converted to Malaysia Ringgit, or vice versa, at that rate or at any other rates at all.

4. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2019 to reflect any trading results or other transactions of the Group entered into subsequent to 31 October 2019.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from our reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus, in respect of the unaudited pro forma financial information of the Group.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Rimbaco Group Global Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Rimbaco Group Global Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 October 2019 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 14 April 2020 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited by way of share offer (the "Share Offer") on the Group's financial position as at 31 October 2019 as if the Share Offer had taken place at 31 October 2019. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for the each of the three years ended 31 October 2019, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 October 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

a) the unaudited pro forma financial information has been properly compiled on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

14 April 2020

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this prospectus received from AVISTA Valuation Advisory Limited, an independent valuer, in connection with its valuation of the property interests as at 29 February 2020.

AVISTA Valuation Advisory
艾 華 迪 評 估 諮 詢

14 April 2020

The Board of Directors
Rimbaco Group Global Limited
309-E, 1st Floor, Silver Square,
Perak Road, 10510 Penang,
Malaysia

Dear Sirs/Madams,

INSTRUCTIONS

In accordance with the instructions for us to value the property interests held by Rimbaco Group Global Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") in Malaysia, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 29 February 2020 (the "valuation date").

PREMISES OF VALUE

The valuation is our opinion of market value which is defined by the Hong Kong Institute of Surveyors as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

BASIS OF VALUATION

In valuing the property interests, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the HKIS Valuation Standards (2017 Edition) published by the Hong Kong Institute of Surveyors and the International Valuation Standards published from time to time by the International Valuation Standards Council.

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes.

CATEGORISATION OF PROPERTY INTERESTS

In the course of our valuation, the appraised property interests have been categorized into the following groups:

Group I – Property interests held and occupied by the Group in Malaysia; and

Group II – Property interests held for investment by the Group in Malaysia.

VALUATION METHODOLOGY

In the course of our valuation, unless otherwise stated, we have valued the property in their designated uses with the understanding that the property will be used as such (hereafter referred to as "continued uses").

In valuing the property interests Nos. 1–8 in Group I and Nos. 10-15 in Group II, we have valued by market approach by making reference to comparable market transactions in our assessment of the property interests. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

In valuing the property interests No. 9 in Group II, we have valued the property interests by income approach by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at an appropriate capitalisation rate. Where appropriate, reference has also been made to the comparable sale transactions as available in the relevant market.

TITLE INVESTIGATION

We have been provided by the Company with copy of extract of the title documents relating to the property interests. Where possible, we have examined the original documents to verify the existing title to the property interests in Malaysia and any material encumbrances that might be attached to the property interests or any amendments which may not appear on the copies handed to us.

We have relied to a considerable extent on the information given to by the Group and its legal adviser in Malaysia, Rosli Dahlan Saravana Partnership, regarding to the title of each of the properties and the interests of the Group in the properties. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, tenure, identification of land and buildings, completion date of buildings, particulars of occupancy, site & floor areas and all other relevant matters. We have also relied on the advice given by the Group's Malaysia legal adviser regarding the Group's interests in Malaysia properties. However, we have not inspected the original documents to ascertain the existence of any amendments which may not appear on the copies provided to them.

SITE INVESTIGATION

We have inspected the exterior and, where possible, the accessible portions of the interior of the property being appraised. The inspection was carried out by Oswald Au (Director) and Peter Pang (Valuer), during the date 14 June 2019 to 19 June 2019. However, we have not been commissioned to carry out structural survey nor to arrange for an inspection of the services. We are, therefore, not able to report whether the property is free of rot, infestation or any other structural defects. We formulate our view as to the overall conditions of the property taking into account the general appearance, the apparent standard and age of fixtures and fittings and the existence of utility services. Hence it must be stressed that we have had regard to you with a view as to whether the buildings are free from defects or as to the possibility of latent defects which might affect our valuation. In the course of our inspection, we did not note any serious defects. No tests were carried out on any of the services. We have assumed that utility services, such as electricity, telephone, water, etc., are available and free from defect.

We have not been commissioned to carry out detailed site measurements to verify the correctness of the land or building areas in respect of the property but have assumed that the areas provided to us are correct. Based on our experience of valuation of similar property, we consider the assumptions so made to be reasonable.

Moreover, we have not carried out any site investigation to determine the suitability of the ground conditions or the services for any property development erected or to be erected thereon. Nor did we undertake archaeological, ecological or environmental surveys for the property interests. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Should it be discovered that contamination, subsidence or other latent defects exists in the property or on adjoining or neighbouring land or that the property had been or are being put to contaminated use, we reserve right to revise our opinion of value.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Company or the legal or other professional advisers on such matters as statutory notices, planning approval, zoning, easements, tenure, completion date of building, development proposal, identification of property, particulars of occupation, lot areas, floor areas, matters relating to tenure, tenancies and all other relevant matters. Dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us and are therefore approximations and for reference only. We have not searched original plans, developer brochures and the like to verify them.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect that any material information has been withheld.

VALUATION ASSUMPTIONS

Unless stated as otherwise, we have assumed that the respective title owner of the properties have an enforceable title of the property interests and have free and uninterrupted rights to occupy, use, sell, lease, Encumbrances, mortgage or otherwise dispose of the properties without the need of seeking further approval from and paying additional premium to the Government for the unexpired land use term as granted. Unless noted in the report, vacant possession is assumed for the property concerned.

Moreover, we have assumed that the design and construction of the property is/will be in compliance with the local planning regulations and requirements and had been/would have been duly examined and approved by the relevant authorities.

Continued uses assumes the property will be used for the purposes for which the property is designed and built, or to which they are currently adapted. The valuation on the property in continued uses does not represent the amount that might be realised from piecemeal disposition of the property in the open market.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed. Moreover, it is assumed that all required licences, consents or other legislative or administrative authority from any local, provincial or national government or private entity or organisation either have been or can be obtained or renewed for any use which the report covers.

It is also assumed that all applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined and considered in the valuation report. In addition, it is assumed that the utilisation of the land and improvements are within the boundaries of the property described and that no encroachment or trespass exists, unless noted in the report.

No allowance has been made in our report for any encumbrances, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

We have further assumed that the property was not transferred or involved in any contentious or non-contentious dispute as at the valuation date. We have also assumed that there was not any material change of the properties in between dates of our inspection and the valuation date.

CURRENCY

Unless otherwise stated, all amounts are denominated in Ringgit Malaysia (RM). Our valuations are summarized below and the valuation certificates are attached.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited
Sr Oswald W Y Au
MHKIS(GP) AAPI MSc(RE)
Registered Professional Surveyor (GP)
Director

Note: Mr. Oswald W Y Au holds a Master's Degree of Science in Real Estate from the University of Hong Kong. He is also a member of Hong Kong Institute of Surveyors (General Practice) and Associate Member of Australian Property Institute. In addition, he is a Registered Professional Surveyor (General Practice) registered with Surveyors Registration Board. He has over 10 years of property valuation experience in Hong Kong, the PRC, the U.S., Canada, East and Southeast Asia including Singapore, Japan and Korea.

SUMMARY OF VALUES

Group I – Property interests held and occupied by the Group in Malaysia

No.	Property	Interest Attributable to the Group	Market value Attributable to the Group as at 29 February 2020 *RM*
1.	A commercial unit 309-A, located at Silver Square, Jalan Perak, 10150 Georgetown, Penang, Malaysia	100%	610,000
2.	A commercial unit 309-B, located at Silver Square, Jalan Perak, 10150 Georgetown, Penang, Malaysia	100%	540,000
3.	A commercial unit 309-D, located at Silver Square, Jalan Perak, 10150 Georgetown, Penang, Malaysia	100%	950,000
4.	A commercial unit 309-E, located at Silver Square, Jalan Perak, 10150 Georgetown, Penang, Malaysia	100%	510,000
5.	A commercial unit 309-F, located at Silver Square, Jalan Perak, 10150 Georgetown, Penang, Malaysia	100%	480,000
6.	A commercial unit 309-I, located at Silver Square, Jalan Perak, 10150 Georgetown, Penang, Malaysia	100%	510,000
7.	A commercial unit 309-M, located at Silver Square, Jalan Perak, 10150 Georgetown, Penang, Malaysia	100%	510,000
8.	Three land parcels Lot No. 1109, 1117 and 1325, located at Seksyen 3, Jelutong Town, Timor Laut District, Penang, Malaysia	100%	860,000
	Sub-total:		**4,970,000**

Group II – Property interests held for investment by the Group in Malaysia

No.	Property	Interest Attributable to the Group	Market value Attributable to the Group as at 29 February 2020 *RM*
9.	A residential unit 9-17-03, located at Moulmein Rise, Jalan Moulmein, Pulau Tikus, 10350 Georgetown, Penang, Malaysia	100%	2,700,000
10.	A residential unit A-2-C, located at Impiana Condovilla, Panji, Kota Bharu, 16150 Kelantan, Malaysia	100%	656,000
11.	A residential unit A-3A-F, located at Impiana Condovilla, Panji, Kota Bharu, 16150 Kelantan, Malaysia	100%	690,000
12.	A residential unit A-5-E, located at Impiana Condovilla, Panji, Kota Bharu, 16150 Kelantan, Malaysia	100%	656,000
13.	A residential unit A-5-F, located at Impiana Condovilla, Panji, Kota Bharu, 16150 Kelantan, Malaysia	100%	690,000
14.	A residential unit B-18-G with a car parking space located at The Sentral Residences, Kuala Lumpur, Malaysia	100%	2,100,000
15.	A land parcel Lot No. 6596, located at Mukim 1, Seberang Perai Tengah, Penang, Malaysia	100%	338,000
	Sub-total:		**7,830,000**
	Grand total:		**12,800,000**

VALUATION CERTIFICATE

Group I – Property interests held and occupied by the Group in Malaysia

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *RM*
1.	A commercial unit 309-A, located at Silver Square, Jalan Perak, 10150 Georgetown, Penang, Malaysia It is held under GRN 15687, Building No. M1, Level No. 2, Plot No.1, Lot No. 1396 Seksyen 9W, George Town, Timor Laut District, Penang, Malaysia.	The property is located at 2nd floor of a 4-storey building and it comprises a total gross floor area of approximately 132.00 square meter ("sq. m.") The property is located at George Town, near the Penang Times Square, with approximately 16km to Penang International Airport. The property is held with land use rights for a freehold interest. Please see notes no. 1 for land details.	As at the date of valuation, the property was occupied by the Group for office use.	610,000

Notes:

1. Pursuant to the land title search of Building No. M1, Level No. 2, Plot No.1, Lot No. 1396 Seksyen 9W, George Town, Timor Laut District, Penang, Malaysia, dated 3 December 2019, the land title of the property has been vested to Rimbaco Sdn. Bhd. and the details are shown as below:

Title No.:	GRN 15687/M1/2/1
Lot No.:	Lot 1396 Seksyen 9W
Annual Quit Rent:	RM72
Gross Floor Area:	132.00 sq. m.
Category of Land Use:	No Specific Use
Tenure:	Freehold
Date of Registration:	29 August 1998

Encumbrances:	Private caveat on land lodged by Public Bank Berhad registered on 6 April 2006. Charge to Public Bank Berhad registered on 1 August 2006.

2. The property is situated within an area zoned for commercial use under the local authority planning guidelines.

3. The status of the title and grant of major approvals and licenses in accordance with the information provided to are as follows:

Land Title Document:	Yes
Land Title Search:	Yes
Certificate of Fitness for Occupation (“CFO”)/Certificate of Completion and Compliance (“CCC”):	No (Please see notes no. 5f)

4. In our valuation, we have made reference to some transaction price and/or asking price references of comparables in the subject and/or nearby the subject property. We have adopted the range of unit rates between RM4,000 to RM5,000 per sq. m. The unit rates assumed by us are consistent with the said price reference. Due adjustments to the unit rates of those price reference have been considered to reflect factors including but not limited to time, location and size in arriving at the key assumptions.

5. We have been provided with a legal opinion regarding the property interest by the Company’s Malaysian legal advisers, which contains, *inter alia*, the following:

   a. Rimbaco Sdn. Bhd. is the registered proprietor of the property.

   b. Following the withdrawal of private caveat based on paragraph c below and discharge of charge based on paragraphs d and e below, Rimbaco Sdn. Bhd. is able to use, lease, pledge, dispose or freely transfer the property.

   c. A private caveat is lodged on the land by Public Bank Berhad.

   d. The property is charged to Public Bank Berhad on 1 August 2006.

   e. The loan granted by Public Bank Berhad has been settled and the documents in respect of the discharge of charge is in the process of preparing.

   f. Although the Company did not receive the CCC for the property, the strata titles of the said property have been issued by the relevant authority. As such, pursuant to the strata title, the CCC must have been obtained previously.

6. As confirmed by the Company, there are no material environmental and planning issues.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *RM*
2.	A commercial unit 309-B, located at Silver Square, Jalan Perak, 10150 Georgetown, Penang, Malaysia It is held under GRN 15687, Building No. M1, Level No. 3, Plot No.1, Lot No. 1396 Seksyen 9W, George Town, Timor Laut District, Penang, Malaysia.	The property is located at 3rd floor of a 4-storey building and it comprises a total gross floor area of approximately 140.00 sq. m.. The property is located at George Town, near the Penang Times Square, with approximately 16km to Penang International Airport. The property is held with land use rights for a freehold interest. Please see notes no. 1 for land details.	As at the date of valuation, the property was occupied by the Group for office use.	540,000

Notes:

1. Pursuant to the land title search of Building No. M1, Level No. 3, Plot No. 1, Lot No. 1396 Seksyen 9W, George Town, Timor Laut District, Penang, Malaysia, dated 3 December 2019, the land title of the property has been vested to Rimbaco Sdn. Bhd. and the details are shown as below:

Title No.:	GRN 15687/M1/3/1
Lot No.:	Lot 1396 Seksyen 9W
Annual Quit Rent:	RM76
Gross Floor Area:	140.00 sq. m.
Category of Land Use:	No Specific Use
Tenure:	Freehold
Date of Registration:	29 August 1998
Encumbrances:	N/A

2. The property is situated within an area zoned for commercial use under the local authority planning guidelines.

3. The status of the title and grant of major approvals and licenses in accordance with the information provided to are as follows:

Land Title Document:	Yes
Land Title Search:	Yes
Certificate of Fitness for Occupation (“CFO”)/Certificate of Completion and Compliance (“CCC”):	No (Please see notes no. 5c)

4. In our valuation, we have made reference to some transaction price and/or asking price references of comparables in the subject and/or nearby the subject property. We have adopted the range of unit rates between RM3,500 to RM4,500 per sq. m. The unit rates assumed by us are consistent with the said price reference. Due adjustments to the unit rates of those price reference have been considered to reflect factors including but not limited to time, location and size in arriving at the key assumptions.

5. We have been provided with a legal opinion regarding the property interest by the Company’s Malaysian legal advisers, which contains, *inter alia*, the following:

   a. Rimbaco Sdn. Bhd. is the registered proprietor of the property.

   b. Rimbaco Sdn. Bhd. is able to use, lease, pledge, dispose or freely transfer the property.

   c. Although the Company did not receive the CCC for the property, the strata titles of the said property have been issued by the relevant authority. As such, pursuant to the strata title, the CCC must have been obtained previously.

6. As confirmed by the Company, there are no material environmental and planning issues.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *RM*
3.	A commercial unit 309-D, located at Silver Square, Jalan Perak, 10150 Georgetown, Penang, Malaysia It is held under GRN 15688, Building No. M1, Level No. 1, Plot No.1, Lot No. 1397 Seksyen 9W, George Town, Timor Laut District, Penang, Malaysia.	The property is located at 1st floor of a 4-storey building and it comprises a total gross floor area of approximately 123.00 sq. m.. The property is located at George Town, near the Penang Times Square, with approximately 16km to Penang International Airport. The property is held with land use rights for a freehold interest. Please see notes no. 1 for land details.	As at the date of valuation, the property was occupied by the Group for temporary storage use.	950,000

Notes:

1. Pursuant to the land title search of Building No. M1, Level No. 1, Plot No. 1, Lot No. 1397 Seksyen 9W, George Town, Timor Laut District, Penang, Malaysia, dated 3 December 2019, the land title of the property has been vested to Rimbaco Sdn. Bhd. and the details are shown as below:

Title No.:	GRN 15688/M1/1/1
Lot No.:	Lot 1397 Seksyen 9W
Annual Quit Rent:	RM67
Gross Floor Area:	123.00 sq. m.
Category of Land Use:	No Specific Use
Tenure:	Freehold
Date of Registration:	29 August 1998
Encumbrances:	Charged to Public Bank Berhad registered on 1 August 2006.

2. The property is situated within an area zoned for commercial use under the local authority planning guidelines.

3. The status of the title and grant of major approvals and licenses in accordance with the information provided to are as follows:

Land Title Document:	Yes
Land Title Search:	Yes
Certificate of Fitness for Occupation (“CFO”)/Certificate of Completion and Compliance (“CCC”):	No (Please see notes no. 5e)

4. In our valuation, we have made reference to some transaction price and/or asking price references of comparables in the subject and/or nearby the subject property. We have adopted the range of unit rates between RM7,500 to RM8,500 per sq. m. The unit rates assumed by us are consistent with the said price reference. Due adjustments to the unit rates of those price reference have been considered to reflect factors including but not limited to time, location and size in arriving at the key assumptions.

5. We have been provided with a legal opinion regarding the property interest by the Company’s Malaysian legal advisers, which contains, *inter alia*, the following:

   a. Rimbaco Sdn. Bhd. is the registered proprietor of the property.

   b. Following the discharge of charge based in paragraphs c and d below, Rimbaco Sdn. Bhd. is able to use, lease, pledge, dispose or freely transfer the property.

   c. The property is charged to Public Bank Berhad on 1 August 2006.

   d. The loan granted by Public Bank Berhad has been settled and the documents in respect of the discharge of charge is in the process of preparing.

   e. Although the Company did not receive the CCC for the property, the strata titles of the said property have been issued by the relevant authority. As such, pursuant to the strata title, the CCC must have been obtained previously.

6. As confirmed by the Company, there are no material environmental and planning issues.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *RM*
4.	A commercial unit 309-E, located at Silver Square, Jalan Perak, 10150 Georgetown, Penang, Malaysia It is held under GRN 15688, Building No. M1, Level No. 2, Plot No.1, Lot No. 1397 Seksyen 9W, George Town, Timor Laut District, Penang, Malaysia.	The property is located at 2nd floor of a 4-storey building and it comprises a total gross floor area of approximately 109.00 sq. m. The property is located at George Town, near the Penang Times Square, with approximately 16km to Penang International Airport. The property is held with land use rights for a freehold interest. Please see notes no. 1 for land details.	As at the date of valuation, the property was occupied by the Group for office use.	510,000

Notes:

1. Pursuant to the land title search of Building No. M1, Level No. 2, Plot No. 1, Lot No. 1397 Seksyen 9W, George Town, Timor Laut District, Penang, Malaysia, dated 3 December 2019, the land title of the property has been vested to Rimbaco Sdn. Bhd. and the details are shown as below:

Title No.:	GRN 15688/M1/2/1
Lot No.:	Lot 1397 Seksyen 9W
Annual Quit Rent:	RM59
Gross Floor Area:	109.00 sq. m.
Category of Land Use:	No Specific Use
Tenure:	Freehold
Date of Registration:	29 August 1998
Encumbrances:	Charged to Public Bank Berhad registered on 1 August 2006.

2. The property is situated within an area zoned for commercial use under the local authority planning guidelines.

3. The status of the title and grant of major approvals and licenses in accordance with the information provided to are as follows:

Land Title Document:	Yes
Land Title Search:	Yes
Certificate of Fitness for Occupation (“CFO”)/Certificate of Completion and Compliance (“CCC”):	No (Please see notes no. 5e)

4. In our valuation, we have made reference to some transaction price and/or asking price references of comparables in the subject and/or nearby the subject property. We have adopted the range of unit rates between RM4,000 to RM5,000 per sq. m. The unit rates assumed by us are consistent with the said price reference. Due adjustments to the unit rates of those price reference have been considered to reflect factors including but not limited to time, location and size in arriving at the key assumptions.

5. We have been provided with a legal opinion regarding the property interest by the Company’s Malaysian legal advisers, which contains, *inter alia*, the following:

   a. Rimbaco Sdn. Bhd. is the registered proprietor of the property.

   b. Following the discharge of charge based on paragraphs c and d below, Rimbaco Sdn. Bhd. is able to use, lease, pledge, dispose or freely transfer the property.

   c. The property is charged to Public Bank Berhad on 1 August 2006.

   d. The loan granted by Public Bank Berhad has been settled and the documents in respect of the discharge of charge is in the process of preparing.

   e. Although the Company did not receive the CCC for the property, the strata titles of the said property have been issued by the relevant authority. As such, pursuant to the strata title, the CCC must have been obtained previously.

6. As confirmed by the Company, there are no material environmental and planning issues.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *RM*
5.	A commercial unit 309-F, located at Silver Square, Jalan Perak, 10150 Georgetown, Penang, Malaysia It is held under GRN 15688, Building No. M1, Level No. 3, Plot No.1, Lot No. 1397 Seksyen 9W, George Town, Timor Laut District, Penang, Malaysia.	The property is located at 3rd floor of a 4-storey building and it comprises a total gross floor area of approximately 123.00 sq. m.. The property is located at George Town, near the Penang Times Square, with approximately 16km to Penang International Airport. The property is held with land use rights for a freehold interest. Please see notes no. 1 for land details.	As at the date of valuation, the property was occupied by the Group for office use.	480,000

Notes:

1. Pursuant to the land title search of Building No. M1, Level No. 3, Plot No. 1, Lot No. 1397 Seksyen 9W, George Town, Timor Laut District, Penang, Malaysia, dated 3 December 2019, the land title of the property has been vested to Rimbaco Sdn. Bhd. and the details are shown as below:

Title No.:	GRN 15688/M1/3/1
Lot No.:	Lot 1397 Seksyen 9W
Annual Quit Rent:	RM65
Gross Floor Area:	123.00 sq. m.
Category of Land Use:	No Specific Use
Tenure:	Freehold
Date of Registration:	29 August 1998
Encumbrances:	Charged to Public Bank Berhad registered on 1 August 2006.

2. The property is situated within an area zoned for commercial use under the local authority planning guidelines.

3. The status of the title and grant of major approvals and licenses in accordance with the information provided to are as follows:

Land Title Document:	Yes
Land Title Search:	Yes
Certificate of Fitness for Occupation (“CFO”)/Certificate of Completion and Compliance (“CCC”):	No (Please see notes no. 5e)

4. In our valuation, we have made reference to some transaction price and/or asking price references of comparables in the subject and/or nearby the subject property. We have adopted the range of unit rates between RM3,500 to RM4,500 per sq. m. The unit rates assumed by us are consistent with the said price reference. Due adjustments to the unit rates of those price reference have been considered to reflect factors including but not limited to time, location and size in arriving at the key assumptions.

5. We have been provided with a legal opinion regarding the property interest by the Company’s Malaysian legal advisers, which contains, *inter alia*, the following:

   a. Rimbaco Sdn. Bhd. is the registered proprietor of the property.

   b. Following the discharge of charge based on paragraphs c and d below, Rimbaco Sdn. Bhd. is able to use, lease, pledge, dispose or freely transfer the property.

   c. The property is charged to Public Bank Berhad on 1 August 2006.

   d. The loan granted by Public Bank Berhad has been settled and the documents in respect of the discharge of charge is in the process of preparing.

   e. Although the Company did not receive the CCC for the property, the strata titles of the said property have been issued by the relevant authority. As such, pursuant to the strata title, the CCC must have been obtained previously.

6. As confirmed by the Company, there are no material environmental and planning issues.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *RM*
6.	A commercial unit 309-I, located at Silver Square, Jalan Perak, 10150 Georgetown, Penang, Malaysia It is held under GRN 15689, Building No. M1, Level No. 2, Plot No.1, Lot No. 1397 Seksyen 9W, George Town, Timor Laut District, Penang, Malaysia.	The property is located at 2nd floor of a 4-storey building and it comprises a total gross floor area of approximately 109.00 sq. m.. The property is located at George Town, near the Penang Times Square, with approximately 16km to Penang International Airport. The property is held with land use rights for a freehold interest. Please see notes no. 1 for land details.	As at the date of valuation, the property was occupied by the Group for office use.	510,000

Notes:

1. Pursuant to the land title search of Building No. M1, Level No. 2, Plot No. 1, Lot No. 1397 Seksyen 9W, George Town, Timor Laut District, Penang, Malaysia, dated 3 December 2019, the land title of the property has been vested to Rimbaco Sdn. Bhd. and the details are shown as below:

Title No.:	GRN 15689/M1/2/1
Lot No.:	Lot 1397 Seksyen 9W
Annual Quit Rent:	RM59
Gross Floor Area:	109.00 sq. m.
Category of Land Use:	No Specific Use
Tenure:	Freehold
Date of Registration:	29 August 1998
Encumbrances:	Charged to Public Bank Berhad registered on 1 August 2006.

2. The property is situated within an area zoned for commercial use under the local authority planning guidelines.

3. The status of the title and grant of major approvals and licenses in accordance with the information provided to are as follows:

Land Title Document:	Yes
Land Title Search:	Yes
Certificate of Fitness for Occupation ("CFO")/Certificate of Completion and Compliance ("CCC"):	No (Please see notes no. 5e)

4. In our valuation, we have made reference to some transaction price and/or asking price references of comparables in the subject and/or nearby the subject property. We have adopted the range of unit rates between RM 4,000 to RM 5,000 per sq. m. The unit rates assumed by us are consistent with the said price reference. Due adjustments to the unit rates of those price reference have been considered to reflect factors including but not limited to time, location and size in arriving at the key assumptions.

5. We have been provided with a legal opinion regarding the property interest by the Company's Malaysian legal advisers, which contains, *inter alia*, the following:

   a. Rimbaco Sdn. Bhd. is the registered proprietor of the property.

   b. Following the discharge of charge based on paragraphs c and d below, Rimbaco Sdn. Bhd. is able to use, lease, pledge, dispose or freely transfer the property.

   c. The property is charged to Public Bank Berhad on 1 August 2006.

   d. The loan granted by Public Bank Berhad has been settled and the documents in respect of the discharge of charge is in the process of preparing.

   e. Although the Company did not receive the CCC for the property, the strata titles of the said property have been issued by the relevant authority. As such, pursuant to the strata title, the CCC must have been obtained previously.

6. As confirmed by the Company, there are no material environmental and planning issues.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *RM*
7.	A commercial unit 309-M, located at Silver Square, Jalan Perak, 10150 Georgetown, Penang, Malaysia It is held under GRN 15690, Building No. M1, Level No. 2, Plot No.1, Lot No. 1399 Seksyen 9W, George Town, Timor Laut District, Penang, Malaysia.	The property is located at 2nd floor of a 4-storey building and it comprises a total gross floor area of approximately 109.00 sq. m.. The property is located at George Town, near the Penang Times Square, with approximately 16km to Penang International Airport. The property is held with land use rights for a freehold interest. Please see notes no. 1 for land details.	As at the date of valuation, the property was leased to Rimbaco Sdn. Bhd. of 3 year commencing on 1 April 2019 and expiring on 31 March 2022 at a monthly rental of RM800 for office use.	510,000

Notes:

1. Pursuant to the land title search of Building No. M1, Level No. 2, Plot No. 1, Lot No. 1399 Seksyen 9W, George Town, Timor Laut District, Penang, Malaysia, dated 3 December 2019, the land title of the property has been vested to Rimbaco Property Sdn. Bhd. and the details are shown as below:

Title No.:	GRN 15690/M1/2/1
Lot No.:	Lot 1399 Seksyen 9W
Annual Quit Rent:	RM59
Gross Floor Area:	109.00 sq. m.
Category of Land Use:	No Specific Use
Tenure:	Freehold
Date of Registration:	29 August 1998
Encumbrances:	N/A

2. The property is situated within an area zoned for commercial use under the local authority planning guidelines.

3. The status of the title and grant of major approvals and licenses in accordance with the information provided to are as follows:

Land Title Document:	Yes
Land Title Search:	Yes
Certificate of Fitness for Occupation (“CFO”)/Certificate of Completion and Compliance (“CCC”):	No (Please see notes no. 5c)

4. In our valuation, we have made reference to some transaction price and/or asking price references of comparables in the subject and/or nearby the subject property. We have adopted the range of unit rates between RM4,000 to RM5,000 per sq. m. The unit rates assumed by us are consistent with the said price reference. Due adjustments to the unit rates of those price reference have been considered to reflect factors including but not limited to time, location and size in arriving at the key assumptions.

5. We have been provided with a legal opinion regarding the property interest by the Company’s Malaysian legal advisers, which contains, *inter alia*, the following:

   a. Rimbaco Property Sdn. Bhd. is the registered proprietor of the property.

   b. Rimbaco Property Sdn. Bhd. is able to use, lease, pledge, dispose or freely transfer the property.

   c. Although the Company did not receive the CCC for the property, the strata titles of the said property have been issued by the relevant authority. As such, pursuant to the strata title, the CCC must have been obtained previously.

6. As confirmed by the Company, there are no material environmental and planning issues.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *RM*
8.	Three land parcels Lot No. 1109, 1117 and 1325, located at Seksyen 3, Jelutong Town, Timor Laut District, Penang, Malaysia It is held under GRN 2219, 2227, 7513, Lot 1109 Seksyen 3, Lot 1117 Seksyen 3 and Lot 1325 Seksyen 3, Jelutong Town, Timor Laut District, Penang, Malaysia.	The properties comprise 3 parcels of land with a total lot area of approximately 494.97 sq. m.. The properties are located at Jelutong, with approximately 14km to Penang International Airport. The properties are held with land use rights for a freehold interest. Please see notes no. 1 for land details.	As at the date of valuation, the property was vacant.	860,000

Notes:

1. Pursuant to the three land title searches of Lot 1109, Lot 1117 and Lot 1325, Jelutong Town, Timor Laut District, Penang, Malaysia dated 3 December 2019, the land title of the property has been vested to Rimbaco Property Sdn. Bhd. and the details are shown as below:

Title No.:	Lot 1109: GRN 2219
	Lot 1117: GRN 2227
	Lot 1325: GRN 7513
Lot No.:	Lot 1109: Lot 1109 Seksyen 3
	Lot 1109: Lot 1117 Seksyen 3
	Lot 1325: Lot 1325 Seksyen 3
Annual Quit Rent:	Lot 1117: RM63
	Lot 1109: RM75
	Lot 1325: RM131

Lot Area:	Lot 1117: 115.5676 sq. m.
	Lot 1109: 137.5849 sq. m.
	Lot 1325: 241.8187 sq. m.
Category of Land Use:	Lot 1117: No Specific Use
	Lot 1109: No Specific Use
	Lot 1325: No Specific Use
Tenure:	Lot 1117: Freehold
	Lot 1109: Freehold
	Lot 1325: Freehold
Date of Registration:	Lot 1117: 20 March 1975
	Lot 1109: 20 March 1975
	Lot 1325: 20 March 1975
Encumbrances:	Lot 1117: N/A
	Lot 1109: N/A
	Lot 1325: N/A

2. The property is situated within an area zoned for vacant land use under the local authority planning guidelines.

3. The status of the title and grant of major approvals and licenses in accordance with the information provided to are as follows:

Land Title Document:	Yes
Land Title Search:	Yes

4. In our valuation, we have made reference to some transaction price and/or asking price references of land comparables in the subject and/or nearby the subject property. We have adopted the range of unit rates between RM1,500 to RM2,500 per sq. m. The unit rates assumed by us are consistent with the said price reference. Due adjustments to the unit rates of those price reference have been considered to reflect factors including but not limited to time, location and size in arriving at the key assumptions.

5. We have been provided with a legal opinion regarding the property interest by the Company's Malaysian legal advisers, which contains, *inter alia*, the following:

   a. Rimbaco Property Sdn. Bhd. is the registered proprietor of the property.

   b. Rimbaco Property Sdn. Bhd. is able to use, lease, pledge, dispose or freely transfer the property.

6. As confirmed by the Company, there are no material environmental and planning issues.

VALUATION CERTIFICATE

Group II – Property interests held for investment by the Group in Malaysia

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *RM*
9.	A residential unit 9-17-03, located at Moulmein Rise, Jalan Moulmein, Pulau Tikus, 10350 Georgetown, Penang, Malaysia It is held under HSD 18389, Lot No. PT 63 Seksyen 4, George Town, Timor Laut District, Penang, Malaysia.	The property is located at Unit C, 17th Floor of a 27-storey residential building and it comprises a gross floor area of approximately 166.02 sq. m.. The property is located at George Town with approximately 21km to Penang International Airport. The property is held with land use rights for a freehold interest. Please see notes no. 1 for land details.	As at the date of valuation, the property was leased to an independent third party for a term of 1 year commencing on 1 July 2019 and expiring on 30 June 2020 at a monthly rental of RM4,670 for residential use.	2,700,000

Notes:

1. As the strata title registration is pending for the developer's application, the following land title search is related to the whole residential property development. Pursuant to the land title search of Lot No. PT 63 Seksyen 4, George Town, Timor Laut District, Penang, Malaysia, dated 3 December 2019, the land title of the property has been vested to the developer, Hero Leader Sdn. Bhd. and the details are shown as below:

Title No.:	HSD 18389
Lot No.:	PT 63 Seksyen 4
Annual Quit Rent:	RM9,250
Lot Area:	3,585.00 sq. m.
Category of Land Use:	No Specific Use
Tenure:	Freehold
Date of Registration:	31 July 2013
Encumbrances:	N/A

2. According to the Certificate of Fitness for Occupation ("CFO")/Certificate of Completion and Compliance ("CCC") issued by the local authority dated 18 November 2016, the building has been fully completed and is fit for occupation.

3. According to the Confirmation Letter issued by Hero Leader Sdn. Bhd., the developer, dated 18 June 2019, the owner of the aforesaid property has been confirmed to be Rimbaco Sdn. Bhd.

4. The status of the title and grant of major approvals and licenses in accordance with the information provided to are as follows:

Land Title Document of the whole development:	Yes
Land Title Search of the whole development:	Yes
Certificate of Fitness for Occupation ("CFO")/Certificate of Completion and Compliance ("CCC"):	Yes

5. In our valuation, we have made reference to some rental evidence and/or asking rent of similar properties in the locality which are in the region of RM40 to RM50 per sq.m./month. The market yield assumed by us is 3.3% which is in line with the market yield of this property sector in the region of 3% to 4%.

6. We have been provided with a legal opinion regarding the property interest by the Company's Malaysian legal advisers, which contains, *inter alia*, the following:

   a. Rimbaco Sdn. Bhd. is the proprietor of the property.

   b. The interests and rights of Rimbaco Sdn. Bhd. are protected under the respective sale and purchase agreements with the developer.

   c. The property was sold to Rimbaco Sdn. Bhd. free from all encumbrances.

   d. Rimbaco Sdn. Bhd. is able to sell, transfer or assign the properties to any third parties provided that notice is given to Hero Leader Sdn Bhd.

7. As confirmed by the Company, there are no material environmental and planning issues.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *RM*
10.	A residential unit A-2-C, located at Impiana Condovilla, Panji, Kota Bharu, 16150 Kelantan, Malaysia It is held under PN 4103, Lot No. 2125, Telok District, Kota Bharu, Kelantan, Malaysia.	The property is located at Unit C, 2nd Floor, Block A of a 6-storey residential building and it comprises a gross floor area of approximately 168.90 sq. m.. The property is located at Panji with approximately 9km to Sultan Ismail Petra Airport. The property is held with land use rights for a leasehold interest of 99 years expiring on 11 March 2099. Please see notes no. 1 for land details.	As at the date of valuation, the property was vacant.	656,000

Notes:

1. As the strata title registration is pending for the developer's application, the following land title search is related to the whole residential property development. Pursuant to the land title search of Lot No. 2125, Telok District, Kota Bharu, Kelantan, Malaysia, dated 3 June 2019, the land title of the property has been vested to Kang Wei Geh who granted Dinibiru Corporation Sdn. Bhd., the developer, the absolute right to develop and sell the development and the details are shown as below:

Title No.:	PN 4103
Lot No.:	Lot 2125
Annual Quit Rent:	RM195
Lot Area:	9,703.00 sq. m.
Category of Land Use:	Building
Tenure:	99-year lease that expires on 11 March 2099
Date of Registration:	12 September 2007
Encumbrances:	Charged to Public Bank Berhad registered on 2 June 2011.

2. According to the Certificate of Fitness for Occupation ("CFO")/Certificate of Completion and Compliance ("CCC") issued by the local authority dated 5 November 2007, the building has been fully completed and is fit for occupation.

3. According to the Confirmation Letter issued by Dinibiru Corporation Sdn. Bhd., the developer, dated 10 May 2019, the owner of the aforesaid property has been confirmed to be Rimbaco Sdn. Bhd.

4. The status of the title and grant of major approvals and licenses in accordance with the information provided to are as follows:

Land Title Document of the whole development:	Yes
Land Title Search of the whole development:	Yes
Certificate of Fitness for Occupation ("CFO")/Certificate of Completion and Compliance ("CCC"):	Yes

5. In our valuation, we have made reference to some transaction price and/or asking price references of comparables in the subject and/or nearby the subject property. We have adopted the range of unit rates between RM3,500 to RM4,500 per sq. m. The unit rates assumed by us are consistent with the said price reference. Due adjustments to the unit rates of those price reference have been considered to reflect factors including but not limited to time, location and size in arriving at the key assumptions.

6. We have been provided with a legal opinion regarding the property interest by the Company's Malaysian legal advisers, which contains, *inter alia*, the following:

   a. Rimbaco Sdn. Bhd. is the proprietor of the property.

   b. The interests and rights of Rimbaco Sdn. Bhd. are protected under the respective sale and purchase agreements with the developer.

   c. The property was sold to Rimbaco Sdn. Bhd. free from all encumbrances.

   d. Rimbaco Sdn. Bhd is able to sell, transfer or assign the properties to any third parties provided that notice is given to Dinibiru Corporation Sdn. Bhd.

7. As confirmed by the Company, there are no material environmental and planning issues.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *RM*
11.	A residential unit A-3A-F, located at Impiana Condovilla, Panji, Kota Bharu, 16150 Kelantan, Malaysia It is held under PN 4103, Lot No. 2125, Telok District, Kota Bharu, Kelantan, Malaysia.	The property is located at Unit F, 4th Floor, Block A of a 6-storey residential building and it comprises a gross floor area of approximately 177.63 sq. m.. The property is located at Panji with approximately 9km to Sultan Ismail Petra Airport. The property is held with land use rights for a leasehold interest of 99 years expiring on 11 March 2099. Please see notes no. 1 for land details.	As at the date of valuation, the property was vacant.	690,000

Notes:

1. As the strata title registration is pending for the developer's application, the following land title search is related to the whole residential property development. Pursuant to the land title search of Lot No. 2125, Telok District, Kota Bharu, Kelantan, Malaysia, dated 3 June 2019, the land title of the property has been vested to Kang Wei Geh who granted Dinibiru Corporation Sdn. Bhd., the developer, the absolute right to develop and sell the development and the details are shown as below:

Title No.:	PN 4103
Lot No.:	Lot 2125
Annual Quit Rent:	RM195
Lot Area:	9,703.00 sq. m.
Category of Land Use:	Building
Tenure:	99-year lease that expires on 11 March 2099
Date of Registration:	12 September 2007
Encumbrances:	Charged to Public Bank Berhad registered on 2 June 2011.

2. According to the Certificate of Fitness for Occupation ("CFO")/Certificate of Completion and Compliance ("CCC") issued by the local authority dated 5 November 2007, the building has been fully completed and is fit for occupation.

3. According to the Confirmation Letter issued by Dinibiru Corporation Sdn. Bhd., the developer, dated 10 May 2019, the owner of the aforesaid property has been confirmed to be Rimbaco Sdn. Bhd.

4. The status of the title and grant of major approvals and licenses in accordance with the information provided to are as follows:

Land Title Document of the whole development:	Yes
Land Title Search of the whole development:	Yes
Certificate of Fitness for Occupation ("CFO")/Certificate of Completion and Compliance ("CCC"):	Yes

5. In our valuation, we have made reference to some transaction price and/or asking price references of comparables in the subject and/or nearby the subject property. We have adopted the range of unit rates between RM3,500 to RM4,500 per sq. m. The unit rates assumed by us are consistent with the said price reference. Due adjustments to the unit rates of those price reference have been considered to reflect factors including but not limited to time, location and size in arriving at the key assumptions.

6. We have been provided with a legal opinion regarding the property interest by the Company's Malaysian legal advisers, which contains, *inter alia*, the following:

   a. Rimbaco Sdn. Bhd. is the proprietor of the property.

   b. The interests and rights of Rimbaco Sdn. Bhd. are protected under the respective sale and purchase agreements with the developer.

   c. The property was sold to Rimbaco Sdn. Bhd. free from all encumbrances.

   d. Rimbaco Sdn. Bhd. is able to sell, transfer or assign the properties to any third parties provided that notice is given to Dinibiru Corporation Sdn. Bhd.

7. As confirmed by the Company, there are no material environmental and planning issues.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *RM*
12.	A residential unit A-5-E, located at Impiana Condovilla, Panji, Kota Bharu, 16150 Kelantan, Malaysia It is held under PN 4103, Lot No. 2125, Telok District, Kota Bharu, Kelantan, Malaysia.	The property is located at Unit E, 5th Floor, Block A of a 6-storey residential building and it comprises a gross floor area of approximately 168.90 sq. m.. The property is located at Panji with approximately 9km to Sultan Ismail Petra Airport. The property is held with land use rights for a leasehold interest of 99 years expiring on 11 March 2099. Please see notes no. 1 for land details.	As at the date of valuation, the property was vacant.	656,000

Notes:

1. As the strata title registration is pending for the develop's application, the following land title search is related to the whole residential property development. Pursuant to the land title search of Lot No. 2125, Telok District, Kota Bharu, Kelantan, Malaysia, dated 3 June 2019, the land title of the property has been vested to Kang Wei Geh who granted Dinibiru Corporation Sdn. Bhd., the developer, the absolute right to develop and sell the development and the details are shown as below:

Title No.:	PN 4103
Lot No.:	Lot 2125
Annual Quit Rent:	RM195
Lot Area:	9,703.00 sq. m.
Category of Land Use:	Building
Tenure:	99-year lease that expires on 11 March 2099
Date of Registration:	12 September 2007
Encumbrances:	Charged to Public Bank Berhad registered on 2 June 2011.

2. According to the Certificate of Fitness for Occupation ("CFO")/Certificate of Completion and Compliance ("CCC") issued by the local authority dated 5 November 2007, the building has been fully completed and is fit for occupation.

3. According to the Confirmation Letter issued by Dinibiru Corporation Sdn. Bhd., the developer, dated 10 May 2019, the owner of the aforesaid property has been confirmed to be the Rimbaco Sdn. Bhd.

4. The status of the title and grant of major approvals and licenses in accordance with the information provided to are as follows:

Land Title Document of the whole development:	Yes
Land Title Search of the whole development:	Yes
Certificate of Fitness for Occupation ("CFO")/Certificate of Completion and Compliance ("CCC"):	Yes

5. In our valuation, we have made reference to some transaction price and/or asking price references of comparables in the subject and/or nearby the subject property. We have adopted the range of unit rates between RM3,500 to RM4,500 per sq. m. The unit rates assumed by us are consistent with the said price reference. Due adjustments to the unit rates of those price reference have been considered to reflect factors including but not limited to time, location and size in arriving at the key assumptions.

6. We have been provided with a legal opinion regarding the property interest by the Company's Malaysian legal advisers, which contains, *inter alia*, the following:

   a. Rimbaco Sdn. Bhd. is the proprietor of the property.

   b. The interests and rights of Rimbaco Sdn. Bhd. are protected under the respective sale and purchase agreements with the developer.

   c. The property was sold to Rimbaco Sdn. Bhd. free from all encumbrances.

   d. Rimbaco Sdn. Bhd. is able to sell, transfer or assign the properties to any third parties provided that notice is given to Dinibiru Corporation Sdn. Bhd.

7. As confirmed by the Company, there are no material environmental and planning issues.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *RM*
13.	A residential unit A-5-F, located at Impiana Condovilla, Panji, Kota Bharu, 16150 Kelantan, Malaysia It is held under PN 4103, Lot No. 2125, Telok District, Kota Bharu, Kelantan, Malaysia.	The property is located at Unit F, 5th Floor, Block A of a 6-storey residential building and it comprises a gross floor area of approximately 177.63 sq. m.. The property is located at Panji with approximately 9km to Sultan Ismail Petra Airport. The property is held with land use rights for a leasehold interest of 99 years expiring on 11 March 2099. Please see notes no. 1 for land details.	As at the date of valuation, the property was vacant.	690,000

Notes:

1. As the strata title registration is pending for the developer's application, the following land title search is related to the whole residential property development. Pursuant to the land title search of Lot No. 2125, Telok District, Kota Bharu, Kelantan, Malaysia, dated 3 June 2019, the land title of the property has been vested to Kang Wei Geh who granted Dinibiru Corporation Sdn. Bhd., the developer, the absolute right to develop and sell the development and the details are shown as below:

Title No.:	PN 4103
Lot No.:	Lot 2125
Annual Quit Rent:	RM195
Lot Area:	9,703.00 sq. m.
Category of Land Use:	Building
Tenure:	99-year lease that expires on 11 March 2099
Date of Registration:	12 September 2007
Encumbrances:	Charged to Public Bank Berhad registered on 2 June 2011.

2. According to the Certificate of Fitness for Occupation ("CFO")/Certificate of Completion and Compliance ("CCC") issued by the local authority dated 5 November 2007, the building has been fully completed and is fit for occupation.

3. According to the Confirmation Letter issued by Dinibiru Corporation Sdn. Bhd., the developer, dated 10 May 2019, the owner of the aforesaid property has been confirmed to be the Rimbaco Sdn. Bhd.

4. The status of the title and grant of major approvals and licenses in accordance with the information provided to are as follows:

Land Title Document of the whole development:	Yes
Land Title Search of the whole development:	Yes
Certificate of Fitness for Occupation ("CFO")/Certificate of Completion and Compliance ("CCC"):	Yes

5. In our valuation, we have made reference to some transaction price and/or asking price references of comparables in the subject and/or nearby the subject property. We have adopted the range of unit rates between RM3,500 to RM4,500 per sq. m. The unit rates assumed by us are consistent with the said price reference. Due adjustments to the unit rates of those price reference have been considered to reflect factors including but not limited to time, location and size in arriving at the key assumptions.

6. We have been provided with a legal opinion regarding the property interest by the Company's Malaysian legal advisers, which contains, *inter alia*, the following:

   a. Rimbaco Sdn. Bhd. is the proprietor of the property.

   b. The interests and rights of Rimbaco Sdn. Bhd are protected under the respective sale and purchase agreements with the developer.

   c. The property was sold to Rimbaco Sdn. Bhd free from all encumbrances.

   d. Rimbaco Sdn. Bhd. is able to sell, transfer or assign the properties to any third parties provided that notice is given to Dinibiru Corporation Sdn. Bhd.

7. As confirmed by the Company, there are no material environmental and planning issues.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *RM*
14.	A residential unit B-18-G with a car parking space located at The Sentral Residences, Kuala Lumpur, Malaysia It is held under Geran 46221, Building No. M1B, Level No. 19, Plot No. 500, Lot No. 72 Seksyen 70, Kuala Lumpur Town, Kuala Lumpur District, Kuala Lumpur, Malaysia.	The property is located at Unit G, 19th Floor, Tower B, of a 58-storey residential building and it comprises a gross floor area of approximately 146 sq. m. with a car parking space and an air conditional ledge with approximately 3.99 sq. m.. The property is located at Brickfields, near Kuala Lumpur Railway Station and Kuala Lumpur Sentral station, with approximately 55km to Kuala Lumpur International Airport. The property is held with land use rights for a freehold interest. Please see notes no. 2 for land details.	As at the date of valuation, the property was leased to an independent third party for a term of 1 year commencing on 20 January 2020 and expiring on 19 January 2021 at a monthly rental of RM6,000 for residential use.	2,100,000

Notes:

1. According to the land title search stated in notes no. 2, the registered proprietor of the property is Prema Bonanza Sdn. Bhd. As confirmed by the Group, the payment for the stamp duty was paid and is in the process of obtaining the strata title.

2. Pursuant to the land title search of Building No. M1B, Level No. 19, Plot No. 500, Lot No. 72 Seksyen 70, Kuala Lumpur Town, Kuala Lumpur District, Kuala Lumpur, Malaysia, dated 24 June 2019 the land title of the property has been vested to Prema Bonanza Sdn. Bhd. and the details are shown as below:

Title No.:	Geran 46621/M1B/19/500
Lot No.:	Lot 72 Seksyen 70
Annual Quit Rent:	RM0
Gross Floor Area:	146 sq. m.
Category of Land Use:	Building (apartment)

Tenure:	Freehold
Date of Registration:	2 May 2018
Encumbrances:	N/A

3. According to the Certificate of Fitness for Occupation ("CFO")/Certificate of Completion and Compliance ("CCC") issued by the local authority dated 6 January 2017, the building has been fully completed and is fit for occupation.

4. The status of the title and grant of major approvals and licenses in accordance with the information provided to are as follows:

Land Title Document:	Yes
Land Title Search:	Yes
Certificate of Fitness for Occupation ("CFO")/Certificate of Completion and Compliance ("CCC"):	Yes

5. In our valuation, we have made reference to some transaction price and/or asking price references of comparables in the subject and/or nearby the subject property. We have adopted the range of unit rates between RM14,000 to RM15,000 per sq. m. The unit rates assumed by us are consistent with the said price reference. Due adjustments to the unit rates of those price reference have been considered to reflect factors including but not limited to time, location and size in arriving at the key assumptions.

6. We have been provided with a legal opinion regarding the property interest by the Company's Malaysian legal advisers, which contains, *inter alia*, the following:

   a. Rimbaco Property Sdn. Bhd. is the proprietor of the property.

   b. The interests and rights of Rimbaco Property Sdn. Bhd. are protected under the sale and purchase agreement between Rimbaco Property Sdn. Bhd. and Prema Bonanza Sdn. Bhd.

   c. The property was sold to Rimbaco Property Sdn. Bhd. free from all encumbrances.

   d. Rimbaco Property Sdn. Bhd. is able to sell, transfer or assign the properties to any third parties provided that notice is given to Prema Bonanza Sdn. Bhd.

7. As confirmed by the Company, there are no material environmental and planning issues.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *RM*
15.	A land parcel Lot No. 6596, located at Mukim 1, Seberang Perai Tengah, Penang, Malaysia It is held under GM 223 Lot No. 6596, Mukim 01, Seberang Perai Tengah District, Penang, Malaysia.	The property comprises a parcel of land with a lot area of approximately 3,934.00 sq. m.. The property is located at Perai, near Bukit Mertajam Mall, with approximately 26km to Penang International Airport. The property is held with land use rights for a freehold interest. Please see notes no. 1 for land details.	As at the date of valuation, the property was vacant.	338,000

Notes:

1. Pursuant to the land title search of Lot No. 6596, Mukim 01, Seberang Perai Tengah District, Penang, dated 3 December 2019, the land title of the property has been vested to Rimbaco Property Sdn. Bhd. and the details are shown as below:

Title No.:	GM 223
Lot No.:	Lot 6596
Annual Quit Rent:	RM40
Lot Area:	3,934.00 sq. m.
Category of Land Use:	No Specific Use
Tenure:	Freehold
Date of Registration:	4 December 2006
Encumbrances:	N/A

2. The property is situated within an area zoned for vacant land use under the local authority planning guidelines.

3. The status of the title and grant of major approvals and licenses in accordance with the information provided to are as follows:

   Land Title Document: Yes

   Land Title Search: Yes

4. In our valuation, we have made reference to some transaction price and/or asking price references of land comparables in the subject and/or nearby the subject property. We have adopted the range of unit rates between RM80 to RM90 per sq. m. The unit rates assumed by us are consistent with the said price reference. Due adjustments to the unit rates of those price reference have been considered to reflect factors including but not limited to time, location and size in arriving at the key assumptions.

5. We have been provided with a legal opinion regarding the property interest by the Company's Malaysian legal advisers, which contains, *inter alia*, the following:

   a. Rimbaco Property Sdn. Bhd. is the registered proprietor of the property.

   b. Rimbaco Property Sdn. Bhd. is able to use, lease, pledge, dispose or freely transfer the property.

6. As confirmed by the Company, there are no material environmental and planning issues.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 28 February 2019 under the Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (**Memorandum**) and its Amended and Restated Articles of Association (**Articles**).

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 31 March 2020. A summary of certain provisions of the Articles is set out below.

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall *mutatis mutandis* apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a member being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; and (g) change the currency of denomination of its share capital.

(iv) Transfer of shares

Subject to the Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) Power of the Company to purchase its own shares

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) Directors

(i) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the

Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the "retirement by rotation" provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

(aa) resign;

(bb) dies;

(cc) is declared to be of unsound mind and the Board resolves that his office be vacated;

(dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(ee) he is prohibited from being or ceases to be a director by operation of law;

(ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;

(gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or

(hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

***(iv)* Borrowing powers**

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) Disclosure of interest in contracts with the Company or any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

(aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(ix) Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(d) Meetings of member

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

(A) at least two members;

(B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(iv) Requisition of general meetings

Extraordinary general meetings may be convened on the requisition of one or more members holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

(v) Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Companies Law and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(vi) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vii) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(e) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarised financial statements to members who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those members that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The members may, at a general meeting remove the auditor(s) by a special resolution at any time before the expiration of the term of office of the auditor(s) and shall, by an ordinary resolution, at that meeting appoint new auditor(s) in place of the removed auditor(s) for the remainder of the term.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(f) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;

(ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and

(iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

(aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(g) Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(h) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(i) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the surplus assets available for distribution among the members are insufficient to repay the whole of the paid-up capital, such assets shall be distributed, subject to the rights of any shares which may be issued on special terms and conditions, so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(j) Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 28 February 2019 subject to the Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

Under Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(i) paying distributions or dividends to members;

(ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(iii) any manner provided in section 37 of the Companies Law;

(iv) writing-off the preliminary expenses of the company; and

(v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

Subject to a solvency test, as prescribed in the Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of Foss v. Harbottle and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2018 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Financial Secretary that:

(i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

(ii) no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(aa) on or in respect of the shares, debentures or other obligations of the Company; or

(bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2018 Revision).

The undertaking for the Company is for a period of 20 years from 4 June 2019.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

(o) Register of Directors and officers

Pursuant to the Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

(p) Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s).The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(q) Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(s) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP AND OUR SUBSIDIARIES

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 28 February 2019. Accordingly, we operate subject to Cayman laws and our constitutional document comprises our Memorandum and Articles of Association. A summary of various provisions of our Articles and relevant aspects of the Companies Law are set out in Appendix IV to this prospectus.

Our registered address is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and we have established a place of business in Hong Kong at Unit 3311, 33/F., Shui On Centre, Nos. 6–8 Harbour Road, Wan Chai, Hong Kong. Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance with the Registrar of Companies in Hong Kong on 29 April 2019. The address for service of process on our Company in Hong Kong is the same as our registered place of business in Hong Kong (as set out above). Ms. Lam Yuen Ling Eva has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

2. Changes in the share capital of our Company

On 28 February 2019, our Company was incorporated with an initial authorised share capital of HK$380,000 divided into 38,000,000 Shares of par value of HK$0.01 each. The following sets out the changes in our Company's shares since the date of its incorporation:

(a) On 28 February 2019, one Share of par value HK$0.01 was allotted, issued and credited as fully paid to an initial subscriber, an Independent Third Party, and the same was then transferred to RBC Venture at par on the same date.

(b) On 28 February 2019, 99 Shares of par value HK$0.01 each were allotted, issued and credited as fully paid to RBC Venture.

(c) On 17 June 2019, another 900 Shares of par value HK$0.01 each were allotted, issued and credited as fully paid to RBC Venture, the nominee of Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau, pursuant to the share swap agreement entered into among Mr. Low, Ms. Seah, Mr. Cheang, Mr. Lau, RBC Venture, RBC International and our Company on 17 June 2019.

(d) On 31 March 2020, pursuant to the written resolutions of the Shareholders of our Company, the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares of par value of HK$0.01 each to HK$100,000,000 divided into 10,000,000,000 Shares of par value of HK$0.01 each by the creation of 9,962,000,000 additional Shares of par value HK$0.01 each, ranking pari passu with our Shares then in issue in all respects.

(e) Immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), 1,260,000,000 Shares will be issued and credited as fully paid and 8,740,000,000 Shares will remain unissued.

(f) Save as disclosed in this prospectus, there has been no alteration in our Company's share capital since the date of its incorporation.

(g) Our Company does not have any founder share, management shares or deferred shares.

For details of the changes in our share capital, please refer to the section headed "History, Development and Reorganisation" in this prospectus.

3. Corporate reorganisation

In preparing for the Listing, the companies comprising our Group underwent the Reorganisation to rationalise the corporate structure of our Group and our Company became the holding company of our Group. For details regarding the Reorganisation, please refer to the section headed "History, Development and Reorganisation" in this prospectus.

4. Changes in share capital of our subsidiaries

The subsidiaries of our Company are listed in the Accountant's Report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the paragraph headed "A. Further Information about Our Group and Our Subsidiaries – 3. Corporate reorganisation" in this appendix and the section headed "History, Development and Reorganisation" in this prospectus, there has been no alternation in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

5. Resolutions in writing of our Shareholders dated 31 March 2020

On 31 March 2020, resolutions in writing were passed by our Shareholders pursuant to which, amongst others:

(a) the Company approved and adopted the Memorandum of Association and the Articles of Association with effect from the Listing Date;

(b) the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares of par value HK$0.01 each to HK$100,000,000 divided into 10,000,000,000 Shares of par value HK$0.01 each, by the creation of 9,962,000,000 additional Shares of par value HK$0.01 each, ranking pari passu with our Shares then in issue in all respects;

(c) conditional on both (i) the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme); and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and the Underwriting Agreements not being terminated in accordance with its terms or otherwise, in each case on or before the date falling 30 days after the date of the issue of this prospectus:

(i) the Share Offer was approved and our Directors were authorised to allot and issue the Offer Shares pursuant to the Share Offer to rank pari passu with the then existing Shares in all respects;

(ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed "F. Share Option Scheme" below in this appendix, were approved and adopted and our Directors were authorised, at their absolute discretion but subject to the terms and conditions of the Share Option Scheme, to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of subscription rights attaching to any options which may be granted under the Share Option Scheme and to take all such actions as they consider necessary or desirable to implement the Share Option Scheme;

(iii) conditional further on the share premium account of our Company being credited as a result of the Share Offer, the Capitalisation Issue was approved, and our Directors were authorised to capitalise an amount of HK$9,449,990 standing to the credit of the share premium account of our Company and to appropriate such amount as capital to pay up in full at par 944,999,000 Shares for allotment and issue to the person(s) whose name(s) appear on the register of members of our Company at the close of business on 31 March 2020 in proportion (as nearly as possible without involving fractions) to its/their then existing shareholdings in our Company, each ranking pari passu in all respects with the Shares then in issue, and our Directors were authorised to give effect to such capitalisation and distributions;

(d) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue or an issue of Shares pursuant to the exercise of any options which may be granted under the Share Option Scheme or any other share option scheme of our Company or any Shares allotted and issued in lieu of the whole or part of a dividend on Shares or similar arrangement in accordance with the Articles of Association or pursuant to a specific authority granted by our Shareholders in general meeting or pursuant to the Share Offer, Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities, and to make or grant offers, agreements or options which might require the exercise of such power, with such number of Shares not exceeding 20% of the total number of Shares in issue immediately following completion of the Capitalisation Issue and the Share Offer but excluding any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme, such mandate to remain in effect until the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or

(iii) the time when such mandate is revoked or varied by a resolution of our Shareholders in general meeting.

(e) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the total number of Shares in issue immediately following completion of the Share Offer but excluding any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme, such mandate to remain in effect until the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or

(iii) the time when such mandate is revoked or varied by a resolution of our Shareholders in general meeting.

(f) the general unconditional mandate mentioned in sub-paragraph (d) above was extended by the addition to such number of Shares which may be allotted or agreed to be allotted by our Directors pursuant to such general mandate of an amount representing the number of Shares repurchased by our Company pursuant to the mandate to repurchase Shares referred to in subparagraph (e) above, provided that such extended amount shall not exceed 10% of the total number of Shares in issue immediately following completion of the Capitalisation Issue and Share Offer but excluding any Shares to be issued upon exercise of any option which may be granted under the Share Option Scheme.

B. REPURCHASE OF OUR SHARES

This section sets out information required by the Stock Exchange to be included in this prospectus concerning the repurchase of our own securities by our Company.

1. Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(a) Shareholder's Approval

All proposed repurchase of securities (which, under the Listing Rules and Companies (Winding Up and Miscellaneous Provisions) Ordinance, must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed by our Shareholders on 31 March 2020, a general unconditional mandate (the "Repurchase Mandate") was given to our Directors authorising them to exercise all powers of our Company to repurchase Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the total number of Shares in issue immediately following completion of the Capitalisation Issue and the Share Offer but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, and the Repurchase Mandate shall remain in effect until the earliest of the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held or the time when the Repurchase Mandate is revoked or varied by an ordinary resolution of our Shareholders in a general meeting.

(b) Source of Funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the constitutional documents and the Listing Rules and all applicable laws of Hong Kong or elsewhere. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Subject to the foregoing, any repurchases by us may be made out of our funds which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares made for the purpose of the repurchase. Any amount of premium payable on the purchase over the par value of the shares to be repurchased must be out of the funds which would otherwise be available for dividend or distribution or from sums standing to the credit of our share premium account.

(c) Core Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "*core connected person*", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their close associates and a connected person is prohibited from knowingly selling his Shares to the company.

2. Exercise of the Repurchase Mandate

On the basis of 1,260,000,000 Shares in issue immediately after completion of the Capitalisation Issue and the Share Offer, our Directors would be authorised under the Repurchase Mandate to repurchase up to 126,000,000 Shares during the period in which the Repurchase Mandate remains in force. Any Shares repurchased pursuant to the Repurchase Mandate must be fully paid-up.

3. Reasons for repurchase

The Directors believe that it is in the best interest of our Company and our Shareholders for the Directors to have general authority from the Shareholders to enable us to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and our Shareholders as a whole.

4. Funding of repurchases

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with our Articles, the Listing Rules and the applicable laws of Hong Kong and the Cayman Islands. On the basis of our current financial position as disclosed in this prospectus and taking into account our current working capital position, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or our gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

5. General

None of our Directors, to the best of their knowledge having made all reasonable enquiries, or any of their close associates currently intends to sell any Shares to us or our subsidiaries if the Repurchase Mandate is exercised. Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, our Articles, the Companies Law or any other applicable laws of Cayman Islands.

If, as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of us is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases of Shares pursuant to the Repurchase Mandate. At present, so far as is known to our Directors, no Shareholder may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code in the event that our Directors exercise the power in full to repurchase the Shares pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No core connected person (as defined in the Listing Rules) has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

C. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Group within the two years preceding the date of this prospectus and are or may be material:

(a) the form of transfer of securities dated 30 October 2018 entered into between Rimbaco and Mr. Low in relation to the transfer of 5,760 ordinary shares of Infinity Vantage from Rimbaco to Mr. Low in consideration of RM5,760.00;

(b) the form of transfer of securities dated 30 October 2018 entered into between Rimbaco and Ms. Seah in relation to the transfer of 15,120 ordinary shares of Infinity Vantage from Rimbaco to Ms. Seah in consideration of RM15,120.00;

(c) the form of transfer of securities dated 30 October 2018 entered into between Rimbaco and Mr. Cheang in relation to the transfer of 10,080 ordinary shares of Infinity Vantage from Rimbaco to Mr. Cheang in consideration of RM10,080.00;

(d) the form of transfer of securities dated 30 October 2018 entered into between Rimbaco and Mr. Lau in relation to the transfer of 5,040 ordinary shares of Infinity Vantage from Rimbaco to Mr. Lau in consideration of RM5,040.00;

(e) the share swap agreement dated 17 June 2019 entered into among Mr. Low, Ms. Seah, Mr. Cheang, Mr. Lau, RBC Venture, RBC International and our Company in relation to the allotment and issue of 900 new Shares to RBC Venture in consideration of the transfer of Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau's entire interests in Rimbaco and Rimbaco Property to RBC International;

(f) the Deed of Non-competition;

(g) the Deed of Indemnity; and

(h) the Public Offer Underwriting Agreement.

2. Material intellectual property rights of our Group

As of the Latest Practicable Date, our Group has registered or had applied for the registration of the following intellectual property rights which are considered material in relation to our business:

(a) Trademark

As at the Latest Practicable Date, our Group had applied for the registration of the following trademarks which we believe are material to our business:

No.	Trademark	Place of application	Applicant owner	Class	Application number	Application date
1.	森馬 RIMBACO 森馬 RIMBACO	Malaysia	our Company	35	2019012727	8 April 2019
2.	森馬 RIMBACO 森馬 RIMBACO	Malaysia	our Company	36	2019012731	8 April 2019
3.	森馬 RIMBACO 森馬 RIMBACO	Malaysia	our Company	37	2019012734	8 April 2019

As at the Latest Practicable Date, our Group has registered the following trademark which we consider is material to our business:

Trademark	Place of registration	Registered owner	Class	Registration number	Registration date	Expiry date
森馬 RIMBACO 森馬 RIMBACO	Hong Kong	Our Company	37	304920831	10 May 2019	10 May 2029

(b) Domain name

As at the Latest Practicable Date, we were the registered owner of the following domain name which we believe is material to our business:

Domain name	Registered owner	Valid period
rimbaco.com.my	Rimbaco Sdn. Bhd.	10 April 2008 – 9 April 2021

D. FURTHER INFORMATION ABOUT OUR DIRECTORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

(a) Interests of Directors and chief executives in the share capital of the Company and its associated corporations following the Listing

The following table sets out the interests of our Directors immediately upon completion of the Capitalisation Issue and Listing (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme) in the Shares, underlying Shares or debentures of us or any of our associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed on the Stock Exchange, will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules, once the Shares are listed:

(i) Long Position in the Shares

Name	Capacity/Nature of Interest	Number of Shares held/interested immediately after completion of the Capitalisation Issue and the Share Offer *(Note 1)*	Percentage of shareholding immediately after completion of the Capitalisation Issue and the Share Offer
Mr. Low	Interest in a controlled corporation *(Note 2)*	945,000,000 Shares (L)	75%

Notes:

1. The letter (L) denotes the person's long position in such Shares.

2. Mr. Low beneficially owns 40% of the issued shares of RBC Venture, which in turn holds 75% of the Shares. Therefore, Mr. Low is deemed to be, or taken to be, interested in the Shares held by RBC Venture for the purposes of the SFO. Mr. Low is a director of RBC Venture.

(ii) Long position in the shares of associated corporation

Name	Name of associated corporation	Capacity/nature of interest	Number of shares held/interested	Percentage of shareholding in the associated corporation
Mr. Low	RBC Venture	Beneficial owner	40	40%
Ms. Seah	RBC Venture	Beneficial owner	30	30%
Mr. Cheang	RBC Venture	Beneficial owner	20	20%
Mr. Lau	RBC Venture	Beneficial owner	10	10%

(b) Interests of the substantial shareholders in the Shares which are disclosable under Division 2 and 3 of Part XV of the SFO

Immediately upon completion of the Capitalisation Issue and Listing (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), so far as the Directors are aware, the following persons (not being a Director or a chief executive of our Company) will have an interests or short position in the Shares or underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Long Position in the Shares

Name of substantial shareholder	Capacity/Nature of interest	Number of Shares held/interested immediately after completion of the Capitalisation Issue and the Share Offer *(Note 1)*	Percentage of shareholding immediately after completion of the Capitalisation Issue and the Share Offer
RBC Venture	Beneficial owner *(Note 2)*	945,000,000 (L)	75%
Ms. Lai Swee Yin	Interest of spouse *(Note 3)*	945,000,000 (L)	75%

Notes:

1. The letter (L) denotes the person's long position in such Shares.

2. RBC Venture is an investment holding company incorporated in the BVI and is owned as to 40%, 30%, 20% and 10% by Mr. Low, Ms. Seah, Mr. Cheang and Mr. Lau, respectively.

3. Ms. Lai Swee Yin is the spouse of Mr. Low. Therefore, Ms. Lai Swee Yin is deemed to be, or taken to be, interested in the Shares which Mr. Low is interested in for the purposes of the SFO.

Save as disclosed in this paragraph, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately upon completion of the Capitalisation Issue and Listing (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, would be, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

2. Particulars of Directors' service contracts and letter of appointment

(a) Each of the Executive Directors has entered into a service contract with our Company up to a term of three years commencing from the Listing Date, which may be terminated in accordance with the terms of the service contracts.

(b) Each of the Independent Non-executive Directors has signed a letter of appointment with our Company up to a term of three years commencing from the Listing Date, which may be terminated in accordance with the terms of the letter of appointment.

3. Directors' remuneration

(a) The aggregate amount of remuneration (including salaries, directors' fees, other benefits and contributions to the employees' provident fund) accrued to our Directors for the years ended 31 October 2017, 2018 and 2019 were approximately RM2.01 million, RM1.66 million and RM1.84 million, respectively.

(b) The aggregate remuneration payable by our Group to our Directors for the year ending 31 October 2020 is expected to be approximately RM1.60 million.

(c) None of our Directors or any past directors of any member of the Group has been paid any sum of money for each of the three years ended 31 October 2017, 2018 and 2019 for (i) the loss of office as director of any member of our Group or of any other office in connection with the management affairs of any member of the Group (ii) as an inducement to join or upon joining any member of our Group.

(d) There has been no arrangement under which a Director has waived or agreed to waive any emoluments in each of the three years ended 31 October 2017, 2018 and 2019.

(e) Under the arrangements currently proposed, conditional upon the Listing, the basic annual remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to each of our Directors will be as follows:

	HK$'000
Executive Directors	
Mr. Low	702
Ms. Seah	372
Mr. Cheang	420
Mr. Lau	276
Mr. William Low	240

	HK$'000
Independent Non-executive Directors	
Mr. Ng Kok Seng	120
Mr. Wong Chi Wai (黃智威)	120
Ms. Yeo Chew Yen Mary	120

4. Agency fees or commissions received

Save as disclosed in the section headed "Underwriting" in this prospectus, and in the paragraph headed "G. Other Information – 3. Sole Sponsor" in this appendix, none of our Directors or the experts named in the paragraph headed "G. Other Information – 8. Consents of experts" in this appendix had received any agency fee or commissions from our Group within the two years preceding the date of this prospectus.

5. Related party transactions

For details of the related party transactions, see note 33 of the Accountant's Report of our Company set out in Appendix I to this prospectus. Our Directors confirm that all related party transactions are conducted on normal commercial terms, and that their terms are fair and reasonable.

E. DISCLAIMERS

Except as disclosed in this prospectus:

(a) none of our Directors or our chief executives has any interest or short position in the shares, underlying shares or debentures of us or any of our associated corporation (within the meaning of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO of which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules once the Shares are listed;

(b) none of our Directors or experts referred to in the paragraph headed "G. Other Information – 7. Qualification of experts" in this appendix has any direct or indirect interest in the promotion of us, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) none of our Directors or experts referred to in the paragraph headed "G. Other Information – 7. Qualifications of experts" in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(d) none of the Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(e) taking no account of Shares which may be taken up under the Capitalisation Issue and the Listing or upon the exercise of the Over-allotment Option and any options and any Shares to be issued, none of the Directors knows of any person (not being a Director or chief executive of us) who will, immediately following completion of the Capitalisation Issue and the Listing, have an interest or short position in the shares or underlying shares of us which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group;

(f) taking no account of any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, none of our Directors or chief executive of our Company has any interest or short position in shares, underlying shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they are taken or deemed to have under such provisions of the SFO) or would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or would be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange;

(g) no part of the equity or debt securities of our company is presently listed or dealt in or on which listing or permission to deal is being or is proposed to be sought;

(h) none of the experts referred to under the paragraph headed "G. Other Information – 7. Qualifications of experts" in this appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

(i) so far as is known to our Directors, none of our Directors, their respective close associates or Shareholders who are interested in more than 5% of the share capital of our Company have any interests in the five largest customers or the five largest suppliers of our Group; and

(j) no remuneration or other benefits-in-kind have been paid by any member of our Group to any Director since the date of incorporation of our Company, nor are any remuneration or benefits-in-kind payable by any members of our Group to any Director in respect of the current financial year under any arrangement in force as at the Latest Practicable Date.

F. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme. Conditionally approved and adopted by a written shareholder's resolution of our Company dated 31 March 2020, it does not form part of, nor was it intended to be part of the Share Option Scheme, nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

(a) Summary of terms

The following is a summary of the principal terms of the rules of the Share Option Scheme conditionally adopted by the written resolutions of our Shareholder passed on 31 March 2020:

(i) Purpose of Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of our Group and to promote the success of the business of our Group.

(ii) Who may join and basis of eligibility

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of our Group, or any substantial shareholder of our Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of our Group, options to subscribe at a price calculated in accordance with paragraph (iii) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or, as the case may be, the Independent Non-executive Directors) from time to time on the basis of his/her contribution or potential contribution to the development and growth of our Group.

(iii) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option. For the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five Business Days, the new issue price shall be used as the closing price for any Business Day that falls within the period before listing.

(iv) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK$1.

(v) Maximum number of Shares

(aa) subject to sub-paragraphs (ii) and (iii) above, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company as from the date of adoption of the Share Option Scheme (the "**Adoption Date**") (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all the Shares in issue as at the Listing Date. Therefore, it is expected that our Company may grant options in respect of up to 126,000,000 Shares (or such numbers of Shares as shall result from a subdivision or a consolidation of such 126,000,000 Shares from time to time) to the participants under the Share Option Scheme.

(bb) the 10% limit as mentioned above may be refreshed at any time by obtaining approval of our Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to our Shareholders containing the information as required under the Listing Rules in this regard.

(cc) subject to sub-paragraph (dd) below, our Company may seek separate approval of our Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to our Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose, such other information required under the Listing Rules.

(dd) the aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result in such 30% limit being exceeded.

(vi) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised an outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his/her close associates abstaining from voting. In such event, our Company must send a circular to our Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of our Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(vii) Grant of options to certain connected persons

(aa) Any grant of an option to a Director, chief executive or substantial shareholder (or any of their respective close associates) must be approved by the Independent Non-executive Directors (excluding any Independent Non-executive Director who is the grantee of the option).

(bb) Where any grant of options to a substantial shareholder or an Independent Non-executive Director (or any of their respective close associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:

a. representing in aggregate over 0.1% of the Shares in issue; and

b. having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5,000,000, such further grant of options is required to be approved by Shareholders at a general meeting of our Company, with voting to be taken by way of poll. Our Company shall send a circular to our Shareholders containing all information as required under the Listing Rules in this regard. All core connected persons of our Company shall abstain from voting (except where any core connected person intends to vote against the proposed grant). Any change in the terms of an option granted to a substantial shareholder or an Independent Non-executive Director or any of their respective close associates is also required to be approved by Shareholders in the aforesaid manner.

(viii) Restrictions on the times of grant of options

(aa) An offer for the grant of options may not be made after any inside information (as defined in the SFO) has come to the knowledge of our Company until such inside information has been announced pursuant to the requirements of the Listing Rules and the SFO. In particular, no option may be granted during the period commencing one month immediately before the earlier of:

a. representing in aggregate over 0.1% of the Shares in issue; and

b. having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5,000,000, such further grant of options is required to be approved by Shareholders at a general meeting of our Company, with voting to be taken by way of poll. Our Company shall send a circular to our Shareholders containing all information as required under the Listing Rules in this regard. All core connected persons of our Company shall abstain from voting (except where any core connected person intends to vote against the proposed grant). Any change in the terms of an option granted to a substantial shareholder or an Independent Non-executive Director or any of their respective close associates is also required to be approved by Shareholders in the aforesaid manner.

(ix) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(x) Performance targets

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

(xi) Ranking of shares

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that the Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

(xii) Rights are personal to grantee

An option shall not be assignable and shall be personal to the grantee of the option.

(xiii) Rights of cessation of employment by death

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in (xiv) below arises within a period of three years prior to the death, in the case the grantee is an employee at the date of grant), the legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his/her death provided that where any of the events referred to in (xvii), (xviii) and (xix) occurs prior to his/her death or within such period of 12 months following his/her death, then his/her personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

(xiv) Rights of cessation of employment by dismissal

In the event that the grantee is an employee of our Group at the date of grant and he/she subsequently ceases to be an employee of our Group on any one or more of the grounds that he/she has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, his/her option shall lapse automatically (to the extent not already exercised) on the date of cessation of his/her employment with our Group.

(xv) Rights of cessation of employment for other reasons

In the event that the grantee is an employee of our Group at the date of grant and he/she subsequently ceases to be an employee of our Group for any reason other than his/her death or the termination of his/her employment on one or more of the grounds specified in (xiv) above, the option (to the extent not already exercised) shall lapse on the expiry of three months after the date of cessation of such employment (which date will be the last actual working day with our Company or the relevant member of our Group whether salary is paid in lieu of notice or not).

(xvi) Effects of alterations to shares

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the authorised and issued Shares (other than an issue of Shares as consideration in respect of a transaction to which any member of our Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised; and/or the subscription prices of any unexercised option, as the auditors of or independent financial adviser to our Company shall certify or confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable in compliance with the relevant provisions of the Listing Rules, or any guideline or supplemental guideline issued by the Stock Exchange from time to time (no such certification is required in case of adjustment made on a capitalisation issue), provided that any alteration shall give a grantee as near as possible the same proportion of the issued shares of our Company as that to which he/she was previously entitled, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

(xvii) Rights of general offer

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all our Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the grantee (or, as the case may be, his/her legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(xviii) Rights on winding-up

In the event a notice is given by our Company to our Shareholders to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it has despatched such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his/her legal personal representative(s)) shall be entitled to exercise all or any part of his/her options at any time not later than two Business Days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

(xix) Rights on compromise or arrangement

In the event of a compromise or arrangement between our Company and our Shareholders or the creditors of our Company being proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies pursuant to the Companies Law, our Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal representatives) on the same day as it gives notice of the meeting to our Shareholders or the creditors to consider such a compromise or arrangement and the options (to the extent not already exercised) shall become exercisable in whole or in part on such date not later than two Business Days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement ("Suspension Date"), by giving notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the Suspension

Date, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavor to procure that the Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise or arrangement form part of the issued Shares on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or willful default on the part of our Company or any of its officers.

(xx) Lapse of options

An option shall lapse automatically on the earliest of:

(aa) the expiry of the period;

(bb) the date on which the Board exercises our Company's right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (xii);

(cc) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (xiii), (xiv), (xv), (xvii), (xviii) or (xix) above;

(dd) subject to paragraph (xviii) above, the date of the commencement of the winding-up of our Company;

(ee) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangements or compositions with his/her creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his/her integrity or honesty;

(ff) where the grantee is only a substantial shareholder of any member of our Group, the date on which the grantee ceases to be a substantial shareholder of such member of our Group; or (gg) subject to the compromise or arrangement as referred to in paragraph (xix) become effective, the date on which such compromise or arrangement becomes effective.

(xxi) Cancellation of options granted but not exercised

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion sees fit and in manner that complies with all applicable legal requirements for such cancellation.

(xxii) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on the date on the Adoption Date and shall expire at the close of business on the Business Day immediately preceding the tenth anniversary thereof unless terminated earlier by our Shareholders in general meeting.

(xxiii) Alteration to the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on the Adoption Date and shall expire at the close of business on the Business Day immediately preceding the tenth anniversary thereof unless terminated earlier by our Shareholders in general meeting.

(aa) The Share Option Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the Share Option Scheme which alters to the advantage of the grantees of the options relating to matters governed by Rule 17.03 of the Listing Rules shall not be made except with the prior approval of our Shareholders in general meeting.

(bb) Any alteration to any terms of the Share Option Scheme which are of a material nature or any change to the terms of options granted, or any change to the authority of the Board in respect of alteration of the Share Option Scheme must be approved by Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

(cc) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of the Listing Rules or any guidelines issued by the Stock Exchange from time to time.

(xxiv) ***Termination of Share Option Scheme***

Our Company by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme.

(xxv) ***Conditions of the Share Option Scheme***

The Share Option Scheme is conditional on the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, and commencement of dealings in the Shares on the Stock Exchange.

G. OTHER INFORMATION

1. Tax and other indemnities

The Controlling Shareholders have entered into the Deed of Indemnity in favour of our Company (for ourselves and as trustee for our subsidiaries) referred to in the paragraph headed "C. Further Information about Our Business – 1. Summary of material contracts" in this appendix, pursuant to which the Controlling Shareholders have given indemnities in favour of our Group from and against (a) any tax liability which might be payable by any member of our Group (i) in respect of any income, profits or gains earned, accrued or received up to the Listing Date; or (ii) in respect of or resulting from any act, omission or event occurring up to the Listing Date; and (b) any action, claims, losses, charges, penalties which any member of the Group may incur or suffer as a result of or in connection with any failure to comply with relevant laws and regulations up to the Listing Date, including Rimbaco's underestimation of tax payable by an amount of RM6,555,180.40 for the year of assessment for financial year ended 31 October 2017 as disclosed in the paragraph headed "Financial information – Analysis of selected consolidated statements of financial position items – Tax payable – Balance tax payable and underestimation of tax payable" in this prospectus, and the reasonable costs and expenses incurred in connection with the actions, claims, legal or arbitration proceedings related thereto.

The Controlling Shareholders will, however, not be liable under the Deed of Indemnity for taxation to the extent that:

(a) any provision, reserve or allowance has been made for such taxation liability in the audited accounts of any member of our Group for each of the three years ended 31 October 2017, 2018 and 2019;

(b) the taxation liability arises or is incurred as a result of a retrospective change in law or a retrospective increase in tax rates coming into force after the date of Deed of Indemnity;

(c) any provisions or reserve made for taxation in the audited accounts of our Group or any member of our Group up to 31 October 2019 which is finally established to be an over-provision or an excessive reserve then the amount of any such provision or reserve shall be applied to reduce the Controlling Shareholders' liability by an amount not exceeding such over-provision on excess reserve; or

(d) the taxation liability arises in the ordinary course of business of our Group after the Listing Date.

In the event that the Controlling Shareholders have indemnified our Group of any tax liability and payment arising from any additional assessment by any tax authority pursuant to the Deed of Indemnity referred to above, our Company shall disclose such fact and relevant details by way of an announcement immediately after the payment of indemnification by the Controlling Shareholders.

The Controlling Shareholders have also undertaken to indemnify our Group against any costs, expenses, claims, liabilities, penalties, losses or damages incurred or suffered by our Group arising from or in connection with the non-compliance as referred to in the paragraph headed "Business – Legal Compliance" in this prospectus.

The Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands is likely to fall on our Group.

2. Litigation

Except as disclosed in this prospectus, as at the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial condition.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued as mentioned in this prospectus and any Shares which may be issued upon the exercise of the Over-allotment Option or and any Share which be issued pursuant to the exercise of any options granted under the Share Option Scheme.

The Sole Sponsor has confirmed to the Stock Exchange that it satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The fee payable by our Company to the Sole Sponsor to act as sponsor in relation to the Listing is HK$6.5 million, and the Sole Sponsor will be reimbursed for their expenses properly incurred in connection with the Share Offer.

4. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company were HK$33,540 and were paid by our Company.

5. Promoter

Our Company has no promoter for the purpose of the Listing Rules. Within the two years preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the Listing and the related transactions described in this prospectus.

6. Compliance Adviser

Our Company has appointed Titan Financial Services Limited as the compliance adviser upon Listing in compliance with Rule 3A.19 of the Listing Rules.

7. Qualifications of experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice in this prospectus are as follows:

Name	Qualifications
Titan Financial Services Limited	A licensed corporation under the SFO and permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants
Rosli Dahlan Saravana Partnership	Legal advisers as to Malaysian laws
Appleby	Legal advisers to our Company as to Cayman Islands laws
SHINEWING Risk Services Limited	Internal control consultant
SHINEWING Business Advisory Services Limited	Industry consultant

Name	Qualifications
AVISTA Valuation Advisory Limited	Property valuer
Deloitte Tax Services Sdn Bhd	Malaysian tax adviser

8. Consents of experts

Each of the parties listed in the preceding paragraph has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or opinion, and/or summary thereof (as the case may be) and/or references to their names included herein in the form and context in which they are respectively included.

9. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

10. Registration procedures

The principal register of members of our Company in the Cayman Islands will be maintained by Ocorian Trust (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited, our Hong Kong Branch Share Registrar. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Hong Kong Branch Share Registrar in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

11. No material adverse change

Save as disclosed in the paragraph headed "Financial Information – Recent Developments subsequent to the Track Record Period" in this prospectus, our Directors confirm that there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects of our Group or our subsidiaries since 31 October 2019 (being the date to which the latest audited consolidated financial statements of our Group were made up) and up to the Latest Practicable Date.

12. Taxation of holders of Shares

(a) Hong Kong

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred. Profits from dealings in the Shares derived by persons carrying on a business of trading or dealing in securities in Hong Kong arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

Under the present laws of the Cayman Islands, there is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) Consultation with Professional Advisers

Intending holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, our Directors or the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters, any of our/their respective affiliates, directors, supervisors, employees, agents or advisers or any other parties involved in the Share Offer accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

13. Miscellaneous

Except as otherwise disclosed in this prospectus:

(a) within the two years immediately preceding the date of this prospectus:

   (i) no share or loan capital of our Company or of any of our principal operating subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

   (ii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries and no commission has been paid or is payable in connection with the issue or sale of any capital of our Company or any of our subsidiaries; and

(iii) no commission has been paid or is payable (except commissions to underwriters) for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any Shares in our Company or any of our subsidiaries;

(b) no founder, management or deferred shares or any debentures of our Company have been issued or agreed to be issued;

(c) no share or loan capital of our Company or any of our consolidated subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(d) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this prospectus;

(e) none of the parties (except in connection with the Underwriting Agreements) listed in the paragraph headed "G. Other information – 7. Qualifications of experts" in this appendix:

(i) is interested legally or beneficially in any securities of any member of our Group; or

(ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

(f) our Company and our subsidiaries do not have any debt securities issued or outstanding, or authorised or otherwise created but unissued, or any term loans whether guaranteed or secured as at the Latest Practicable Date;

(g) no company within our Group is presently listed on any stock exchange or traded or any trading system;

(h) our Group has no outstanding convertible debt securities;

(i) the English text of this prospectus shall prevail over the Chinese text; and

(j) there are no arrangements under which future dividend are waived or agreed to be waived.

14. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were (i) copies of the Application Forms; (ii) copies of each of the material contracts referred to in the paragraph headed "Statutory and General Information – C. Further Information about Our Business – 1. Summary of material contracts" in Appendix V to this prospectus; and (iii) the written consents referred to in the paragraph headed "Statutory and General Information – G. Other Information – 8. Consents of experts" in Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Wong, Wan & Partners in Association with Seyfarth Shaw at Suite 3701, 37th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum of Association and the Articles;

(b) the Accountant's Report of our Group from Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus;

(c) the report on the unaudited pro forma financial information of our Group from Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this prospectus;

(d) the audited consolidated financial statements of our Group for FY2017, FY2018 and FY2019;

(e) the property valuation report prepared by AVISTA Valuation Advisory Limited in respect of the property interests held by our Group, the text of which is set out in Appendix III to this prospectus;

(f) the letter of advice prepared by Appleby, our legal advisers as to Cayman Islands laws, summarising certain aspects of the Companies Law referred to in Appendix IV to this prospectus;

(g) the legal opinion as to Malaysian laws prepared by Rosli Dahlan Saravana Partnership, our Malaysian Legal Advisers, in respect of certain matters of our Group;

(h) the advice letter prepared by Deloitte Tax Services Sdn Bhd, our Malaysian tax advisor, in respect of certain Malaysian tax issues of our Group;

(i) the Industry Report prepared by SHINEWING Business Advisory Services Limited, our industry consultant;

(j) the report on internal control review prepared by SHINEWING Risk Services Limited, our internal control consultant;

(k) the Companies Law;

(l) the material contracts referred to in the paragraph headed "Statutory and General Information – C. Further Information about Our Business – 1. Summary of material contracts" in Appendix V to this prospectus;

(m) the written consents referred to in the paragraph headed "Statutory and General Information – G. Other Information – 8. Consents of experts" in Appendix V to this prospectus;

(n) the service agreements and letters of appointment referred to in the paragraph headed "Statutory and General Information – D. Further Information about our Directors, Chief Executive and Substantial Shareholders – 2. Particulars of Directors' service contracts and letter of appointment" in Appendix V to this prospectus;

(o) the rules of the Share Option Scheme; and

(p) this prospectus.

RIMBACO GROUP GLOBAL LIMITED