



RIMBACO GROUP GLOBAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1953



2022
ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Low Seah Sun (*Chairman*)
Mr. Low Wui Linn (*Chief Executive Officer*)
Ms. Seah Peet Hwah
Mr. Cheang Wye Keong
Mr. Lau Ah Cheng

Non-executive Director

Mr. Tong Kai Tak

Independent Non-executive Directors

Mr. Ng Kok Seng
Mr. Wong Chi Wai
Ms. Yeo Chew Yen Mary

COMPANY SECRETARY

Ms. Lam Yuen Ling Eva

AUDIT COMMITTEE

Mr. Wong Chi Wai (*Chairman*)
Mr. Ng Kok Seng
Ms. Yeo Chew Yen Mary

REMUNERATION COMMITTEE

Ms. Yeo Chew Yen Mary (*Chairwoman*)
Ms. Seah Peet Hwah
Mr. Wong Chi Wai

NOMINATION COMMITTEE

Mr. Low Seah Sun (*Chairman*)
Mr. Ng Kok Seng
Mr. Wong Chi Wai

AUTHORISED REPRESENTATIVES

Mr. Low Seah Sun
Ms. Lam Yuen Ling Eva

REGISTERED OFFICE

Windward 3, Regatta Office Park
PO Box 1350
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

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6–8 Harbour Road, Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

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Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

AUDITOR

SHINEWING (HK) CPA Limited

Certified Public Accountant
17/F, Chubb Tower, Windsor House
311 Gloucester Road
Causeway Bay, Hong Kong

LEGAL ADVISER

As to Hong Kong law

Seyfarth Shaw

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The Landmark
15 Queen's Road Central
Central
Hong Kong

PRINCIPAL BANKERS

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8th Floor Bangunan KWSP
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Bandar Seberang Jaya
13700 Seberang Jaya
Pulau Pinang
Malaysia

OCBC Bank (Malaysia) Berhad

36 Lebu Pantai
10300 Pulau Pinang
Malaysia

STOCK CODE

1953

WEBSITE

www.rimbaco.com.my



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Rimbaco Group Global Limited (the "Company") and its subsidiaries (the "Group"), I am pleased to present the annual report and our audited financial statements of the Group for the year ended 31 October 2022 ("FY2022").

With economic activities beginning to return to normal during the first half of FY2022, the construction industry continues to face challenges due to labour shortage, rising logistic cost, and material cost.

The spilled over effect from COVID-19 has prolonged some of our on-going project duration which resulted in higher project preliminaries and staff cost.

Amidst the prevailing economic situation and difficult time, the Group recorded a higher revenue of approximately RM 475.6 million for FY2022 as compared to RM282.1 million in FY2021, an increase of approximately RM193.5 million or 68.6%. Despite the higher revenue, the Group recorded a lower profit after tax of approximately RM0.2 million for FY2022 as compared to RM12.8 million in FY2021 representing a decrease of approximately RM12.6 million or 98.4% due to increase in cost of sales. A more detailed elaboration on the Group financial performance is set out in the Management Discussion and Analysis section of this report.

OUTLOOK AND PROSPECTS

With the world learning to coexist with COVID-19, social restrictions have eased in many countries, leading to a rebound in domestic activities and a resumption of international travel. Whilst this may work well for economic recovery, the Board remains vigilant but cautious in facing challenges that may arise from Russia-Ukraine war, rising fuel prices, disruption to supply chain, escalating raw material prices and increase in labour cost and other market uncertainties. In addition, increasing recession risks, and the potential of an energy crisis from the Russia-Ukraine war, the International Monetary Fund and World Bank reduced their global economic growth forecasts for 2022 to 3.2% and 2.9%, respectively.

We will continue to be prudent in managing our business operations and financial resources and maximise our business potential during this challenging time.

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to our valued customers, business partners, shareholders, subcontractors and suppliers for your continued supports. A sincere note of appreciation is also extended to the management team and all employees of the Group for your hard work and dedication.

Low Seah Sun
Chairman

Malaysia
19 January 2023



MANAGEMENT DISCUSSION AND ANALYSIS

The Board hereby announces the audited annual consolidated results of the Group for FY2022, together with the comparative audited figures for the year ended 31 October 2021 ("FY2021"). All amounts set out in this report are presented in Malaysian Ringgit ("RM") unless otherwise indicated.

BUSINESS REVIEW

The Group is mainly involved in the building construction industry in Malaysia through its wholly-owned subsidiary, Rimbaco Sdn Bhd. ("Rimbaco"). Rimbaco is 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; (ii) institutional, commercial and/or residential buildings such as private hospitals, hotels, shopping malls, high-rise residential buildings and commercial/residential complex; and (iii) infrastructure works. Rimbaco also undertakes small-scale ancillary construction works, including but not limited to renovation works, repair works and electrical works.

During FY2022, the Group completed 7 construction projects with an aggregate contract sum of approximately RM503.3 million of which 5 were factory projects and 2 were institutional & commercial projects.

The following table sets out details of the projects completed by the Group during FY2022:

No.	Name	Description of works	Completion date	Contract sum (RM'000)
1	Eco Medi Upgrading car park	Factory	15 December 2021	1,065
2	Eco Medi PT6030 Ancillary	Factory	31 December 2021	23,521
3	12-storey Hospital	Institutional	20 April 2022	272,499
4	Osram – Piling work	Factory	22 April 2022	20,156
5	Eco Medi Block B	Factory	15 July 2022	14,617
6	Boston P2	Factory	25 August 2022	101,411
7	1 Block school Building	Institutional	10 September 2022	70,076
				503,345

As at 31 October 2022, the Group had 9 building construction projects in progress with an aggregate contract sum of approximately RM984.7 million of which 6 were factory projects, 1 was infrastructure project and 2 were institutional, commercial and/or residential projects.



MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out of building construction projects which remained ongoing as at 31 October 2022:

No.	Description of works	Approximate Contract sum (RM'000)
1	Commercial: 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 30-storey service apartment	518,597
2	Residential: Design and construction of high-rise residential building with 500 flats	84,718
3	Factory: Construction one factory building consist of 10 level car park and production room	82,413
4	Factory: Construction of one block of manufacturing plant (Block G)	11,950
5	Infrastructure: Pipeline & Reservoir Works	250,864
6	Factory: Earthworks and piling work for 1 factory building	6,800
7	Factory: Foundation work for 1 factory building (Block C – Foundation)	9,559
8	Factory: External work for 1 factory building (Block C – Ext)	4,559
9	Factory: construction one block of chemical store (Block C)	15,281
		984,741

During FY2022, the Group submitted 11 tenders for factory projects, 5 tenders for institutional and commercial projects and 1 tender for infrastructure project. The Group was awarded 5 factory and 1 infrastructure project with an aggregate contract sum of approximately RM319.1 million.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately RM193.5 million, or 68.6%, from approximately RM282.1 million for FY2021 to approximately RM475.6 million for FY2022. Such increase was mainly due to completion of a few factory projects and institutional and commercial projects.

	Year ended 31 October		2021	
	2022 Revenue (RM'000)	% of total revenue	Revenue (RM'000)	% of total revenue
Factory projects	212,029	44.6	75,501	26.8
Institutional, commercial and/or residential projects	257,360	54.1	205,217	72.7
Infrastructure project	4,771	1.0	–	–
Others	1,405	0.3	1,357	0.5
	475,565	100	282,075	100

During FY2022, the revenue attributable to factories and institutional, commercial and/or residential buildings amounted to approximately RM212.0 million and approximately RM257.4 million (FY2021: approximately RM75.5 million and approximately RM205.2 million), respectively, representing approximately 44.6% and 54.1% (FY2021: approximately 26.8% and 72.7%), of the total revenue of the Group.

As at 31 October 2022, the Group had an outstanding order book of approximately RM416.3 million (31 October 2021: approximately RM616.2 million).

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately RM20.4 million, or 80.6%, from approximately RM25.3 million for FY2021 to approximately RM4.9 million for FY2022. The decrease in gross profit margin of approximately 9.0% in FY2021 to approximately 1.0% in FY2022 was mainly due to the increase in cost of sales as a result of (i) the increase in labour cost and sub-contracting cost due to market shortage of construction workers, (ii) additional project preliminaries and staff cost due to prolonged contract duration brought on by the pandemic and world inflation, (iii) increase in material price, and (iv) Provision for onerous contract.

Other Income, Gain and Loss

The Group's other income, gain and loss increased from approximately RM0.5 million for FY2021 to approximately RM2.1 million for FY2022 which was mainly due to bank interest received from fixed deposits and current account and profit on disposal of places of machineries.

Administrative and Other Expenses

The Group's administrative and other expenses increased by approximately RM0.7 million or 10.1% from approximately RM6.9 million for FY2021 to approximately RM7.6 million for FY2022, which was mainly due to project completion and staff cost charged to administrative expenses.



MANAGEMENT DISCUSSION AND ANALYSIS

Finance Costs

The Group's finance costs decreased by approximately RM0.098 million from approximately RM0.1 million for FY2021 to approximately RM0.002 million for FY2022 which was mainly due to completion of lease tenure in FY2022.

Income Tax Expense

The Group's income tax expense decreased from approximately RM4.9 million for FY2021 to approximately RM0.8 million for FY2022 which was mainly due to decrease in taxable profit for FY2022.

Profit Attributable to the Owners of the Company

As a result of the foregoing, the Group reported profit attributable to owners of the Company of approximately RM0.2 million for FY2022, representing a decrease of approximately RM12.6 million or 98.4% as compared to approximately RM12.8 million for FY2021.

FUTURE PROSPECTS

As the global economy recovers, inflation is projected to rise due to high energy and commodity prices, as well as ongoing disruptions in global supply chains. Since February 2022, the military conflict in Ukraine has introduced significant uncertainty to global markets. Hence, the inflationary pressure has urged most central banks to tighten monetary policies, leading to weaker private consumption and household purchasing power. These challenges may linger on and are anticipated to continue affecting growth in 2023.

Malaysia Ministry of Finance in its economic outlook 2023 reported that the economy of Malaysia was expanded by 6.9% in the first half of FY2022 underpinned by favourable momentum in the domestic economy and steady expansion in the external sector, as well as continued improvement of the labour market conditions. The strong performance is expected to sustain, backed by an increase in private consumption and business activities as the economy transitions to endemicity phase of COVID-19 with the surging tourist arrivals. The growth prospects have been supported by the resumption of economic and social activities and improvement in international travel activities following the relaxation of COVID-19 restrictions regionally. With better prospects as indicated by the leading index, the economy is anticipated to gain its growth momentum in the second half of the year attributed to strong domestic demand as the country transitions into endemicity. For FY2022, the economic growth is expected to register a higher growth within the range of 6.5%–7%. The domestic economy remains resilient and is forecast to expand between 4%–5% in 2023 driven by the domestic demand. Nevertheless, the pace of economic recovery is also dependent on other factors, including successful containment of the pandemic, support for cost of living and efforts in mitigating the downside risks such as geopolitical uncertainties, global inflation as well as tightening financial conditions.

Moving forward, the Group will continue to focus on project implementation and execution to ensure quality works are delivered on time. Amidst uncertainties in the economy and the increase in major building material prices and rising labour cost, the Group will remain committed and focused to perform resiliently in the coming financial year and continue to seek growth opportunities in the order book to ensure sustainable earnings in the coming year. In addition to the Group's strong cash reserve and stringent cost control measures, we are optimistic of overcoming this difficult time.

LIQUIDITY AND FINANCIAL RESOURCES

Gearing ratio of the Group (calculated by dividing the total debts (lease liabilities) by total equity and multiplied by 100%) decreased from approximately 0.5% as at 31 October 2021 to approximately 0.0% as at 31 October 2022, which was mainly due to minimal debt of the Group.



MANAGEMENT DISCUSSION AND ANALYSIS

During FY2022, the Group maintained a healthy liquidity position with working capital being financed through cash generated from financing activities. As at 31 October 2022, the Group's bank balances and cash was approximately RM97.8 million (31 October 2021: approximately RM42.6 million) and the Group's restricted bank deposits was approximately RM10.7 million (31 October 2021: approximately RM12.9 million). The Directors consider the level of cash balances to be reasonable, which would enable the Company to maintain its liquidity position in settling the progress payments on time to subcontractors and enhance its position as main contractor's competitiveness despite the outbreak of COVID-19.

As at 31 October 2022, the current ratio of the Group was approximately 2.1 times (31 October 2021: approximately 2.0 times).

The Group's principal use of cash is mainly for payments to suppliers, subcontractors and working capital needs.

Capital Structure

As at 31 October 2022, the capital structure of the Group consisted of equity of approximately RM156.2 million (31 October 2021: approximately RM167.1 million) and bank borrowings of Nil (31 October 2021: Nil) as more particularly described in the paragraph headed "Borrowings" below.

Borrowings

As at 31 October 2022, the Group did not have any outstanding bank borrowings. The unutilised facility for bank overdraft amounted to approximately RM500,000 (31 October 2021: approximately RM500,000).

The Directors confirmed that the Group had neither experienced any difficulties in obtaining or repaying its bank borrowings, nor breached any major covenant or restriction of the Group's facilities up to the date of this report. There are no material covenants related to the Group's outstanding debts that would materially limit its ability to undertake additional debt or equity financing.

Net Current Assets

The Group's net current assets decreased by approximately RM6.8 million, or 4.6%, from approximately RM146.5 million as at 31 October 2021 to approximately RM139.7 million as at 31 October 2022, which was a combined effect of the decrease in trade and other receivables of approximately RM30.1 million, decrease in contract assets of approximately RM50.8 million, increase in tax recoverable of approximately RM1.0 million, decrease in restricted bank deposits of approximately RM2.2 million, increase in bank balances and cash of approximately RM55.2 million, increase in trade, bills and other payables of approximately RM26.8 million, decrease in contract liabilities of approximately RM47.9 million and decrease in lease liabilities of approximately RM0.8 million. The Board regularly reviews the maturity analysis of the Group's contractual liabilities and concludes that there is no liquidity issue that may cast significant doubt on the Company's ability to continue as a going concern.

Capital Expenditures

The Group's capital expenditures principally consisted of expenditures on acquisitions of property, plant and equipment related to operations, which were funded by the Group's internal resources and finance lease arrangement.

During FY2022, the Group did not make any material capital expenditures and the Group expects to fund its planned capital expenditures principally through net proceeds from listing.



MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no acquisition or disposal of subsidiaries, associates or joint ventures during FY2022. There was no future plan for material investments or capital assets as at 31 October 2022.

SIGNIFICANT EVENT DURING FY2022

Proposal for the sale of 75% of the issued shares of the Company

The Board was informed by RBC Venture Limited (the “Vendor”, a controlling shareholder of the Company holding 945,000,000 shares of the Company, representing 75% of the issued shares of the Company (the “Shares”) as at 10 August 2022) that, among other things, on 8 August 2022 (after trading hours), a memorandum of understanding (the “Memorandum”) was entered into between the Vendor and Zhaixiaobai International Holding Co., Limited (“Zhaixiaobai”), pursuant to which the Vendor shall sell, and Zhaixiaobai shall purchase, 945,000,000 Shares (the “Possible Transaction”). The Possible Transaction, if materialised, would have led to a change in control of the Company and a mandatory general offer for all the issued Shares (other than those already owned by or agreed to be acquired by Zhaixiaobai or parties acting in concert with it) will be triggered under Rule 26 of The Codes on Takeovers and Mergers and Share Buy-backs. Pursuant to the Memorandum, among other things, (i) a non-refundable deposit in the amount of HK\$20 million (the “Deposit”) shall be payable by Zhaixiaobai to the Vendor on or before 19 August 2022 (the “Deposit Payment Date”); and (ii) the parties to the Memorandum will use reasonable effort to negotiate and enter into a formal sale and purchase agreement (the “Formal Agreement”) on or before 17 November 2022 (or such later date as may be agreed in writing between the Vendor and Zhaixiaobai), failing which the Memorandum will lapse and each party shall have no claim against the other, save as regards antecedent breaches. If the parties proceed with the Possible Transaction, the Deposit can be used to satisfy part of the consideration to be paid by Zhaixiaobai under the Possible Transaction. Please refer to the announcement of the Company dated 10 August 2022 for details.

The Board was informed by the Vendor that, among other things, (i) on 19 August 2022, the Vendor and Zhaixiaobai entered into a deed (the “Deed”), pursuant to which the Vendor and Zhaixiaobai had agreed to extend the Deposit Payment Date to 31 August 2022; (ii) on 31 August 2022, the Vendor and Zhaixiaobai entered into a deed (the “2nd Extension Deed”, together with the Deed, the “Extension Deeds”), pursuant to which the Vendor and Zhaixiaobai had agreed to further extend the Deposit Payment Date to 15 September 2022; and (iii) that the non-refundable Deposit in the amount of HK\$20 million had been fully paid by Zhaixiaobai pursuant to the Memorandum (as amended and supplemented by the Extension Deeds). Please refer to the announcements of the Company dated 19 August 2022, 31 August 2022, 30 September 2022 and 31 October 2022 for details.

SIGNIFICANT INVESTMENT HELD

The Group did not hold any significant investment (except for its subsidiaries) during FY2022.

CONTINGENT LIABILITY

Save as disclosed in note 26 to the consolidated financial statements of this report, the Group had no contingent liabilities as at 31 October 2022.

CREDIT RISK

Trade receivables and contract assets

The Group’s credit risk is primarily attributable to trade receivables and contract assets. The Group’s exposure to credit risk is influenced mainly by the characteristics of each and individual customer, therefore significant concentrations of the credit risk primarily arise when the Group had significant exposure to individual customers. As at 31 October 2022, approximately 7.6% (31 October 2021: 19.6%) of the total gross trade receivables and contract assets was due from the Group’s largest customer and approximately 71.9% (31 October 2021: 77.1%) of the Total gross trade receivables and contract assets were due from the Group’s top five Customers.



MANAGEMENT DISCUSSION AND ANALYSIS

Individual credit evaluations are based on the provision of the matrix and taking into account the monthly aging in the past 3 years, in which loss rate is determined by the probability of default, loss given rate, forward-looking factor and existing market conditions.

In general, the Group also consider the past settlement trend of the customer and assess the customer's financial ability to pay and external credit rating, where applicable.

PLEDGE OF ASSETS

As at 31 October 2022, restricted bank deposits of approximately RM10.7 million (31 October 2021: approximately RM12.9 million) have been pledged to banks as security for banking facilities granted to the Group with approximately RM14.1 million (31 October 2021: approximately RM34.3 million) related to Group's performance bond.

For contracts awarded, the Group's 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 and such performance bonds are generally released after the issuance of Certificate of Practical Completion or completion of the defect liability period.

CAPITAL COMMITMENTS

As at 31 October 2022, the Group did not have any capital commitments (31 October 2021: Nil).

FOREIGN EXCHANGE EXPOSURE

The functional currency of the Group's operation, asset and liabilities are denominated in RM. Therefore, the Group is not exposed to significant foreign exchange risk and has not employed any financial instrument for hedging.

TREASURY POLICIES

The Group's financing and treasury activities are centrally managed and controlled at the corporate level. Bank borrowing of the Group are all denominated in RM and have been arranged on a floating-rate basis. It is the Group's policy not to enter into derivative transactions for speculative purposes.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 October 2022, the Group's workforce stood at 158 employees, 119 were Malaysian workers and 39 were foreign workers. As at 31 October 2021, the Group had 189 employees, 147 were Malaysian workers and 42 were foreign workers.

Total staff costs (excluded directors' emoluments) increased by approximately RM1.2 million from RM14.8 million during FY2021 to RM16.0 million during FY2022 which was mainly due to payment of incentive to project staff for completed profitable projects and increase in salary and meal allowance for employees.

The Group believes that on-going and continuous development of its employees is critical to its success. The Group provides its 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. The Group entered into separate labour contracts with each of its employees in accordance with the applicable labour laws of Malaysia. The remuneration offered to employees generally includes salaries and bonuses. In general, the Group determines salaries of its employees based on each employee's qualification, position and performance.

The Group has adopted a share option scheme which became effective on 28 April 2020 to enable the Board to grant share options to eligible participants giving them an opportunity to have a personal stake in the Company. No share options were granted, exercised, cancelled or lapsed by the Group under the share option scheme since its adoption.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM LISTING

On 28 April 2020, the issued shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). A total of 315,000,000 ordinary shares were issued to the public at a price of HK\$0.40 per share for net proceeds of approximately HK\$73.5 million (approximately RM38.7 million) (Note) after the deduction of related listing expenses. These proceeds were utilised in accordance with the proposed allocation set out in the prospectus of the Company dated 14 April 2020 (the "Prospectus").

Note: The net proceeds allocated for each specific use have been adjusted proportionally in the manner as stated in the Prospectus due to the difference between the estimated net proceeds and the actual net proceeds received.

Set out below are details of the allocation of the net proceeds, the utilised amount of the net proceeds during FY2022:

Use of Net Proceeds	Approximate Percentage of Total Amount	Approximate Actual Net Proceeds HK\$'000	Approximate Amount utilized as at 31 October 2021 HK\$'000	Approximate Amount utilized during FY2022 HK\$'000	Approximate Unused Net Proceeds HK\$'000
Strengthening capital base for potential building projects	39.3%	28,924	13,147	–	15,777
Acquisition of machinery & equipment	31.2%	22,972	855	–	22,117
Acquisition of land and construct a warehouse	6.5%	4,781	–	–	4,781
Collateral for banking facilities and funding for sinking fund	6.1%	4,512	4,512	–	–
Expansion of workforce to support business expansion	5.3%	3,892	3,892	–	–
Set up branch office in Kuala Lumpur	2.0%	1,450	–	–	1,450
Working capital and other general corporate purpose	9.6%	6,981	6,981	–	–
	100%	73,512	29,387	–	44,125

As at the end of FY2022, the amount of the net proceeds which remained unutilised amounted to approximately HK\$44.1 million and have been deposited in licensed banks.

SIGNIFICANT SUBSEQUENT EVENT AFTER FY2022

The Company was informed by the Vendor that no Formal Agreement nor any definitive or legally binding agreement had been entered into between the Vendor and Zhaixiaobai as at 17 November 2022. Accordingly, the Memorandum had lapsed on 17 November 2022 and the non-refundable Deposit in the amount of HK\$20 million paid by Zhaixiaobai to the Vendor had been forfeited pursuant to the Memorandum. Following the termination of the Memorandum, the Memorandum (except clauses relating to the Deposit, confidentiality, severability, dispute resolution, entire understanding, termination, third parties and counterparts) shall be of no further effect whatsoever and no party to the Memorandum shall have any claim whatsoever against any other party in connection therewith except for any antecedent breaches.



DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Low Seah Sun (“Mr. Low”), aged 72, is a co-founder of the Group, a controlling shareholder, an executive Director, the chairman of the board of Directors and the chairman of the nomination committee of the Company. Mr. Low was appointed as a Director on 28 February 2019 and was re-designated as an executive Director on 6 September 2019. Mr. Low is also a director of all of the subsidiaries of the Group. He is responsible for the overall management, strategic planning and business direction of the Group.

Mr. Low has over 38 years of experience in the construction business. In October 1985, he co-founded Rimbaco Sdn. Bhd. (“Rimbaco”), an indirectly wholly-owned subsidiary of the Company, 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 Sdn. Bhd., an indirectly wholly-owned subsidiary of the Company, since September 2001. Mr. Low did not receive tertiary or secondary education.

Mr. Low is the father of Mr. Low Wui Linn, an executive Director and the chief executive officer of the Company.

Mr. Low is a shareholder of several companies while each of Ms. Seah Peet Hwah, Mr. Cheang Wye Keong and Mr. Lau Ah Cheng is also the shareholder of those companies.

Mr. Low is a director of RBC Venture Limited, a substantial shareholder of the Company.

Mr. Low Wui Linn (“Mr. William Low”), aged 42, is an executive Director and the chief executive officer of the Company. Mr. William Low was appointed as a Director on 28 February 2019 and was re-designated as an executive Director on 6 September 2019. He is responsible for the overall business development and general operation of the Group.

Mr. William Low has over 17 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.



DIRECTORS AND SENIOR MANAGEMENT

Ms. Seah Peet Hwah (“Ms. Seah”), aged 63, is a controlling shareholder, an executive Director and a member of the remuneration committee of the Company. Ms. Seah was appointed as a Director on 28 February 2019 and was re-designated as an executive Director on 6 September 2019. Ms. Seah is also a director of all of the subsidiaries of the Company. She is responsible for overseeing the financial and administrative aspects of the Group.

Ms. Seah has over 34 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 Sdn. Bhd., an indirectly wholly-owned subsidiary of the Company, 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 is a shareholder of several companies while each of Mr. Low, Mr. Cheang Wye Keong and Mr. Lau Ah Cheng is also the shareholder of those companies.

Ms. Seah is a director of RBC Venture Limited, a substantial shareholder of the Company.

Mr. Cheang Wye Keong (“Mr. Cheang”), aged 65, is a controlling shareholder and an executive Director. Mr. Cheang was appointed as a Director on 28 February 2019 and was re-designated as an executive Director on 6 September 2019. He is responsible for overseeing and managing the technical aspects of the Group.

Mr. Cheang has over 35 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 Sdn. Bhd., an indirectly wholly-owned subsidiary of the Company, since September 2001. Mr. Cheang obtained the higher school certificate (form 6) from the Methodist Boys School Penang in Malaysia in 1977.

Mr. Cheang is a shareholder of several companies while each of Mr. Low, Ms. Seah and Mr. Lau Ah Cheng is also the shareholder of those companies.

Mr. Cheang is a director of RBC Venture Limited, a substantial shareholder of the Company.



DIRECTORS AND SENIOR MANAGEMENT

Mr. Lau Ah Cheng (“Mr. Lau”), aged 66, is a controlling shareholder and an executive Director. Mr. Lau was appointed as a Director on 28 February 2019 and was re-designated as an executive Director on 6 September 2019. He is responsible for the logistics and equipment maintenance of the Group.

Mr. Lau has over 35 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 Sdn. Bhd., an indirectly wholly-owned subsidiary of the Company, since September 2001. Mr. Lau did not receive tertiary or secondary education.

Mr. Lau is a shareholder of several companies while each of Mr. Low, Ms. Seah and Mr. Cheang is also the shareholder of those companies.

Mr. Lau is a director of RBC Venture Limited, a substantial shareholder of the Company.

NON-EXECUTIVE DIRECTOR

Mr. Tong Kai Tak (“Mr. Tong”), aged 34, was appointed as a non-executive Director on 1 March 2022. Mr. Tong has extensive experience in investment banking and corporate finance fields, including handling initial public offering, merger and acquisition, compliance works of listed companies and financial advisory and fund raising activities.

Mr. Tong obtained a Bachelor of Business Administration from Hong Kong Shue Yan University in July 2013. Mr. Tong is the vice president and responsible officer of Advent Corporate Finance Limited since February 2021. Mr. Tong held a senior position in Titan Financial Services Limited from December 2018 to January 2021, with the last position as responsible officer. He had worked in CLC International Limited from June 2016 to December 2018, with the last position as executive, primarily responsible for the execution of initial public offering projects and compliance works of listed companies. Mr. Tong also worked in BMI Professional Training Centre Limited from August 2013 to May 2016, with the last position as business development officer. Mr. Tong is a member of Project Management Institute and a life associate member of The Hong Kong Independent Non-Executive Director Association.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Kok Seng (“Mr. Ng”), aged 72, was appointed as an independent non-executive Director, a member of the audit committee and a member of the nomination committee of the Company on 31 March 2020. Mr. Ng is primarily responsible for supervising the management of the Group independently.

Mr. Ng has over 37 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.



DIRECTORS AND SENIOR MANAGEMENT

Mr. Wong Chi Wai (“Mr. Wong”), aged 39, was appointed as an independent non-executive Director, the chairman of the audit committee, a member of the nomination committee and a member of the remuneration committee of the Company on 31 March 2020. Mr. Wong is primarily responsible for supervising the management of the Group independently.

Mr. Wong has over 15 years of experience in financial control, accounting and corporate governance practices and procedures in Hong Kong. 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. He worked at Lumina Group Limited, a company listed on the Stock Exchange (Stock Code: 1162) from May 2016 to September 2021 as financial controller and company secretary.

Mr. Wong is currently the company secretary of Beng Soon Machinery Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1987).

Mr. Wong obtained a bachelor of business administration degree (Honours) in accountancy from City University of Hong Kong in November 2007. He has registered as a member of the Hong Kong Institute of Certified Public Accountants since January 2012 and as a member of the Institute of Chartered Accountants in England and Wales since February 2021. He has registered as a Certified Public Accountant (Practising) in Hong Kong since January 2018 and an ICAEW Chartered Accountant since February 2021.

Ms. Yeo Chew Yen Mary (“Ms. Yeo”), aged 64, was appointed as an independent non-executive Director, the chairwoman of the remuneration committee and a member of the audit committee of the Company on 31 March 2020. Ms. Yeo is primarily responsible for supervising the management of the Group independently.

Ms. Yeo has over 39 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 has been an independent non-executive director of Vitrox Corporation Berhad, a company listed in the stock exchange of Malaysia (Bursa Malaysia) since 1 April 2018.

Ms. Yeo obtained a bachelor of laws degree from University of Canterbury, New Zealand and completed her Professional Legal Studies Course in 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.



DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Ms. NG Seow Too (“Ms. Ng”), aged 65, has been our financial controller since May 2020. She is primarily responsible for overseeing the Group’s accounting and taxation matters.

Ms. Ng has over 20 years of experience in the accounting field. Ms. Ng served as a senior finance manager of Rimbaco since October 2016 and 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.

Mr. CHEW Haw Gi (“Mr. Chew”), aged 43, has been our senior project manager since July 2015. He is primarily responsible for overseeing the 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 17 years of experience in the construction industry. Prior to joining the 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.

Ms. CHIEW Cheng Yee (“Ms. Chiew”), aged 40, 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 the 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 the Group.

Ms. Chiew has over 14 years of experience in the construction industry. Prior to joining the 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.



CORPORATE GOVERNANCE REPORT

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Corporate Governance Practices

The Board recognises the importance of good corporate governance in management and internal procedures so as to achieve effective accountability and to protect and enhance shareholders' value. Committed to upholding good corporate standards and procedures in the best interests of its shareholders, the Company has adopted the preceding code provisions as previously set out in the Corporate Governance Code and Corporate Governance Report to the Appendix 14 (the "Preceding CG Code") to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company has complied with all Preceding CG Code during FY2022.

On 1 January 2022, the amendments to the Corporate Governance Code (the "New CG Code") came into effect and the requirements under the New CG code will apply to corporate governance reports for financial year commencing on or after 1 January 2022. The Board will continue to review and enhance its corporate governance practice of the Company to ensure compliance with the New CG Code and align with the latest developments.

Chairman and Chief Executive Officer

Code provision A.2.1 of the Preceding CG Code specifies that the roles of chairman and chief executive officer (chief executive for the Preceding CG Code) should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer (chief executive for the Preceding CG Code) should be clearly established and set out in writing. During FY2022, the roles of the chairman and chief executive officer of the Company are separate and exercised by Mr. Low Seah Sun and Mr. Low Wui Linn, respectively.

Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in the Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by Directors throughout FY2022.

Board of Directors

The members of the Board for FY2022 were:

Executive Directors

Low Seah Sun (*Chairman*)

Low Wui Linn (*Chief Executive Officer*)

Seah Peet Hwah

Cheang Wye Keong

Lau Ah Cheng

Non-executive Director

Tong Kai Tak (appointed on 1 March 2022)

Independent Non-executive Directors

Ng Kok Seng

Wong Chi Wai

Yeo Chew Yen Mary

Responsibilities of the Board

The Board is responsible for the Group's corporate policy formulation, business strategies planning, business development, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specifically delegated by the Board to the management include the preparation of annual and interim accounts for Board approval before public reporting, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretary of the Company, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

Executive Directors, Non-executive Director and Independent Non-executive Directors

Each of the Directors' biographical information is set out on pages 13 to 17 of this report. All executive Directors have given sufficient time and attention to the affairs of the Group and each of them has sufficient experience to hold the position so as to carry out his duties effectively and efficiently. Save as disclosed under the heading "DIRECTORS AND SENIOR MANAGEMENT", there is no other relationship among the members of the Board.

The Company has appointed a non-executive Director, namely Mr. Tong Kai Tak, who has signed a letter of appointment with the Company for a term of three years commencing from 1 March 2022 and expiring on 28 February 2025.

During FY2022, the Board has at all times complied with rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules.

The Company has appointed three independent non-executive Directors who have appropriate and sufficient experience and qualification to carry out their duties so as to protect the interests of shareholders. At least one of the independent non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise. Each of them, namely Mr. Ng Kok Seng, Mr. Wong Chi Wai and Ms. Yeo Chew Yen Mary, has signed a letter of appointment with the Company for a term of three years commencing from 28 April 2020 and expiring on 27 April 2023.

The roles of the independent non-executive Directors are to provide independent and unbiased opinions to the Board and give adequate control and balances for the Group to protect the overall interests of the shareholders and the Group. The independent non-executive Directors are of sufficient caliber and free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment. They are able to provide impartial and professional advice to protect the interests of the minority shareholders of the Company.

Pursuant to the requirements of the Rule 3.13 of the Listing Rules, the Company has received from each of the independent non-executive Directors the written confirmation of his/her independence. Based on such confirmations of independence, the Company considers all of the independent non-executive Directors to be independent.



CORPORATE GOVERNANCE REPORT

Appointment and Re-election of Directors

Pursuant to article 108(a) of the articles of association of the Company (the “Articles of Association”), at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. In accordance with article 108(a) of the Articles of Association, Ms. Seah Peet Hwah, Mr. Cheang Wye Keong and Mr. Ng Kok Seng will retire from office as Directors by rotation at the forthcoming annual general meeting of the Company (the “AGM”), and being eligible, offer themselves for re-election at the AGM.

Board Meetings

Pursuant to code provisions of the Preceding CG Code, meetings of the Board should be held at least four times a year at approximately quarterly intervals and notice of at least 14 days should be given for a regular board meeting. Agendas and accompanying papers shall be sent not less than 3 days before the date of Board meeting to ensure that the Directors are given sufficient time to review the documents.

The Board met 4 times as meetings and 1 general meeting was held during FY2022.

Details of the attendance of the meetings of the Board are as follows:

	Attendance/ Number of General Meeting entitled to attend	Attendance/ Number of Board Meetings entitled to attend
<i>Executive Directors</i>		
Low Seah Sun	1/1	4/4
Low Wui Linn	1/1	4/4
Seah Peet Hwah	1/1	4/4
Cheang Wye Keong	1/1	4/4
Lau Ah Cheng	1/1	4/4
<i>Non-executive Director</i>		
Tong Kai Tak (appointed on 1 March 2022)	1/1	3/3
<i>Independent Non-Executive Directors</i>		
Ng Kok Seng	1/1	4/4
Wong Chi Wai	1/1	4/4
Yeo Chew Yen Mary	1/1	4/4

During FY2022, the management provided all members of the Board with monthly updates in accordance with the code provision C.1.2 of the Preceding CG Code.

Continuing Professional Development

According to the code provision A.6.5 of the Preceding CG Code, all directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the board remains informed and relevant. The Company would arrange and/or introduce some Director's training courses for the Directors to develop and explore their knowledge and skills.

The Directors confirmed that they have complied with the code provision A.6.5 of the Preceding CG Code on the Directors' training.

During FY2022, the Directors participated in the continuous professional developments in relation to regulatory update, the duties and responsibility of the Directors and the business of the Group in the following manner:

	Attended Seminars or Briefing/Read Materials
<i>Executive Directors</i>	
Low Seah Sun	✓
Low Wui Linn	✓
Seah Peet Hwah	✓
Cheang Wye Keong	✓
Lau Ah Cheng	✓
<i>Non-executive Director</i>	
Tong Kai Tak (appointed on 1 March 2022)	✓
<i>Independent Non-executive Directors</i>	
Ng Kok Seng	✓
Wong Chi Wai	✓
Yeo Chew Yen Mary	✓

Directors' and Officers' Liabilities

The Company has arranged for appropriate insurance covering the liabilities of the Directors that may arise out the corporate activities, which has been complied with the Preceding CG Code. The insurance coverage is revised on an annual basis.



CORPORATE GOVERNANCE REPORT

Remuneration Committee

The Company established a remuneration committee (the “Remuneration Committee”) on 31 March 2020 with written terms of reference in compliance with paragraph B1 of the Preceding CG Code. As at the date of this report, the Remuneration Committee is chaired by Ms. Yeo, and has two other members, namely Ms. Seah and Mr. Wong.

The latest terms of reference of the Remuneration Committee are posted on the websites of the Stock Exchange and the Company.

The primary duties of the Remuneration Committee include, but are not limited to, the following: (i) making recommendations to the Board on the 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 executive Directors and senior management; (iii) making recommendations to the Board on the remuneration of non-executive Directors; and (iv) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

The Remuneration Committee held 2 meetings during FY2022 to review the remuneration packages of all the Directors and senior management of the Company. Details of the attendance of the meetings of the Remuneration Committee are as follows:

Members	Attendance
Yeo Chew Yen Mary (<i>Committee Chairwoman</i>)	2/2
Seah Peet Hwah	2/2
Wong Chi Wai	2/2

Details of the remuneration payable to each Director for FY2022 are set out in note 10 to the consolidated financial statements.

Pursuant to the code provision B.1.5 of the Preceding CG Code, the remuneration of the senior management by band for FY2022 was set out below:

Within the band of	Number of individuals
Nil to RM1,000,000	3

Nomination Committee

The Company established a nomination committee (the “Nomination Committee”) on 31 March 2020 with written terms of reference in compliance with paragraph A5 of the Preceding CG Code. As at the date of this report, the Nomination Committee is chaired by Mr. Low, and has two other members, namely Mr. Ng and Mr. Wong.

The latest terms of reference of the Nomination Committee are posted on the websites of the Stock Exchange and the Company.

The primary duties of the 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 the Board on matters relating to the appointment of Director; and (iv) reviewing the board diversity policy (the “Board Diversity Policy”).

In designing the Board’s composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service and any other factors that the Board may consider relevant and applicable from time to time.

The Nomination Committee reviews the composition of the Board from diversified angles up to the date of this report and summarised as follows:

		No. of Directors
Gender:	Male	7
	Female	2
Ethnicity:	Chinese	2
	Malaysian	7
Age Group:	31–40	2
	41–50	1
	51–60	–
	61–70	4
	≥71	2
Length of Service (year):	<1	1
	1–10	8

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

1. The Company should comply with the requirements on board composition in the Listing Rules from time to time.
2. The number of independent non-executive Directors should be not less than three and one-third of the Board.
3. At least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise.
4. At least one Director should be the professional or have intensive experience of the industry on which the business of the Group is.

The Board has achieved the measurable objectives under the Board Diversity Policy for FY2022.



CORPORATE GOVERNANCE REPORT

Director's Nomination Policy

The Nomination Committee shall assist the Company in nominating suitable candidates to the Board. The Board shall make recommendations to the Company's shareholders on the appointment of Directors and succession planning for Directors.

The director's nomination policy sets out the key selection criteria, procedures and principles adopted by the Nomination Committee in making any such recommendations.

Selection Criteria

The Nomination Committee shall consider the following factors when assessing the suitability of a proposed candidate:

- (a) reputation for integrity;
- (b) accomplishment and experience in the business and industry;
- (c) commitment of the candidate to devote sufficient time and interest to carry out his/her duties;
- (d) diversity in all aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- (e) independence of the candidate;
- (f) for a proposed re-appointment of a Director, the number of years he/she has served the Company; and
- (g) other relevant factors considered by the Nomination Committee or the Board as appropriate.

Nomination Procedures

Subject to provisions in the memorandum of association and Articles of Association, if the Board recognises the need to appoint or re-appoint a Director, the following procedures should be followed:

- (a) the secretary of the Nomination Committee shall convene a meeting of the Nomination Committee, and invite nominations of candidates from the Board, if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee shall also be entitled to put forward candidates who are not nominated by the Board;
- (b) the Nomination Committee shall identify or select candidates recommended to the Nomination Committee pursuant to criteria set out above;
- (c) the Nomination Committee shall be entitled to use any process it deems appropriate to evaluate candidates, including but not limited to personal interviews, background checks, presentations or written submissions by candidates and third party references;
- (d) to fill casual vacancies, the Nomination Committee shall make recommendations for consideration and approval of the Board. To propose candidates to stand for election at a general meeting of the Company, the Nomination Committee shall make nominations for the Board's consideration and recommendation;



CORPORATE GOVERNANCE REPORT

- (e) the Board shall deliberate and decide on the appointment based on the recommendation of the Nomination Committee;
- (f) appointments of Directors should be confirmed by a letter of appointment or Director service agreement, as appropriate, setting out the key terms and conditions of the appointment of Directors;
- (g) pursuant to Rule 13.74 of the Listing Rules, where shareholders are required to vote on electing or re-electing Directors, the circular accompanying the notice of the relevant general meeting should include all information of the candidates required under Rule 13.51(2) of the Listing Rules;
- (h) a shareholder shall be entitled to serve a notice to the company secretary within the lodgment period of its intention to propose a resolution to elect a person as a Director, without recommendation of the Board or nomination of the Nomination Committee, other than those candidates set out in the shareholder circular. The particulars of the candidates proposed shall be sent to all shareholders for information by a supplementary circular;
- (i) a candidate shall be entitled to withdraw his/her candidature at any time before the general meeting by serving a notice, in writing, to the company secretary; and
- (j) the Board shall have the final decision on matters relating to its recommendation of candidates to stand for election at any general meeting.

Re-election of Director at General Meeting

The Nomination Committee shall review the overall contribution and service to the Company of the retiring director including his attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board.

The Nomination Committee shall also review and determine whether the retiring director continues to meet the criteria as set out above.

The Nomination Committee and/or the Board shall then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

The Nomination Committee held 1 meeting during FY2022 to review the structure, size and composition of the Board, assess the independence of independent non-executive Directors, make recommendations to the Board relating to the renewal services of independent non-executive Directors and to review the Board Diversity Policy. Details of the attendance of the meetings of the Nomination Committee are as follows:

Members	Attendance
Low Seah Sun (<i>Committee Chairman</i>)	1/1
Ng Kok Seng	1/1
Wong Chi Wai	1/1



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Audit Committee

The Company established an audit committee (the “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 Preceding CG Code. 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 has two other members, namely Mr. Ng Kok Seng and Ms. Yeo Chew Yen Mary. The audited consolidated results of the Group for FY2022 have been reviewed by the Audit Committee, who is of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

The latest terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

The primary duties of the Audit Committee include, but not limited to, the following: (i) assisting the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group; (ii) overseeing the audit process and performing other duties and responsibilities as assigned by the Board; (iii) developing and reviewing the policies and practices on corporate governance; (iv) making recommendations to the Board; and (v) ensuring that good corporate governance practices and procedures are established.

The Audit Committee held 3 meetings during FY2022 and the Audit Committee had performed the following works:

1. Financial Reporting

- reviewed the audited consolidated financial statements for the year ended 31 October 2021 in conjunction with the external auditor and the unaudited consolidated financial statements for the six months ended 30 April 2022;
- reviewed the accounting principles and practices adopted by the Group with the management of the Group;
- reviewed the auditing and financial reporting matters, including the key audit matters of the audited consolidated financial statements for the year ended 31 October 2021 which are set out in the annual report of the Company for the year ended 31 October 2021;
- reviewed the audit planning for FY2022 in conjunction with the external auditor of the Company;

2. External Auditor

- reviewed the re-appointment of external auditor of the Company and was satisfied with their work, their independence, and their objectivity, and therefore recommended the re-appointment of SHINEWING (HK) CPA Limited (which had indicated their willingness to continue in office) as the Group’s external auditor for shareholders’ approval in the 2022 annual general meeting;

3. Internal Audit

- reviewed the effectiveness of the internal audit function performed by independent professional adviser;



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4. Risk Management and Internal Controls

- reviewed the risk assessments and internal control report; and
- reviewed the effectiveness of risk management and internal control systems.

During FY2022, the Audit Committee met the Company's auditor two times. Details of the attendance of the meetings of the Audit Committee are as follows:

Members	Attendance
Wong Chi Wai (<i>Committee Chairman</i>)	3/3
Ng Kok Seng	3/3
Yeo Chew Yen Mary	3/3

The Group's unaudited consolidated interim results and audited consolidated annual results for FY2022 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made. The Audit Committee has also reviewed the audited consolidated financial statements for FY2022.

Auditor's Remuneration

The remuneration paid and payable to SHINEWING (HK) CPA Limited in respect of their audit and non-audit services were as follow:

Type of Services	2022 RM'000	2021 RM'000
Audit services	513	468
Non-audit services	–	–
	513	468



CORPORATE GOVERNANCE REPORT

Respective Responsibilities of Directors and Auditor

The Directors acknowledge their responsibility for the preparation of the financial statements of the Group. In preparing the financial statements, the generally accepted accounting standards in Hong Kong have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements. The Auditor's responsibilities are set out in the Independent Auditor's Report.

Corporate Governance Functions

According to code provision D.3 of the Preceding CG Code, the Board is responsible for performing the corporate governance duties of the Company. The Board has delegated the following duties and responsibilities for performing the corporate governance duties of the Company to the Audit Committee:

- to develop and review the Group's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Group's compliance with the corporate governance code as set out in the Listing Rules and disclosure in the corporate governance report in annual report of the Company.

During FY2022, the Audit Committee held 2 meetings to review the policies and practices of the Company relating to the Preceding CG Code. Details of the attendance of the Audit Committee are as follows:

Members	Attendance
Wong Chi Wai (<i>Committee Chairman</i>)	2/2
Ng Kok Seng	2/2
Yeo Chew Yen Mary	2/2

RISK MANAGEMENT AND INTERNAL CONTROL

The Group has established a risk register documented with the identified risks, relevant risk rating, mitigation plans/actions and the relevant key person in-charged (the "Risk Register"). Risk Register shall be reviewed and updated periodically to ensure that it remains relevant to the Group's ever-changing business environment.

Employees are required to comply with the SOPs to ensure proper execution of the internal control system. Internal control system should be reviewed annually to ensure its effectiveness.



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The Group has engaged an independent professional advisor (the “Internal Control Advisor”) to carry out the internal audit functions by performing an independent appraisal of the adequacy and effectiveness of the Group’s risk management and internal control systems.

The Internal Control Advisor is independent of the Group’s daily operation and carries out appraisal of the risk management and internal control systems by conducting interviews, walkthroughs and tests of operational effectiveness of the procedures, systems and controls established by the Group including various operational cycles of the Group such as the revenue and receipts, purchase and payments, project management, fixed assets and capital expenditure management, financial reporting, industrial safety and environmental protection, payroll and human resource management.

The Board, through its review and the review made by internal audit function and Audit Committee, concluded that the risk management and the internal control systems were effective and adequate. Such systems, however, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks and uncertainties to which the Group is subject are summarised as follows:

Compliance Risks

Ensure compliance with laws and regulations that Group’s exposure to potential legal liabilities during the course of business such as compliance with industry legislation as well as Listing Requirements are well managed. Hence, it is important to keep abreast with new regulations and assess their potential implication on the Group’s business operations.

Adopting stringent monitoring controls on environmental, safety and health which are of utmost importance to the business. Monitoring control and measures include clearly documented procedures, the delegation of duties and responsibilities, schedule of tasks and the implementation of control measures.

Financial Risk

Liquidity risk management processes which enable the Group effectively and efficiently manages its financial resources and meets its financial obligations and liquidity requirements.

Business Risks

Business risk management to identify the exposure of internal and external factors that may affect the Group from achieving its objectives. The key areas monitored is volatility of major material prices, labour market and other economic factors. The identified business risks are assessed and ranked based on their severity of consequences and likelihood of occurrence for seizing business opportunities and mitigating actions to be taken.

IT network and information systems are secured and safeguarded with preventive measures such as system back-up recovery, antivirus and IT access controls are assigned appropriately to avoid leakage of private and confidential information.

The Group ensures that proper due diligence will be corroborated and deliberated prior to any investment on acquisition.

Operational and Other Risks

Human resource risks such as key-person dependency risks are addressed by a succession planning process which is in place to ensure continuity of business.

For further elaboration of the risks and uncertainties facing the Group, please refer to the section headed “Risk Factors” in the Prospectus.



CORPORATE GOVERNANCE REPORT

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company has established and maintained the procedures and internal controls for the handling and dissemination of inside information. The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Other employees of the Group who are likely to be in possession of inside information of the Company are also subject to the same dealing restrictions. The Group also strictly prohibits the Directors from the unauthorized use of confidential or inside information to the advantage of himself or others. The Company promptly identifies, assesses and escalates any inside information and any information which may potentially constitute inside information to the Board, which decides the need for disclosure. Inside information and other information which is required to be disclosed pursuant to the Listing Rules will be announced on the respective websites of the Stock Exchange and the Company in due course.

FINANCIAL REPORTING

The Directors acknowledge their responsibilities for keeping proper accounting records and preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the profit and loss for the year. In preparing the financial statements, the Directors have adopted all applicable Hong Kong Financial Reporting Standards in all material respects, selected appropriate accounting policies and then applied them consistently, made judgements and estimates that are fair and reasonable. The Directors use the going concern basis in preparing the financial statements unless this is inappropriate.

The Company recognises that a clear, balanced and timely presentation of financial report is crucial in maintaining the confidence of stakeholders. Reasonable disclosure of Company's financial position and prospects are provided in the report. Annual and interim results are published within three and two months after the end of the relevant financial periods respectively.

A statement of the Company's external auditor about its reporting responsibilities is included in the Independent Auditor's Report on pages 75 to 80 of this report.

INVESTORS' RELATIONS

The Company values communication with the shareholders and investors. The Company uses two-way communication channels to account to the shareholders and investors for the performance of the Company. Enquiries and suggestions from the shareholders or investors are welcomed, and enquiries from the shareholders may be put to the Board through the following channels to the Company:

1. By mail to the headquarters and principal place of business in Malaysia at 309-E, 1st floor, Silver Square, Perak Road, 10150 Penang, Malaysia;
2. By telephone at telephone number +604-281 0242;
3. By fax at fax number +604-281 2835; or
4. By email at rbc@rimbaco.com.my.

Information shall be communicated to shareholders and the investment community mainly through the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and its corporate communications and other corporate publications on the Company's website.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Company. An annual general meeting of the Company is expected to be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

The Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more shareholders 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 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.

Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. Appropriate arrangements for the annual general meetings shall be in place to encourage shareholders' participation. The process of the Company's general meeting will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that shareholders' needs are best served. Board members, in particular, either the chairmen of Board committees or their delegates, appropriate management executives and external auditors will attend annual general meetings to answer shareholders' questions. Shareholders are encouraged to attend shareholders' activities organised by the Company, where information about the Company, including its latest strategic plans, products and services etc. will be communicated.

The procedures for shareholders of the Company to propose a person for election as a Director are set out below:

- The shareholder(s) shall be duly registered in the principal register or any branch register of shareholders as holder for the time being of any share in the share capital of the Company.

The following shall be lodged at the head office of the Company at 309-E, 1st floor, Silver Square, Perak Road, 10150 Penang, Malaysia or at the registration office of the Company at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands:

- a notice in writing by the shareholder(s) indicating the intention to propose a person for election as a Director; and
- a notice in writing by the person proposed by the shareholder(s) for election as a Director indicating his/her willingness to be elected.

The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices may be given will be at least seven days.



CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

The dividend policy of the Company (the “Dividend Policy”) was adopted by the Board and became effective on 20 November 2020.

The Dividend Policy is to ensure that the Board maintains an appropriate procedure on declaring and recommending the dividend payment of the Company. The Board endeavors to strike a balance between the shareholders’ interests and prudent capital management with a sustainable dividend policy.

In considering the payment of dividends, there shall be a balance between retaining adequate reserves for the Group’s future growth and rewarding the Company’s shareholders. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account the following factors before declaring or recommending dividends:

- (a) The Group’s actual and expected financial performance;
- (b) Retained earnings and distributable reserves of the Group;
- (c) The level of the Group’s debts to equity ratio, return on equity and the relevant financial covenants;
- (d) Any restrictions on payment of dividends that may be imposed by the Group’s contracting parties;
- (e) The Group’s expected working capital requirements and future expansion plans;
- (f) General economic conditions, business cycle of the Group’s business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and
- (g) Any other factors that the Board may deem appropriate.

The Company does not have any pre-determined dividend distribution proportion or distribution ratio. The declaration, payment and amount of dividends will be subject to the Board’s discretion and subject to compliance with applicable laws and regulations including the laws of the Cayman Islands and the Articles of Association. The Dividend Policy shall in no way constitute a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend at any time or from time to time.

The Board will continually review the Dividend Policy from time to time and reserves the right in its sole and absolute discretion to update, amend and modify the Dividend Policy at any time. There can be no assurance that dividends will be paid in any particular amount for any given period.

COMPANY SECRETARY

The company secretary of the Company, Ms. Lam Yuen Ling Eva, is delegated by an external service provider. The external service provider’s primary contact person at the Company is Ms. NG Seow Too, the financial controller of the Company.

During FY2022, the company secretary of the Company has taken not less than 15 hours of relevant professional training.

The Directors present the annual report and the audited consolidated financial statements of the Group for FY2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries of the Company are set out in note 31 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during FY2022.

BUSINESS REVIEW

A review of the business of the Group during FY2022 and a discussion on the Group's future business development are provided in the Chairman's Statement and Management Discussion and Analysis on pages 4 to 12 of this report. Possible risks and uncertainties that the Group may be facing are set out in the Corporate Governance Report on page 29 of this report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Details for the environmental policies and performance of the Group during FY2022 are set out in the Environmental, Social and Governance Report on pages 45 to 74.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During FY2022, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its suppliers, customers and other stakeholders to meet its immediate and long-term goals. During FY2022, there were no material and significant dispute between the Group and its suppliers, customers and/or other stakeholders.

RESULTS AND APPROPRIATIONS

The results of the Group for FY2022 and the state of affairs of the Group as at 31 October 2022 are set out in the consolidated financial statements on pages 81 to 83 of this report.

DIVIDEND

The Board does not recommend the payment of a final dividend for FY2022 (FY2021: Nil).

DIRECTORS' REPORT

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 4 April 2023 to Wednesday, 12 April 2023, both days inclusive, during which period no transfer of shares of the Company (the "Shares") will be registered. In order to attend the AGM, all transfer of Shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 3 April 2023.

CHARITABLE DONATIONS

During the FY2022, the Group made charitable donation amount to approximately RM18,000 (FY2021: approximately RM10,000).

SUMMARY FINANCIAL INFORMATION

The following is a summary of the results and of the assets and liabilities of the Group for the last five financial years:

		Financial year ended 31 October			
	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
Revenue	475,565	282,075	180,265	262,474	156,846
Cost of services	(470,624)	(256,791)	(157,522)	(230,026)	(130,555)
Gross Profit	4,941	25,284	22,743	32,448	26,291
Profit before tax	1,080	17,675	10,948	18,745	23,003
Income tax expense	(847)	(4,915)	(4,750)	(6,528)	(5,593)
Profit for the year	233	12,760	6,198	12,217	17,410
Total assets	283,719	314,676	236,521	231,831	163,834
Total liabilities	(127,502)	(147,567)	(81,735)	(137,158)	(78,865)
Equity attributable to owners of the Company	156,217	167,109	154,786	94,673	84,969

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during FY2022 are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

As of 31 October 2022, the total amount of the issued share capital of the Company was HK\$12,600,000, divided into 1,260,000,000 shares of HK\$0.01 per share. Details of the movements in the Company's share capital during FY2022 are set out in note 25 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Group and the Company during FY2022 are set out in the consolidated statement of changes in equity of the Group on page 84 of this report and in note 32 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

The Group's reserves available for distribution to shareholders amount to approximately RM99.8 million (FY2021: approximately RM111.6 million).

MAJOR CUSTOMERS AND SUPPLIERS

During FY2022, revenue made to the five largest customers of the Group accounted for approximately 87.2% (FY2021: approximately 90.3%) of the Group's total revenue for FY2022. Revenue made to the Group's largest customer accounted for approximately 21.7% (FY2021: approximately 37.3%) of the Group's total revenue for FY2022.

Purchases made from the five largest suppliers (including the sub-contractors) of the Group accounted for approximately 17.2% (FY2021: approximately 24.1%) of the Group's total purchases and purchases from the Group's largest supplier accounted for approximately 3.71% (FY2021: approximately 7.4%) of the Group's total purchases for FY2022.

At no time during FY2022, the Directors, their close associates or any shareholders (which to the best knowledge of the Directors own more than 5% of the Company's issued shares) had any interest in these major customers or suppliers.



DIRECTORS' REPORT

DIRECTORS

The Directors for FY2022 and up to the date of this report were as follows:

Executive Directors

Low Seah Sun (*Chairman*)

Low Wui Linn (*CEO*)

Seah Peet Hwah

Cheang Wye Keong

Lau Ah Cheng

Non-executive Director

Tong Kai Tak (appointed on 1 March 2022)

Independent Non-executive Directors

Ng Kok Seng

Wong Chi Wai

Yeo Chew Yen Mary

In accordance with article 108(a) of the Articles of Association, Ms. Seah Peet Hwah, Mr. Cheang Wye Keong and Mr. Ng Kok Seng will retire from office as Directors at the AGM. All of them are eligible and will offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out on pages 13 to 17 of this report.

DIRECTORS' INTERESTS IN CONTRACTS, TRANSACTION OR ARRANGEMENT

Save for the Directors' letters of appointment described in the "Directors' Service Contracts", no contract, transaction or arrangement of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during FY2022.

CONTROLLING SHAREHOLDERS' INTEREST

No contracts of significance were entered into between the Company or any of its subsidiaries and any controlling shareholders or any of its subsidiaries or any contracts of significance for the provision of services to the Company or any of its subsidiaries by any Controlling Shareholders or any of its subsidiaries.

DIRECTORS' SERVICE CONTRACTS

Mr. Low has entered into a letter of appointment with the Company as an executive Director for a term of 3 years commencing from 28 April 2020, which may be terminated in accordance with the terms of the letter of appointment. Mr. Low is entitled to Director's fee of HK\$126,000 per annum, which was determined by reference to his experience, duties and responsibilities and the prevailing market conditions.

Mr. William Low has entered into a letter of appointment with the Company as an executive Director for a term of 3 years commencing from 28 April 2020, which may be terminated in accordance with the terms of the letter of appointment. Mr. William Low is entitled to Director's fee of HK\$50,400 per annum, which was determined by reference to his experience, duties and responsibilities and the prevailing market conditions.

Ms. Seah has entered into a letter of appointment with the Company as an executive Director for a term of 3 years commencing from 28 April 2020, which may be terminated in accordance with the terms of the letter of appointment. Ms. Seah is entitled to Director's fee of HK\$75,600 per annum, which was determined by reference to her experience, duties and responsibilities and the prevailing market conditions.

Mr. Cheang has entered into a letter of appointment with the Company as an executive Director for a term of 3 years commencing from 28 April 2020, which may be terminated in accordance with the terms of the letter of appointment. Mr. Cheang is entitled to Director's fee of HK\$50,400 per annum, which was determined by reference to his experience, duties and responsibilities and the prevailing market conditions.

Mr. Lau has entered into a letter of appointment with the Company as an executive Director for a term of 3 years commencing from 28 April 2020, which may be terminated in accordance with the terms of the letter of appointment. Mr. Lau is entitled to Director's fee of HK\$37,800 per annum, which was determined by reference to his experience, duties and responsibilities and the prevailing market conditions.

Mr. Tong has entered into a letter of appointment with the Company as a non-executive Director for a term of 3 years commencing from 1 March 2022, which may be terminated in accordance with the terms of the letter of appointment. Mr. Tong is entitled to Director's fee of HK\$315,000, which was determined by reference to his experience, duties and responsibilities and the prevailing market conditions.

Mr. Ng has entered into a letter of appointment with the Company as an independent non-executive Director for a term of 3 years commencing from 28 April 2020, which may be terminated in accordance with the terms of the letter of appointment. Mr. Ng is entitled to Director's fee of HK\$126,000 per annum, which was determined by reference to his experience, duties and responsibilities and the prevailing market conditions.

Mr. Wong has entered into a letter of appointment with the Company as an independent non-executive Director for a term of 3 years commencing from 28 April 2020, which may be terminated in accordance with the terms of the letter of appointment. Mr. Wong is entitled to Director's fee of HK\$126,000 per annum, which was determined by reference to his experience, duties and responsibilities and the prevailing market conditions.

Ms. Yeo has entered into a letter of appointment with the Company as an independent non-executive Director for a term of 3 years commencing from 28 April 2020, which may be terminated in accordance with the terms of the letter of appointment. Ms. Yeo is entitled to Director's fee of HK\$126,000 per annum, which was determined by reference to her experience, duties and responsibilities and the prevailing market conditions.

Save as disclosed above, no Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.



DIRECTORS' REPORT

DIRECTORS' REMUNERATION & EMOLUMENT POLICY

Details of the remuneration of the Directors are set out in note 10 to the consolidated financial statements. The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of Directors with reference to duties and responsibilities of the Directors and the performance and results of the Group. The Remuneration Committee was established for reviewing and determining the remuneration and compensation packages of the Directors and senior management of the Company with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

DISCLOSURE UNDER RULES 13.18 AND 13.21 OF THE LISTING RULES

There is no transaction which falls within the disclosure requirements under Rules 13.18 and 13.21 of the Listing Rules during FY2022.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 October 2022, the interests of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO"), as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have taken under such provisions of the SFO), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") set out in Appendix 10 to the Listing Rules were as follows:

Long position in the Shares

Name of Director(s)	Capacity/Nature of interests	Number of Shares held	Approximately percentage of the total number of issued Shares
Low Seah Sun	Interest of a controlled corporation (Note)	945,000,000	75%

Note: Mr. Low beneficially owns 40% of the issued shares of RBC Venture Limited, 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 Limited under the SFO. Mr. Low is a director of RBC Venture Limited.

Long position in the shares of the associated corporation(s)

Name of Director(s)	Name of associated corporation(s)	Capacity/Nature of interests	Number of ordinary shares held	Approximately percentage of the total number of issued shares of the associated corporation(s)
Low Seah Sun	RBC Venture Limited (Note)	Beneficial owner	40	40%
Seah Peet Hwah	RBC Venture Limited (Note)	Beneficial owner	30	30%
Cheang Wye Keong	RBC Venture Limited (Note)	Beneficial owner	20	20%
Lau Ah Cheng	RBC Venture Limited (Note)	Beneficial owner	10	10%

Note: RBC Venture Limited is the holding company of the Company and an associated corporation by virtue of the SFO.

Save as disclosed above, as at 31 October 2022, none of the Directors and chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors or the chief executive of the Company are aware of, as at 31 October 2022, the following corporations had interests or short positions in the shares or underlying shares, which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

DIRECTORS' REPORT

Long position in the Shares

Name of Shareholder(s)	Capacity/Nature of interests	Number of Shares held	Approximately percentage of the total number of issued Shares
RBC Venture Limited	Beneficial owner (Note 1)	945,000,000	75%
Lai Swee Yin	Interest of spouse (Note 2)	945,000,000	75%

Notes:

1. RBC Venture Limited 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.
2. Ms. Lai Swee Yin is the spouse of Mr. Low. Therefore, Ms. Lai Swee Yin is deemed to be interested in the Shares which Mr. Low is interested under the SFO.

Save as disclosed above, as at 31 October 2022, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the issued Shares carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has adopted the share option scheme on 31 March 2020 (the "Adoption Date") (the "Share Option Scheme") 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 the Group and to promote the success of the business of the Group. As at 31 October 2022, there were no outstanding share options. No share options were granted, exercised or cancelled or lapsed during FY2022.

(a) Purpose of the 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 the Group.

(b) Participants of the Share Option Scheme

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 the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the 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 the Group.

(c) Total Number of Shares Available for Issue Under the Share Option Scheme

The maximum number of Shares available for issue under the share options which may be granted under the Share Option Scheme and any other share option scheme of the Company must not, exceed 10% of the Shares in issue on 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 the Company), unless shareholders' approval has been obtained.

During FY2022 and up to the date of this report, the total number of Shares available for issue under the Share Option Scheme is 126,000,000 Shares, representing 10% of the total number of issued Shares. Since the adoption of the Share Option Scheme, no share option has been granted by the Company.

(d) The Maximum Entitlement of Each Participant Under the Share Option Scheme

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and 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, the Company must send a circular to the 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 the 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.

(e) 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.

(f) 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.

(g) 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 the 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.



DIRECTORS' REPORT

(h) *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 the shareholders in general meeting.

(i) *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 the Company, with voting to be taken by way of poll. The Company shall send a circular to the shareholders containing all information as required under the Listing Rules in this regard. All core connected persons of the 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.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during FY2022 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the memorandum and Articles of Association, the Directors, auditors, secretary and other officers, for the time being, acting in relation to the affairs of the Company, shall be indemnified out of the assets of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the exertion of their duty. The permitted indemnity provision is currently in force for the benefit of the Directors as defined and required by Section 470 of Hong Kong Companies Ordinance and has been in force throughout FY2022.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this report relating to the Share Option Scheme, the Company did not enter into any equity-linked agreements that (i) will or may result in the Company issuing Shares or (ii) require the Company to enter into any agreements that will or may result in the Company issuing Shares during FY2022 or had subsisted at the end of FY2022.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

Save as disclosed in this report, neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed shares during FY2022.

INVESTMENT IN SUBSIDIARIES

The principal activities of the Company's subsidiaries are set out in note 31 to the consolidated financial statements.

CORPORATE GOVERNANCE

The Company maintains a high standard of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 18 to 32. The Directors believe the long term financial performance as opposed to short term rewards is a corporate governance objective. The Board would not take undue risks to make short term gains at the expense of the long term objectives.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during FY2022.

SUFFICIENCY OF PUBLIC FLOAT

As far as the information publicly available to the Company is concerned and to the best knowledge of the Directors, at least 25% of the Company's issued shares were held by members of the public as at the date of this report.

DIRECTORS' INTERESTS IN COMPETING INTERESTS

As at the date of this report, none of the Directors had any interest in a business which causes or may cause a significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

DEED OF NON-COMPETITION

Mr. Low Seah Sun, Ms. Seah Peet Hwah, Mr. Cheang Wye Keong, Mr. Lau Ah Cheng and RBC Venture Limited, each being the controlling shareholder (as defined under the Listing Rules) of the Company (the "Controlling Shareholder(s)"), have entered into a deed of non-competition dated 31 March 2020 in favour of the Company (the "Deed of Non-Competition"). Details of the Deed of Non-Competition was set out in the section headed "RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS" of the Prospectus. The Company has received confirmations from Mr. Low Seah Sun, Ms. Seah Peet Hwah, Mr. Cheang Wye Keong, Mr. Lau Ah Cheng and RBC Venture Limited of their compliance with the terms of the Deed of Non-Competition. Mr. Low Seah Sun, Ms. Seah Peet Hwah, Mr. Cheang Wye Keong, Mr. Lau Ah Cheng and RBC Venture Limited declared that they have fully complied with the Deed of Non-Competition for FY2022.



DIRECTORS' REPORT

The independent non-executive Directors have reviewed the confirmations from the Controlling Shareholders and confirmed that up to the date of this report, all the undertakings under the Deed of Non-Competition have been complied with by Mr. Low Seah Sun, Ms. Seah Peet Hwah, Mr. Cheang Wye Keong, Mr. Lau Ah Cheng and RBC Venture Limited.

During FY2022, none of the Controlling Shareholders and their respective close associates had any interests in a business, apart from the business of the Group, which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

RELATED PARTY/CONNECTED TRANSACTIONS

The Directors consider that those material related party transactions disclosed in note 28 to the consolidated financial statements did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules. The Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules. During FY2022, there were no connected transactions or continuing connected transactions of the Company as defined under Chapter 14A of the Listing Rules, which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules. None of the related party transactions constituted a connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro rata basis to existing shareholders.

AUDITOR

SHINEWING (HK) CPA Limited was appointed as the auditor of the Company in place of Deloitte Touche Tohmatsu on 15 June 2020 and to hold office until the conclusion of next AGM. The consolidated financial statements of the Group for the year ended 31 October 2022 have been audited by SHINEWING (HK) CPA Limited, who will retire and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of SHINEWING (HK) CPA Limited as the auditor of the Company is to be proposed at the AGM.

FOR AND ON BEHALF OF THE BOARD

Low Seah Sun

Chairman

Malaysia

19 January 2023



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION AND SUSTAINABILITY APPROACH

Rimbaco Group Global Limited (the “Company”, together with its subsidiaries, the “Group” or “we”) is mainly involved in the building construction industry in Malaysia through its wholly-owned subsidiary Rimbaco Sdn Bhd. (“Rimbaco”). Rimbaco is 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; (ii) institutional, commercial and/or residential buildings such as private hospitals, hotels, shopping malls, high-rise residential buildings and commercial/residential complex; and (iii) infrastructure works. Rimbaco also undertakes small-scale ancillary construction works, including but not limited to renovation works, repair works and electrical works.

We are pleased to present our Environmental, Social and Governance Report (the “ESG Report”) for the year ended 31 October 2022 (the “Reporting Period” or “FY2022”). This ESG Report summarises the Group’s environmental, social, and governance (“ESG”) initiatives, plans, and performance transparently, specifies comparative data for the year ended 31 October 2021 (“FY2021”), as well as demonstrates our ongoing commitment towards sustainable development.

We believe sustainability is the key to achieving continuing success and have integrated this concept into our business strategy. We constantly monitor the risks and explore potential opportunities within the Group. To strike a balance among business needs, social demands, and environmental impacts, we are committed to continuously monitoring the risks and opportunities that exist in our daily operations and embracing a transparent corporate culture to ensure our sustainability strategies are well communicated to our stakeholders.

THE ESG GOVERNANCE STRUCTURE

As a responsible corporate citizen, the Group views ESG commitments as part of its responsibilities and is committed to incorporating ESG considerations into its business strategy and decision-making process. To achieve this goal, the Group has developed a framework to ensure its ESG governance is aligned with its strategic growth while advocating for the integration of ESG into its business operations. The ESG governance structure mainly comprised the board of directors (the “Board”), the ESG Working Group, and designated personnel from various departments.

The Board has ultimate and collective accountability for the Group’s ESG strategy, management, performance, and reporting through the support of the ESG Working Group. The Board examines and approves the Group’s ESG objectives, strategies, priorities, targets and goals, as well as the related policies and frameworks. The Board also reviews the Group’s performance against the targets annually and revises the strategies if there is a significant change in the Group’s material ESG-related issues. In addition, the Board oversees the Group’s risks and opportunities, and ensures the effectiveness of ESG risk management and internal control mechanisms.

Chaired by the executive director of the Company, the ESG Working Group is delegated by the Board with the following duties and responsibilities to support the fulfilment of the Group’s ESG objectives as stipulated in the Terms of Reference, including but not limited to the following:

- To identify, evaluate, prioritise, and manage the material ESG-related issues of the Group;
- To make recommendations to the Board for approval on the ESG-related goals and targets and report the progress to the Board;
- To develop and implement the ESG-related strategies, frameworks, and policies of the Group and regularly report to the Board on the progress and effectiveness of the development and implementation; and
- To prepare the ESG reports of the Group in accordance with all applicable laws, rules, and regulations.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The implementation of the sustainability approach of the Group relies on the support of the designated personnel from various departments who are responsible for executing ESG-related policies and assisting in data collection. The membership of the ESG Working Group shall be reviewed by the Board each year. The ESG Working Group shall hold a meeting at least once a year, and such other meetings shall be requested by the Chairman in order to discharge its responsibilities. Moreover, the ESG Working Group may invite external professional advisors at the Company's expense to attend its meetings with approval by the Chairman, while the Group should provide sufficient resources and adequate information to the ESG Working Group in a timely manner to support the fulfilment of the ESG objectives.

REPORTING SCOPE

The Group identifies the reporting scope based on the materiality principle and considers the core business, main revenue source, and whether it has direct operation control. As of 31 October 2022, the Group had operated as the main contractor for 12 construction projects in Malaysia, 7 of which had been completed. These 12 projects are under our direct control and management, and we have the responsibility for overall site superintendence and ultimate liability for the entire works under the contract. Accordingly, this ESG Report covers these 12 construction projects as well as the headquarters in Malaysia. The Group will continue to assess the major ESG aspects of different businesses and to extend the scope of disclosure when and where applicable.

REPORTING FRAMEWORK

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). A complete index is inserted in the last chapter of this ESG Report for reference.

Information relating to the Group's corporate governance practices has been set out in the Corporate Governance Report as included in this annual report.

Reporting Principles

The content of this ESG Report follows the reporting principles of the ESG Reporting Guide.

Materiality: This ESG Report is structured based on the materiality of respective issues, determined by a materiality assessment. The result of the materiality assessment was reviewed and confirmed by the Board and senior management. For further details, please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment".

Quantitative: This ESG Report is prepared in accordance with the ESG Reporting Guide and discloses key performance indicators ("KPIs") in a quantitative manner. Information regarding the standards, methodologies, assumptions, and/or calculation references, and sources of key conversion factors used for KPIs are stated wherever appropriate.

Balance: This ESG Report is based on an objective and impartial manner to ensure that the information disclosed faithfully reflects the overall performance of the Group in ESG aspects.

Consistency: Unless otherwise stated, the Group's disclosure and statistical methods are consistent with the previous financial year for a meaningful comparison. If there is any change that may affect comparison with previous reports, the Group will add explanatory notes to the corresponding sections.

The Group has established internal controls and a formal review process to ensure that any information presented in this ESG Report is as accurate and reliable as possible. This ESG report has been approved by the ESG Working Group and the Board.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING PERIOD

The ESG Report specifies the ESG activities, challenges, and measures being taken during the year ended 31 October 2022.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of the Group, I am pleased to present the ESG Report of Rimbaco Group Global Limited for FY2022, which provides an annual update on the ESG performance of the Group.

The Group is committed to building a rigorous and conscientious governance structure, equipped to adapt to an ever-changing operating environment and enhance compliance. To achieve this, the Group has adopted an effective ESG governance structure where the Board bears ultimate and collective responsibility for the Group's ESG strategy, management, performance, and reporting. The Group has also established an ESG Working Group to assist the Board in overseeing the Group's ESG issues, strengthening the Group's sustainability governance practices.

With many countries and governments ramping up their efforts to tackle climate change in recent years, as a responsible corporate citizen, the Group has implemented a group-wide Climate Change Policy to proactively identify, assess, and manage climate-related issues. We will continue to accord a high priority to climate change on our business agenda and integrate climate-related risk into our risk management framework.

In order to identify and assess the material concerns of our stakeholders, we have conducted materiality assessment surveys. The assessment helps us determine the factors that have material impacts on our sustainable growth and incorporate them in the development of our ESG strategies and targets. Our focus on ESG includes climate action and energy conservation, along with managing our resources and waste effectively. Recognising the urgent need for decisive action to mitigate climate change, we have set targets to reduce greenhouse gas ("GHG") emissions, electricity usage, water consumption, and waste disposed to landfills. The environmental targets were approved by the Board and the progress will be reviewed annually by the ESG Working Group. The Group believes setting ESG-related targets can enhance the Group's commitment to corporate social responsibility and allow the Group's stakeholders to have a clearer understanding of the ESG performance of the Group.

Finally, we would like to express our heartfelt gratitude to all our shareholders, valued customers, and business partners for their unwavering efforts and commitment towards attaining the continuing success and growth of the Group. To our management team and staff, we sincerely thank you for your unwavering dedication and hard work in working towards sustainable development throughout FY2022.

Low Seah Sun
Chairman

Malaysia
19 January 2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT

We recognise our responsibility and accountability to all of our stakeholders. To understand and address the key concerns of different stakeholders, we have been maintaining close communication with them. We will continue to increase the involvement of stakeholders via constructive conversation to chart long term prosperity. Stakeholders' expectations have been taken into consideration by utilising diversified engagement methods and communication channels as shown below:

Stakeholders	Possible issues of concern	Communication channels
The Board	<ul style="list-style-type: none"> • Corporate governance • Regulatory compliance • Financial performance • Strategic development 	<ul style="list-style-type: none"> • Board meetings • Committee meetings • Annual general meeting • Emails
Shareholders and investors	<ul style="list-style-type: none"> • Corporate governance system • Business strategies and performance • Investment returns 	<ul style="list-style-type: none"> • Annual general meeting and other shareholder meetings • Financial reports • Operation reports • Announcements and circulars • Company website and emails
Customers	<ul style="list-style-type: none"> • Product quality • Delivery times • Reasonable prices • Service value • Labour protection • Work safety 	<ul style="list-style-type: none"> • Site visits • After-sales services
Employees	<ul style="list-style-type: none"> • Rights and benefits • Remuneration and compensation • Training and development • Working hours • Career development • Health and safety • Working environment 	<ul style="list-style-type: none"> • Union activities • Training • Interviews for employees • Employee handbook • Internal memos • Employee suggestion boxes
Suppliers and subconsultants	<ul style="list-style-type: none"> • Payment schedule • Stable demand • Fair and open tendering 	<ul style="list-style-type: none"> • Site visits • Regular assessment of suppliers' performance • Supplier management meetings and events
Regulatory bodies and government authorities	<ul style="list-style-type: none"> • Regulatory compliance • Prevention of tax evasion • Social welfare 	<ul style="list-style-type: none"> • Interaction and visits • Government inspections • Compliance advisor
Media, community and the public	<ul style="list-style-type: none"> • Environmental protection • Employment and community development • Social welfare 	<ul style="list-style-type: none"> • Community activities • Employee voluntary activities • Community welfare subsidies • Charitable donations • ESG reports

We aim to collaborate with our stakeholders to continuously improve our ESG performance and create greater value for the wider community.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

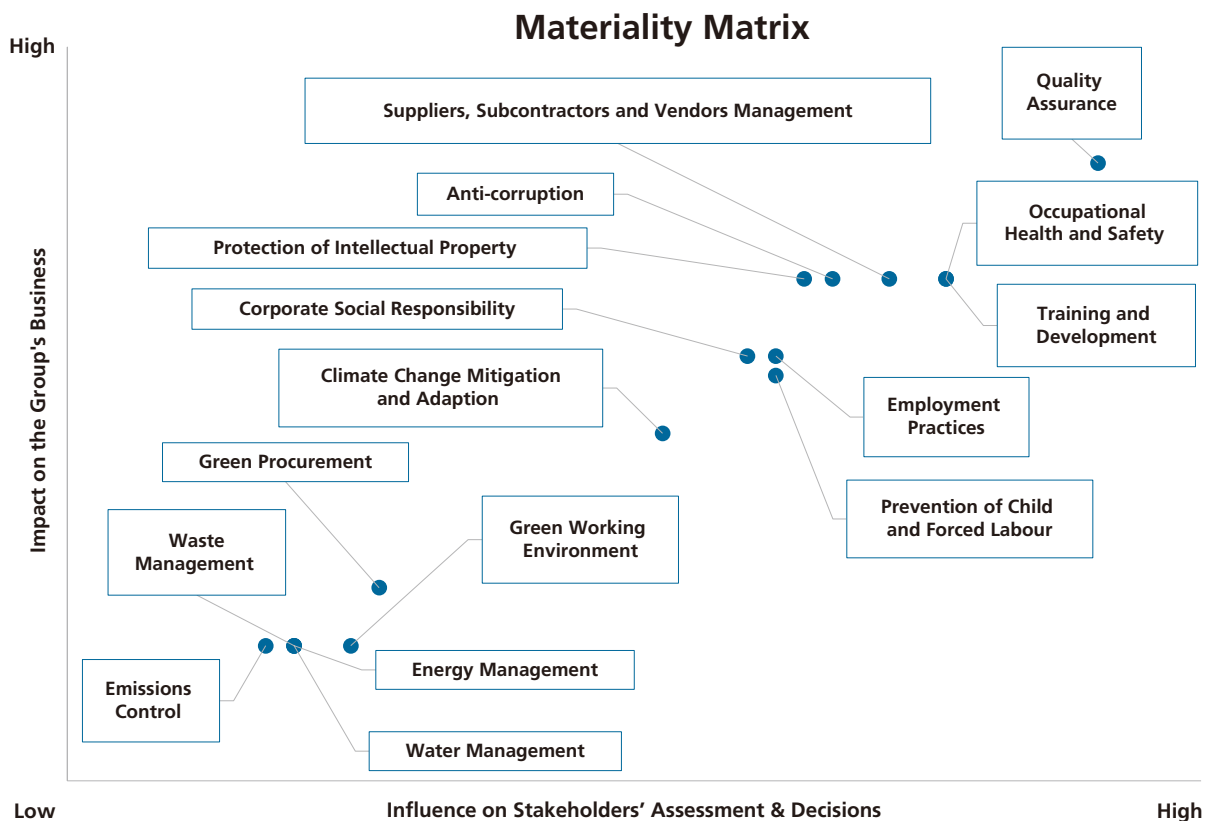
MATERIALITY ASSESSMENT

The Group’s management and staff in major functions are involved in the preparation of this ESG Report.

To better understand stakeholders’ expectations of the Group’s ESG performance, we have conducted a materiality assessment to identify stakeholders’ key concerns. The following illustrates the steps of the materiality assessment process:

1. Identified a list of material topics based on the Group’s previous material topics and benchmarked against policies, industry standards, and corporate development strategies.
2. Conducted a materiality assessment survey and invited stakeholders such as employees, customers, and subcontractors to assess the importance of each topic to the Group’s business and to their own assessment and decisions. Stakeholders were also given the opportunity to express their views on the Group’s ESG performance through open-ended questions.
3. The material topics were analysed and prioritised based on the survey results. Stakeholders’ opinions and the materiality assessment results were reviewed and discussed with the ESG Working Group and management, thus determining the focus of disclosure and the direction for improving ESG performance in the future.
4. The materiality assessment of all the issues was approved by the Board.

The following matrix is a summary of the Group’s material ESG issues.





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CONTACT US

We treasure your feedback and comments on our sustainability performance. You can provide valuable advice in respect of this ESG Report or the Group's performance in sustainable development by the following methods:

Email: rbc@rimbaco.com.my

Hotline: +604-281 0242

Fax: +604-281 2835

A. ENVIRONMENTAL

A1. Emissions

Environmental protection and sustainable development rely on collective efforts from all industries and society. Rooted in the construction industry in Malaysia, we strive to integrate environmental sustainability into our business operations, and we are committed to reducing our environmental footprint.

Due to our business nature, we recognise that our day-to-day operations can impact, both directly and indirectly, the environment. Therefore, we have formulated the Environmental Policy to protect and improve the environment and promote sustainability within our business. We constantly uphold the principles of emission reduction and resource efficiency in our environmental management approaches by implementing measures and adopting best practices that promote energy efficiency, waste reduction, and other green initiatives. The Group is also committed to educating its employees in raising their awareness of environmental protection and complying with relevant environmental laws and regulations.

During the Reporting Period, the Board was not aware of any material non-compliance with environmental related laws and regulations that would have a significant impact on the Group, including but not limited to the Environmental Quality Act 1974 of Malaysia.

Emissions Control

Air Emissions

The principal sources of emissions from the Group's operations were petrol and diesel consumed by vehicles and machinery at construction sites. Due to our business nature and industry limitations, the use of vehicles and machinery is inevitable. Therefore, we have adopted the following preventive and corrective measures to control air emissions from such sources:

- Conduct regular vehicle inspection and maintenance to enhance vehicle efficiency;
- Eliminate substandard vehicles and regularising the procurement of diesel and petrol for vehicles; and
- Educate employees to turn off engines for idling vehicles.

Besides, we perform monthly inspections to monitor our air pollution emissions. We also encourage our employees to utilise the capacity of vehicles and other machinery to reduce unnecessary usage and wastage.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, nitrogen oxides (“NO_x”), sulphur oxides (“SO_x”), and particulate matter (“PM”) emissions increased by approximately 122.25%, 87.50%, and 122.86% respectively, which was mainly attributed to the increase in the number of projects in FY2022 as compared to FY2021. The Group will continue to monitor its exhaust gas emissions data closely and raise employees’ awareness of fuel conservation.

During the Reporting Period, the Group’s exhaust gas emissions performance, driven by the Group’s vehicles, was as follows:

Types of exhaust gas ¹	Unit	FY2022	FY2021
NO _x	kg	31.76	14.29
SO _x	kg	0.45	0.24
PM	kg	2.34	1.05

Note(s):

1. Figures only include diesel and petrol cars.

GHG Emissions

The principal sources of the Group’s GHG emissions were generated from petrol and diesel consumption by vehicles and machinery in construction sites (Scope 1) and purchased electricity (Scope 2). Due to travel restrictions under the COVID-19 pandemic, the Group did not record any business air travel during the Reporting Period. The Group has achieved its target of reducing GHG emissions intensity (tCO₂e/million revenue) gradually throughout FY2022, using FY2021 as the baseline year. Committed to reducing GHG emissions, the Group has set a new target to reduce the GHG emissions intensity (tCO₂e/million revenue) by the year ended 31 October 2030 (“FY2030”) compared with FY2022. To attain this target, we embrace green driving practices and have adopted the following measures in our operations:

- Utilise teleconferences or video meetings to prevent non-essential business travel;
- Actively adopt fleet management practices, which are described in the section headed “Air Emissions” in this aspect; and
- Actively adopt environmental protection, energy conservation, and water conservation measures, which are described in the sections headed “Energy Management” and “Water Management” under aspect A2.

Besides, the Group propagates environmental protection messages to employees by posting notices and environmental posters in office areas to raise their awareness and promote best practices in environmental management.

During the Reporting Period, although the number of projects has increased, the GHG emissions intensity (tCO₂e/million revenue) decreased by approximately 46.64% due to differences in project nature and increase in energy efficiency. The Group will continue to monitor its GHG emissions data closely and raise employees’ awareness of energy conservation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Group's GHG emissions performance was as follows:

Indicators ²	Unit	FY2022	FY2021
Scope 1 – Direct GHG emissions			
• Fuel consumed by vehicles and machinery	tCO ₂ e	100.48	82.07
Scope 2 – Energy indirect GHG emissions			
• Purchased electricity ³	tCO ₂ e	616.02	716.14
Scope 3 – Other indirect GHG emissions			
• Business air travel	tCO ₂ e	–	–
Total GHG emissions	tCO₂e	716.50	798.21
Total GHG emissions intensity⁴	tCO₂e / million revenue	1.51	2.83

Note(s):

- GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5), and the Sustainability Report 2021 published by Tenaga Nasional.
- The amount of purchased electricity only covers 11 projects. As the Group is not responsible for the electricity bill of 1 project, the relevant electricity consumption data is not available.
- For FY2022, the Group recorded a revenue of approximately RM475.6 million (FY2021: approximately RM282.1 million). The data is also used for calculating other intensity data.

Wastewater Discharge

Due to the Group's business nature, wastewater will be generated and discharged at construction sites. To fully utilise our water resources, wastewater is collected and processed for reuse, such as reusing for dust control measures. A sewage treatment system is also installed at every construction site to filter the wastewater before discharging it into public sewers. The sewage discharged by the Group is considered the same as the amount of water consumed. More water-saving initiatives will be described in the section headed "Water Management" under aspect A2.

Waste Management

The Group strives to properly manage and dispose of waste produced by the Group's business activities. The Group's waste management practices have complied with relevant laws and regulations relating to environmental protection.

Hazardous Waste

The Group's business operations may produce chemical waste during construction work. All chemical waste was filtered and passed to a qualified chemical waste collector to lawfully handle and dispose. The Group aims to continuously reduce its adverse impact due to the production of hazardous waste.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the amount of hazardous waste generated is considered immaterial due to changes in project nature. The hazardous waste in FY2021 consisted of about 0.56 tonnes of chemical waste. The total hazardous waste and the total hazardous waste intensity were approximately 0.56 tonnes and approximately 0.002 tonnes/million revenue respectively. The Group has thus achieved its previous target of reducing hazardous waste intensity tonnes/million revenue gradually throughout FY2022, using FY2021 as the baseline year.

Committed to reducing waste and promoting resource conservation, the Group has set a new target to reduce hazardous waste intensity tonnes/million revenue compared with FY2021 by FY2030. The Group will continue to make an effort to mitigate hazardous waste generation from its construction and operational processes.

Non-hazardous Waste

Non-hazardous waste generated was mainly construction waste and paper waste. To minimise the environmental impacts from non-hazardous waste generated from our business operations, the Group has implemented measures to manage different types of waste and launched different waste reduction initiatives in different working areas.

In offices, the Group promotes the reduction of paper and stationery usage by adopting the following initiatives and assumes the responsibility for the overall waste management:

- Encourage double-sided printing;
- Collect single-sided printed paper and computer accessories for reuse;
- Recycle rechargeable batteries and double-sided-printing paper;
- Utilise electronic communication where applicable; and
- Reduce the use of single-use disposable items.

With the above measures, the amount of the Group's paper waste generated decreased by approximately 3.73% during the Reporting Period. The Group considers existing measures helpful in reducing paper waste disposal.

As for construction waste, an on-site waste sorting area is made available for temporary storage of segregated waste material for reuse at other sites. Furthermore, for each construction site, solid waste is segregated into general waste and construction waste before transporting to landfills. 3-color recycling bins are placed in site areas to collect recyclable waste. Despite the increase in construction waste and construction projects in FY2022 compared with FY2021, the non-hazardous waste intensity tonnes/million revenue has decreased by approximately 20.78%. The Group will continue to make an effort to reduce non-hazardous waste generation from its construction sites and offices.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Group's non-hazardous waste disposal performance was as follows:

Types of non-hazardous waste	Unit	FY2022	FY2021
Construction waste	tonnes	3,498.00	2,619.20
Paper waste	tonnes	1.29	1.34
Total non-hazardous waste	tonnes	3,499.29	2,620.54
Total non-hazardous waste intensity	tonnes/million revenue	7.36	9.29

A2. Use of Resources

The Group is committed to becoming a resource-saving and environmentally friendly enterprise to promote environmental protection. The Group has established relevant policies and procedures, such as the Environmental Policy, which governs the use of energy and water to achieve higher efficiency and reduce unnecessary use of resources. Within our policy framework, we continually look for opportunities to pursue environmentally friendly initiatives, enhance our environmental performance by reducing energy consumption and the use of other resources.

Energy Management

The Group aims to minimise the potential environmental impacts of its operations by identifying and adopting appropriate measures. Energy-saving measures and practices have been implemented to show our commitment to energy efficiency. The total energy consumption in FY2022 was approximately 1,510.30 MWh, representing an approximately 4.43% decrease from FY2021's energy consumption of approximately 1,580.32 MWh. The Group's energy consumption target set in FY2021 was to reduce total energy consumption by FY2022, using FY2021 as the baseline year. Although the Group was not able to achieve its energy consumption target set in FY2021, the decrease in total energy consumption despite an increase in the amount of projects awarded demonstrates the Group's commitment on energy conservation, and therefore the Group is satisfied with the progress. After much consideration, the Group has shifted its focus to reduce the total energy consumption intensity (MWh/million revenue) by 20% by FY2030 compared with FY2022 due to the Group's business nature. In order to achieve the new target, the Group has adopted the following energy-saving measures:

- Maintain a room temperature of 25.5 degrees Celsius;
- Encourage the use of products with energy efficiency labels;
- Switch off all idle appliances and unnecessary lighting upon leaving the office;
- Post reminders near switches and electrical appliances to remind employees to reduce electricity consumption; and
- Purchase equipment and machinery with high energy efficiency upon replacement of old equipment.

Besides, the Group performs regular inspection over the air-conditioning system, lighting, and other office appliances to ensure energy consumption performance. Unexpected fluctuations in energy consumption will be investigated to find out the root cause, and corresponding preventative measures will be taken.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, although the number of projects has increased, the total energy consumption decreased by approximately 4.43% due to differences in project nature and an increase in energy efficiency. Moving forward, the Group will continue refining its energy-saving measures and evaluate their effectiveness.

During the Reporting Period, the Group's energy consumption performance was as follows:

Types of energy	Unit	FY2022	FY2021
Direct energy consumption⁵	MWh	390.26	323.93
Diesel	MWh	231.98	232.15
Petrol	MWh	158.28	91.78
Indirect energy consumption	MWh	1,120.04	1,256.39
Purchased electricity ⁶	MWh	1,120.04	1,256.39
Total energy consumption	MWh	1,510.30	1,580.32
Total energy consumption intensity	MWh/million revenue	3.18	5.60

Note(s):

- The unit conversion method for energy consumption data is formulated based on the Energy Statistics Manual issued by the International Energy Agency.
- The amount of purchased electricity only covers 11 projects. As the Group is not responsible for the electricity bill of 1 project, the relevant electricity consumption data is not available.

Water Management

The Group's Environmental Policy outlines the Group's commitment to efficiently utilise precious shared resources like water. For the Group, water was mainly used in the office and construction sites. The Group has achieved its target of reducing water consumption intensity (m³/million revenue) by 5% by FY2022, using FY2021 as the baseline year. During the Reporting Period, the Group has set a new target of reducing the total water consumption intensity (m³/million revenue) by FY2030 compared with FY2022. The Group therefore actively promotes the importance of water conservation to its employees. Apart from posting reminders next to water taps, the Group also regularly inspects water taps to prevent leakage.

During the Reporting Period, although the number of projects has increased, the total water consumption decreased by approximately 35.57% due to differences in project nature. The Group will continue to closely monitor its performances and avoid unnecessary water consumption in future.

During the Reporting Period, the Group's water consumption performance was as follows:

Indicator	Unit	FY2022	FY2021
Total water consumption⁷	m³	85,890.00	133,309.00
Total water consumption intensity	m³/million revenue	180.59	472.60

Note(s):

- The amount of total water consumption only covers 11 projects. As the Group is not responsible for the water bill of 1 project, the relevant water consumption data is not available.

Due to the Group's business nature, the Group did not encounter any problems in sourcing water that is fit for purpose.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Packaging Material

Due to the Group's business nature, the use of packaging material is not considered to be a material ESG aspect of the Group.

A3: The Environment and Natural Resources

The Group believes that corporate development should not come at the expense of the environment and natural resources, therefore the Group accepts responsibility for minimising the negative environmental impacts of its business operations as an ongoing commitment to good corporate citizenship. The Group remains conscious of its potential impact, regularly assesses the environmental risks of its business model, adopts preventive measures to reduce risks, and ensures compliance with relevant laws and regulations, in accordance with the Group's Environmental Policy.

As a responsible building construction contractor, the Group is aware that our business activities could potentially generate a significant amount of noise and dust during the construction period due to the use of machineries and heavy vehicles. Therefore, noise and dust generated during the Group's operations have imposed a significant impact on the environment. The mitigation measures for noise pollution and air quality will be described in the section headed "Green Working Environment" under this aspect.

Green Working Environment

The Group believes it is of paramount importance to provide a pleasant and safe working environment for its employees. Air quality is therefore regularly monitored and measured. In offices, air purifying equipment is installed, and the ventilation system is cleaned periodically. At construction sites, monthly inspections will be performed to monitor dust emissions.

In addition to air quality, noise is regularly monitored and measured at the construction sites. The Group strictly complies with the Factory & Machinery Act 1967 of Malaysia, and has implemented different measures to reduce noise levels and ensured that workers and the surrounding neighbourhood will not be disturbed. Such measures include the installation of acoustic barriers, inspections, and maintenance checks on all equipment before use to ensure compliance with the permitted noise level, and construction works will only be conducted during the permitted hours and days.

A4: Climate Change

Climate change is one of the most crucial issues of the past decade. In response to the community's growing concern about climate change and related issues, the Group has formulated the Climate Change Policy, which outlines the Group's management on climate-related issues and commitment to climate risk mitigation, adaptation, and resilience across its operations and along the value chain. Meanwhile, the Group took initiative to mitigate its carbon footprint, such as setting the GHG emissions reduction target and implementing energy conservation policies in construction sites and the office.

During the Reporting Period, in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") framework, a climate risk assessment exercise was conducted to identify and assess the potential risks and opportunities in our operations, thereby facilitating the formulation of our climate risk mitigation measures.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Through the above method, the Group identified the potential impacts on the Group's business arising from the following risks:

Physical Risks

Changes in weather patterns, such as the level of precipitation and temperature as well as a higher frequency and severity of extreme weather events may have adverse impacts on the Group's projects. For instance, concreting activity may become more difficult in hot and dry weather. More frequent and severe precipitation and storms will also cause mould growth problems to the finished structures. Therefore, the Group has taken related factors into consideration during the planning and pre-construction stages of physical development projects. Taking into account the risk of business interruption related to extreme weather events, we evaluate the possible weather conditions that may suspend business operations. As part of the contingency policies, the Group also instructs its employees on how to deal with situations in which necessary work equipment or services are unavailable due to severe weather events. Moreover, we maintain comprehensive insurance coverage for assets that are susceptible to damage from extreme weather conditions, minimising the potential maintenance and repair costs required.

Transition Risks

As the Malaysian government commits to achieving carbon-neutrality by 2050, it is anticipated that more stringent policies and initiatives are likely to be implemented by the government to meet the carbon emission reduction targets and net-zero ambitions, thus higher operating costs are expected due to the replacement of equipment with higher-efficiency models to ensure future compliance with the regulations. In an attempt to reduce carbon emissions, we have adopted locally and globally recognised standards for building construction and procured energy-saving equipment across our operations. In addition, the Group regularly monitors existing and emerging trends, policies, and regulations relevant to climate and is prepared to alert the top management when necessary to avoid cost increments, noncompliance fines, or reputational risks due to delayed responses.

B. SOCIAL

B1. Employment

As a socially responsible enterprise, the Group is not only responsible for our consumers, but also our employees. The Group attaches great importance to its employees, as their contribution and dedication are key to the Group's sustainable business development. Employment policies are formally documented in the Employee Handbook, covering recruitment, promotion, remuneration, dismissal, etc. The Group periodically reviews its existing policies and employment practices to ensure continuous improvement of its employment standards and competitiveness among the industry.

During the Reporting Period, the Board was not aware of any material non-compliance with employment related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Act 1955, the Minimum Wages Order 2022, the Employment (Restriction) Act 1968, the Employees Provident Fund Act 1991, the Employees' Social Security Act 1969, and the Employment Insurance System Act 2017 of Malaysia.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employment Practices

Recruitment, Promotion, and Dismissal

The Group adheres to the principles of openness and fairness, and has therefore adopted a robust recruitment process based on merit selection against the corresponding job criteria. Job applicants are assessed based on their suitability for the positions and potential to fulfil the Group's current and future needs, regardless of their race, gender, religion, physical disability, marital status, sexual orientation, etc.

We offer promotion and development opportunities for outperforming employees through an open and fair assessment system to explore employees' capabilities. Performance reviews are conducted annually and employees are provided with the opportunity to openly discuss their performance and career development with their supervisors. The results of performance reviews are used for employees' salary reviews and promotion considerations.

Besides, the Group does not tolerate the dismissal of employees on any unreasonable basis. Any termination of the employment contract would be based on reasonable and lawful grounds supported by internal policies of the Group.

Remuneration and Benefits

The Group understands that a competitive remuneration package, together with good benefits and welfare, encourages retention and fosters a sense of belonging. The Group provides comprehensive remuneration packages for all its employees, and employees are remunerated fairly according to their contributions with reference to market practice.

Remuneration packages of the Group include a basic salary, leaves as stipulated by relevant laws and regulations, medical benefits such as group hospitalization and surgical insurance, as well as consultation and treatment by specialists, maternity benefits, bonuses, etc. The Group also provides a variety of leaves to cater to the needs of its employees, such as marriage leave, compassionate leave, paternity leave, etc. In addition, the Group has adopted the Staff Loan Policy, under which employees who worked for more than five years are entitled to apply for staff loans.

In regard to employees' salaries, the management has established a formal written salary range for each position for determining the salary. Such document is reviewed and approved by the management periodically to ensure salary ranges are aligned with the market. The Group also requisite contributions to Employee Provident Fund ("EPF") and Social Security Organization ("SOCSO") as stipulated by relevant local laws and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Group's overall employee turnover rate⁸ was approximately 39.24% (FY2021: 14.81%). Employee turnover by gender, age group, and geographical region was as follows:

Turnover Rate (%)⁹	FY2022	FY2021
By Gender		
Male	40.60	13.75
Female	32.00	20.69
By Age Group		
< 30	73.33	26.19
30–50	32.97	13.89
> 50	27.03	5.13
By Geographical Region		
Malaysia	39.24	14.81

Note(s):

8. The overall employee turnover rate is calculated by dividing the number of employees leaving employment during the reporting period by the number of employees at the end of the reporting period.
9. The employee turnover rate by specific category is calculated by dividing the number of employees in the specified category leaving employment during the reporting period by the number of employees in the specified category at the end of the reporting period.

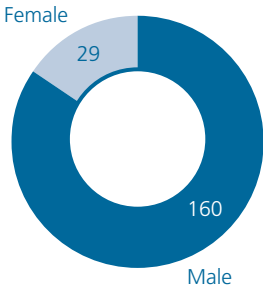
Diversity, Equal Opportunities, and Anti-discrimination

The Group recognises the value of a diverse and skilled workforce and is committed to creating and maintaining an inclusive and collaborative workplace culture in which all employees can develop and contribute to their full potential. We are dedicated to providing equal opportunity in all aspects of employment and maintaining a workplace that is free from discrimination, physical, or verbal harassment against any individual based on race, religion, colour, national origin, age, sex, sexual orientation, or disability.

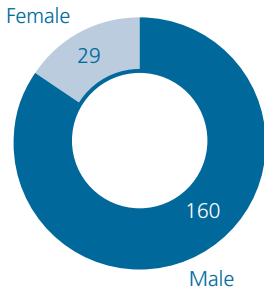
As at 31 October 2022, the Group had a total of 158 (as at 31 October 2021: 189) employees who fall within the reporting scope, all of whom are full-time employees working in Malaysia. The distribution of employees according to gender and age group was as follows:

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

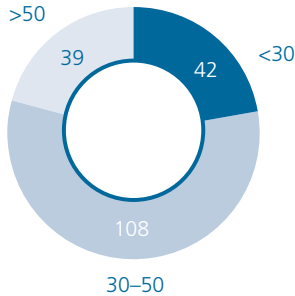
FY2022
Total Number of Employees by Gender



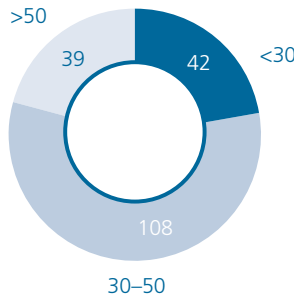
FY2021
Total Number of Employees by Gender



Total Number of Employees by Age Group



Total Number of Employees by Age Group



Work-life Balance

The Group strives to help employees achieve work-life balance and has formulated policies in regulating the working hours and rest periods for employees in accordance with local employment laws. A 5-day work week with 8.5 hours is applied for office staff, while a 6-day work week with 8 hours is applied for site staff. Overtime work can only be performed with prior permission from management, and overtime wages will be paid in accordance with the provisions of the Employment Act 1955 of Malaysia.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B2. Health and Safety

The Group is committed to providing safe and healthy working conditions for its employees to avoid work-related injury and ill health by prioritising “Safety First” in all locations where the Group carries out construction work. An Occupational Health and Safety Policy has been established in accordance with ISO 45001:2018. Besides, the Group has provided its employees with Group Hospitalization and Surgical Insurance to reimburse employees for expenses related to treatment involving hospitalization and surgery. The Group has also established the Emergency Preparedness and Response Procedures to ensure effective emergency management.

During the Reporting Period, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to the Occupational Safety and Health Act 1994 and the Prevention and Control of Infectious Diseases Act 1988 of Malaysia.

In the past 3 years including the Reporting Period, there has been 1 work-related fatality in our operation sites in the year ended 31 October 2020 (“FY2020”), and the Group’s total fatality rate in FY2020 was approximately 0.79%. In FY2021 and FY2022, there were no work-related fatalities at our operation sites. We responded to the case appropriately with immediate investigations. To avoid the recurrence of similar incidents, thorough evaluations were performed by the investigation team of the Group and a list of corrective and preventive measures were taken based on the investigation results. These measures are listed as follows:

- Adopt and enforce safe operation procedure (“SOP”) specifically for all plumbing and sanitation work;
- Adopt improved edge protection and fall protection systems;
- Increase the participation of top management in safety walkabouts by at least twice a month;
- Take stringent action against any staff/subcontractor who fails to comply with site safety requirements (warning letter/termination of employment/removal from site);
- Revise the SOP for plumbing and sanitation work periodically;
- Conduct daily inspections and briefings by the Group and Trade supervisors before the commencement of high-risk job activities with an established checklist;
- Delegate a full-time supervisor to monitor, coordinate, and control the workers’ work activity and behaviour;
- Provide more training on safe methods of working at heights and floor openings;
- Translate and demo the training programme content to ensure workers understand the briefing content; and
- Conduct monthly reviews of trade worker training or briefings during Safety Committee meetings.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

With the above corrective and preventive measures, as well as the health and safety procedures detailed in the following section – “Occupational Health and Safety”, the Group has recorded 0.15 days lost due to work-related injuries during FY2022 (FY2021: 0 days).

Occupational Health and Safety

The Group actively strengthens the occupational safety awareness of employees by providing regular in-house safety training. All employees are required to attend the safety induction course before being deployed to project sites, and only inducted employees will be issued a Security Pass by the Safety Department. All employees are required to wear the Security Pass upon entering the project sites as proof. Employees are also given fire drill training, which covers the use of fire extinguishers. Moreover, all subcontractors are required to provide personal protective equipment for all of their employees, including but not limited to safety helmets, safety vests, safety shoes, etc.

To further ensure workplace health and safety, the Group strictly prohibits any work at the site unless with the approval of the Group’s Safety, Health and Environment Representatives, as outlined in the Project Safety, Health & Environmental Procedures. Besides, machinery, power tools, and equipment are subject to initial, daily, as well as monthly inspections to ensure normal functioning. Furthermore, designated resting area with the approval of the Group’s Safety Department, a first aid box, and sufficient portable fire extinguishers are provided at every construction site. In addition, employees of subcontractors are expected to undergo a physical fitness programme prior to work, and any employees under the influence of intoxicants or drugs are strictly prohibited from work and should be directed to leave the project site immediately.

In response to the ongoing outbreak of the COVID-19 pandemic, the Group has continued to implement health and safety precautionary measures in its offices and construction sites to ensure the health of its employees and workers. The Group has also strengthened the two sets of workplace health and safety plan with regards to COVID-19 separately for office (the COVID-19 Workplace (Office) Health And Safety Plan) and construction site (the COVID-19 Resume To Work Site Safe Operating Procedures) employees. In addition, the Group has conducted a thorough hazard assessment of the workplace to identify potential workplace hazards that could increase the risk of COVID-19 transmission.

Meanwhile, employees are required to strictly abide by the following COVID-19 preventive measures:

- Face masks are mandatory for employees entering construction sites;
- Employees have to maintain 1-metre social distancing when queuing up for temperature screening; and
- Employees are required to clean their hands with alcohol-based hand sanitiser that contains at least 60% ethanol or 70% isopropanol.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B3. Development and Training

The valuable contribution of our talents is key to the continued success of the Group. Therefore, nurturing talents and polishing the skills of our human capital are important not only for service excellence, but also to support the sustainable growth of businesses and maintain the Group's competitive edge in the industry. This is achieved through the development of training strategies that focus on creating values and serving the needs of our customers, talents, and society. As such, employees are encouraged to attend internal and external training sessions, and obtain professional qualifications.

Training and Development

The Group provides a wide variety of training to its employees to equip them with work-related skills. Induction programmes are provided to newly recruited employees, while on-the-job training is provided to all employees in the Group. Each employee will be evaluated and the results are recorded in a training evaluation form, covering the training type, training scope, and performance. Moreover, each employee has an individual training record to monitor whether the training received was sufficient.

During the Reporting Period, the Group recorded approximately 1.90% (FY2021: 6.35%) of its employees participated in technical and occupational safety and health training¹⁰. The percentage of employees trained by gender and employee category were as follows:

Percentage of employees trained (%) ¹¹	FY2022	FY2021
By Gender		
Male	2.26	7.50
Female	–	–
By Employee Category		
Management	3.85	8.33
Administrative staff	–	–
Technical workers	1.67	6.58

Note(s):

10. The overall percentage of employees trained is calculated by dividing the number of employees trained during the reporting period by the number of employees at the end of the reporting period.
11. The percentage of employees trained by specific category is calculated by dividing the number of employees in the specified category trained during the reporting period by the number of employees in the specified category at the end of the reporting period.

During the Reporting Period, of the employees who participated in the aforementioned training, 100% were male; approximately 33.33% were management staff, and approximately 66.67% were technical workers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the average training hours per employee¹² are approximately 1.11 hours (FY2021: 0.25 hours). The breakdown of the average training hours completed per employee by gender and employee category was as follows:

Average training hours (hours)¹³	FY2022	FY2021
By Gender		
Male	1.32	0.30
Female	–	–
By Employee Category		
Management	0.62	0.67
Administrative staff	–	–
Technical workers	1.33	0.21

Note(s):

12. The overall average training hours is calculated by dividing the total number of training hours during the reporting period by the number of employees at the end of the reporting period.
13. The average training hours by specific category is calculated by dividing the number of training hours for employees in the specified category during the reporting period by the number of employees in the specified category at the end of the reporting period.

B4. Labour Standards

Prevention of Child and Forced Labour

Child and forced labour are strictly prohibited during the recruitment process, as defined by laws and regulations. The Group strictly abides by local laws and will not employ children under the legal working age or forced labour in accordance with the UN Declaration of Human Rights. The Group's Human Resources Department is responsible for monitoring and ensuring compliance with the latest laws and regulations that prohibit child and forced labour.

To avoid illegal employment of child and forced labour, applicants are required to fill in the "Application for Employment Form", where personal data necessary for ensuring that the applicants are over the legal working age are collected. Personal information, such as an identity card, is collected for identity verification. If any employees suspect a violation is involved, the employee should report to their Heads of Department or the Group's Executive Directors. Once the Group discovers any case that fails to conform to the relevant labour laws, regulations or standards, the relevant employment contract will be immediately terminated.

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Act 1955 and the Employment (Restriction) Act 1968 of Malaysia.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B5. Supply Chain Management

The Group recognises the importance of good supply chain management practices in managing environmental and social risks and regards its suppliers and subcontractors as important business partners. In view of green supply chain management, the Group strives to engage suppliers and subcontractors who incorporate the consideration of environmental and social risks into their supply chain management with responsible acts for society.

Suppliers, Subcontractors, and Vendors Management

To ensure suppliers, subcontractors, and vendors have met our requirements concerning quality, price, delivery, terms of payment, and health and safety, all suppliers and subcontractors are required to undergo a stringent selection process under the review of the Group's Executive Directors, Purchasing Assistant, and Quantity Surveyor. Visits to potential suppliers might take place if necessary. The Group has also established internal guidelines on purchases, payment procedures, and tendering processes, as detailed in the Group's Vendor & Subcontractor Management and Tender Procedure.

Besides, the Group has established an approved list of suppliers and subcontractors who deliver goods and services of acceptable quality, and such a list is regularly updated by the Purchasing Assistant and properly kept by the Quantity Surveyor. The suppliers and subcontractors on the approved list are subject to annual appraisals, where factors such as price, quality, and punctuality of deliveries are taken into consideration. Suppliers and subcontractors are classified as good, average, or poor upon annual appraisal, and poor suppliers or subcontractors will be deregistered from the approved list.

During the Reporting Period, the Group had a total of 431 approved vendors (FY2021: 913). All vendors are from Malaysia and all of them were engaged and evaluated under the aforementioned practices.

ESG Considerations in Supply Chain Management

Apart from requiring its suppliers, subcontractors, and vendors to comply with local regulations, the Group is also aware of the importance of enhancing their environmental and safety performance. As stated in the Environmental Policy, we aspire to involve suppliers, subcontractors, and vendors in the implementation of our environmental objectives. In order to minimise the adverse effect of pollution and waste on the surrounding environment, the Group's suppliers, subcontractors, and vendors must follow the mitigation measures specified in the plan and the environmental impact assessment when available. The management team also regularly visits the sites to inspect the quality of the project and the environmental, health, and safety conditions. During the selection process, to promote improvements in environmental performance, suppliers, subcontractors, and vendors are encouraged to consider and manage their environmental and social issues in their operations for priority consideration. The Group maintains close communication with suppliers, understands the suppliers' supply and services, resolves the related supply and service issues, and makes corresponding improvement measures. The Group also shares sustainable operating practices and disseminates environmental concepts, including the latest knowledge on quality safety, good employment and environmental practices.

Besides, subcontractors on the approved list will be evaluated on safety performance such as compliance with personal protective equipment, lost time accidents, and clean line on-site to ensure subcontractors are well-aware of safety issues and have complied with the Group's safety standards and the Occupational Health and Safety Act 1994 of Malaysia.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B6. Product Responsibility

Achieving and maintaining a high-quality standard for projects is of utmost importance for the sustainable growth of the Group. The Group believes completing works that meet or exceed our client's expectations is crucial for job references and future business opportunities. The Group regularly controls and monitors the progress of each project in order to ensure that it delivers high-quality services and sustainable projects to our customers.

During the Reporting Period, the Board was not aware of any material non-compliance with laws and regulations concerning advertising, labelling, and privacy matters relating to products and services provided and methods of redress that would have a significant impact on the Group, including but not limited to the Personal Data Protection Act 2010 of Malaysia. Moreover, the Group has obtained the Certificate of Employment of Work (SPKK), under Section 25 of Act 520 of the Malaysian Construction Industry Development Board (LPIPM or CIDB).

Quality Assurance

The Group has established a quality management system, which has been assessed and registered in accordance with ISO 9001:2015 in order to pursue continuous improvement in quality rather than adopting a short-term and project-based approach. We have also implemented the Quality Policy and are committed to the following quality objectives:

- Complete projects within the scheduled time;
- Achieve zero customer complaints;
- Less than 4 corrective action requests per project in the annual internal audit; and
- Training for selected employees at least once a year according to their work requirements.

Besides, we conduct on-site quality checks and inspections at various stages of the construction services, and perform incoming inspections, including visual inspection, measurement, and checks against manufacturers' test certificates of the purchased materials to ensure they reach the technical specifications and are consistent with the sample provided.

Due to the Group's business nature, disclosure on the number of products sold, shipped subject to recalls for safety and health reasons, and recall procedures were all not applicable.

Protection of Intellectual Property

As at 31 October 2022, the Group has registered 3 trademarks of the Company logo in Malaysia and 1 trademark in Hong Kong. The Group has also registered 1 domain name to prevent others from using the same domain name during the subsisting registration period. The Group conducts regular checks to ensure that intellectual property rights are not being infringed upon.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Customer Services

Being a building construction contractor focusing on the provision of building construction services, the customers of the Group are primarily main contractors, property developers, factory owners, etc. To understand our customers' needs and provide services that meet their expectations and standards, customer satisfaction surveys are distributed to ensure that any dissatisfaction related to product quality can be identified and follow-up actions can be taken on a timely basis. Besides, the Group maintains ongoing communication with them through regular meetings as well as phone and email communications. During the Reporting Period, there was no material claim or complaint brought against the Group by our customers, and the cost incurred for rectifying defective works was immaterial.

Advertising and Labelling

As the Group's operational process does not involve advertising and labelling practices, the disclosure of information relating to advertising and labelling is not applicable to the Group.

Privacy Protection

The Group recognises that the protection of confidential information is the key to its success, therefore protecting confidential data and customers' privacy always remains a top priority for the Group. All confidential data relating to the Group's business and customers' information are securely protected and may only be used for internal purposes. Employees who have access to the tender and quotation information are required to sign a confidential agreement to better protect customers' privacy. Any leakage of confidential information to third parties is strictly prohibited.

B7. Anti-corruption

The Group strives to maintain a high level of ethical corporate culture and strictly prohibits all forms of bribery, extortion, fraud, and money laundering. The Group has formulated an internal policy to ensure that every employee complies with the rules of the Group in its daily operations to prevent violation of the law. A sub-section 'Bribery and Corruption' in section 'Conduct' has been formally documented in the Employee Handbook to ensure every employee understands and is well-aware of the Group's ethical expectations and standards.

During the Reporting Period, there was no concluded legal case regarding corrupt practices brought against the Group or its employees. The Group was also not aware of any material non-compliance with related laws and regulations concerning bribery, extortion, fraud, and money laundering that would have a significant impact on the Group, including but not limited to the Anti-corruption Commission Act 2009 of Malaysia.

The Group is committed to conducting all of its business in an honest and ethical manner, thereby acting professionally, fairly, and with integrity in all its business dealings and relationships. Bribery and corruption are strictly prohibited as stated in the Group's Anti-bribery and Corruption Policy, which covers bribes, gifts, hospitality, facilitation payments, etc. The policy applies to all employees at all levels, including senior management, officers, trainees, etc. Moreover, employees are encouraged to provide comments and suggestions and make inquiries regarding the policy via the Human Resources Department or senior management.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Whistle-blowing Mechanism

A Whistle-blowing Policy has been set up to encourage and allow employees to raise concerns about possible improprieties in matters of financial reporting, compliance, and other malpractices at the earliest opportunity. The audit committee has overall responsibility for the policy and has delegated the day-to-day responsibility of overseeing and implementing such policy to the Finance Manager of the Group. If any employee believes reasonably and in good faith that malpractice exists in the workplace, he/she should report immediately to his/her immediate supervisor within the department. The supervisor should then forward the concerns by email to the Finance Manager upon receiving reports from employees. If necessary, employees may also take the complaint directly to the chairman of the audit committee. All reports are treated confidentially, and the Group makes every effort to keep the employee's identity confidential.

Anti-Corruption Training

To strengthen understanding of relevant applicable laws and regulations, training regarding ethical business conduct covering topics such as integrity and discipline, confidentiality, and conflict of interest is provided to all managers and above. The Board has also received internal training on material topics, such as corporate governance, connected and notifiable transactions, legal and regulatory issues, and business. During the Reporting Period, 4 directors and 20 employees of the Group have completed anti-corruption training, with an average training time of approximately 3 hours.

B8. Community Investment

Corporate Social Responsibility

The Group is committed to empowering and supporting the public through various means of social participation and contribution as part of our strategic development. We strive to nurture corporate culture and practise corporate citizenship on a daily basis. To fulfil our corporate social responsibility, the Group has adopted relevant policies on community engagement that state our selection criteria for suitable donation partners. Meanwhile, the Group also focuses on inspiring our employees' sense of social responsibility by encouraging them to participate in activities that contribute to the community.

During the Reporting Period, we continued to support our local communities through donations to charitable institutions and institutions of a public character, such as schools, religious institutions, and NGOs. The Group has donated RM10,000 to Che Tao Khor Moral Uplifting Society, RM1,000 to The Salvation Army, and RM200 to SMJK Heng EE. The Group has also provided a sponsorship of RM1,000 to Penang Master Builders and RM5,800 to Vision Playground Enterprise.

Moving forward, we aim to encourage our employees to participate in charitable activities during their work and spare time, as we believe participating in activities that repay society can increase our employees' civic awareness while establishing correct values.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Mandatory Disclosure Requirements	Section/Statement
Governance Structure	The ESG Governance Structure, Chairman's Statement
Reporting Principles	Reporting Framework
Reporting Boundary	Reporting Scope

Subject Areas,

Aspects, General

Disclosures and KPIs

Description	Section/Declaration
Aspect A1: Emissions	
General Disclosure	Emissions
Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	
KPI A1.1	Emissions – Emissions Control
KPI A1.2	Emissions – Emissions Control
KPI A1.3	Emissions – Waste Management
KPI A1.4	Emissions – Waste Management
KPI A1.5	Emissions – Emissions Control
KPI A1.6	Emissions – Waste Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Energy Management
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Water Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources – Energy Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources – Water Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Packaging Material (Not applicable – Explained)
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources – Green Working Environment
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Climate Change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs

	Description	Section/Declaration
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment – Employment Practices
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment – Employment Practices
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety – Occupational Health and Safety

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs

	Description	Section/Declaration
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training – Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training – Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training – Training and Development
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards – Prevention of Child and Forced Labour
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards – Prevention of Child and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards – Prevention of Child and Forced Labour
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management – Suppliers, Subcontractors, and Vendors Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management – Suppliers, Subcontractors, and Vendors Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management – Suppliers, Subcontractors, and Vendors Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management – ESG Considerations in Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management – ESG Considerations in Supply Chain Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs

	Description	Section/Declaration
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility – Quality Assurance (Not applicable – Explained)
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility – Customer Services
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Protection of Intellectual Property
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Privacy Protection
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption – Whistle-blowing Mechanism
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption – Anti-corruption Training



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs

	Description	Section/Declaration
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment – Corporate Social Responsibility
KPI 8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment – Corporate Social Responsibility
KPI 8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment – Corporate Social Responsibility

INDEPENDENT AUDITOR'S REPORT



SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

TO THE MEMBERS OF RIMBACO GROUP GLOBAL LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Rimbaco Group Global Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 81 to 140, which comprise the consolidated statement of financial position as at 31 October 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 October 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



INDEPENDENT AUDITOR'S REPORT

Revenue recognition from construction works

Refer to note 5 to the consolidated financial statements and the accounting policies on pages 91 to 93.

The key audit matter

During the year ended 31 October 2022, the Group recognised revenue from construction works of approximately RM475,565,000.

The Group recognised 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 accumulated actual cost incurred to date over the total budgeted contract cost. Accordingly, revenue recognition from construction works involves a significant degree of management estimates and judgements, with estimates being made to assess the total budgeted contract cost and stage of completion of the contracts. When there are unavoidable costs of meeting the obligations under a construction contract which exceed the economic benefits expected to be received under it, the present obligation under the onerous construction contract will be recognised and measured as a provision.

We have identified the revenue recognition from construction works as a key audit matter because the amount is significant to the consolidated financial statements as a whole and there is involvement of a significant degree of judgements and estimates made by the management of the Group.

How the matter was addressed in our audit

Our audit procedures were designed to review the management's assessment, and its estimations and judgements used in the revenue recognition from construction works.

We obtained an understanding of, evaluated and tested, on a sample basis, the relevant controls in place over preparation of and revisions to the estimated transaction price and total costs for the construction contracts and the recording of actual costs incurred for each contract and estimation of provision for onerous construction contracts.

We reviewed construction contracts, variation orders and payment certificates, on a sample basis, to evaluate whether the management had made appropriate judgement in identifying the contract and performance obligations, and determining the transaction price considering the variable consideration. For projects which are expected to be loss-making, we reviewed management's assessment and assessed if the Group has recognised adequate provision for onerous contracts by comparing unavoidable costs of meeting the obligations under a contract and the economic benefits expected to be received under it.

We discussed with the project managers and the management of the Group and checked to the quotations and contracts with suppliers, on a sample basis, to assess the appropriateness of the significant cost components that make up the total budgeted contract costs. We also performed retrospective review by comparing the total actual contract costs incurred at completion against the total budgeted contract costs to assess the reasonableness of the estimates used by the management.



INDEPENDENT AUDITOR'S REPORT

Revenue recognition from construction works (Continued)

Refer to note 5 to the consolidated financial statements and the accounting policies on pages 91 to 93.

The key audit matter

How the matter was addressed in our audit

We tested the actual costs incurred on a sample basis, to underlying documents. We also tested subsequent payments made after year end and unpaid invoices in respect of the projects to assess whether management appropriately accounted for the actual costs incurred up to year end.

We recalculated the percentage of completion based on accumulated actual costs incurred to date over the total budgeted contract costs to assess the reasonableness of the estimates used by the management.

Loss allowance on trade receivables and contract assets

Refer to notes 19, 20 and 30 to the consolidated financial statements and the accounting policies on pages 101 to 104.

The key audit matter

How the matter was addressed in our audit

As at 31 October 2022, the carrying amounts of trade receivables and contract assets are approximately RM47,783,000 and RM99,638,000 respectively. The related provisions for expected credit losses for trade receivables and contract assets recognised by the Group amounted to approximately RM2,557,000 and RM45,000 respectively.

In assessing the loss allowance made under the expected credit loss ("ECL") model, the management of the Group used judgements and estimates to determine the historical credit loss experience and forward-looking information specific to the debtors and their economic environments.

We have identified the loss allowance on trade receivables and contract assets as a key audit matter because the amount is significant to the consolidated financial statements as a whole and there is involvement of a significant degree of judgements and estimates made by the management of the Group.

Our audit procedures were designed to review the management's assessment of the ECL model adopted for the loss allowance on trade receivables and contract assets.

We obtained an understanding of the methodology for ECL model and evaluated its reasonableness through discussion with management and independent valuer and review of input data used by the management with reference to the historical cash collection performance and the latest available general economic data.

We also checked the subsequent settlements and billings issued to the customers on a sample basis.



INDEPENDENT AUDITOR'S REPORT

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



INDEPENDENT AUDITOR'S REPORT

We communicate with Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Pang Wai Hang.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Pang Wai Hang

Practising Certificate Number: P05044

Hong Kong
19 January 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 October 2022

	Notes	2022 RM'000	2021 RM'000
Revenue	5	475,565	282,075
Cost of services		(470,624)	(256,791)
Gross profit		4,941	25,284
Other income, gain and loss	6	2,114	546
Share of result of an associate	17	151	108
Administrative and other expenses		(7,575)	(6,858)
Reversal of loss allowances (loss allowances) on trade and other receivables and contract assets, net		1,451	(1,310)
Finance costs	7	(2)	(95)
Profit before tax	8	1,080	17,675
Income tax expense	9	(847)	(4,915)
Profit for the year		233	12,760
Other comprehensive income (expense)			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements from functional currency to presentation currency		845	(437)
Other comprehensive income (expense) for the year, net of income tax		845	(437)
Total comprehensive income for the year attributable to owners of the Company		1,078	12,323
Earnings per share (RM cents)			
– Basic and diluted	12	0.02	1.01

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2022

	Notes	2022 RM'000	2021 RM'000
Non-current assets			
Property, plant and equipment	14	10,345	9,668
Investment properties	15	4,721	5,435
Right-of-use assets	16	10	3,996
Interest in an associate	17	1,107	1,003
Other non-current assets	18	96	118
Deferred tax assets	24	1,280	1,364
		17,559	21,584
Current assets			
Trade and other receivables	19	53,185	83,275
Contract assets	20	99,638	150,460
Tax recoverable		4,832	3,855
Restricted bank deposits	21	10,666	12,870
Bank balances and cash	21	97,839	42,632
		266,160	293,092
Current liabilities			
Trade, bills and other payables	22	118,892	92,121
Contract liabilities	20	5,492	53,410
Tax payables		95	221
Lease liabilities	16	10	806
Provisions	23	1,938	–
		126,427	146,558
Net current assets		139,733	146,534
Total assets less current liabilities		157,292	168,118

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2022

	Notes	2022 RM'000	2021 RM'000
Non-current liabilities			
Lease liabilities	16	–	10
Deferred tax liabilities	24	1,075	999
		1,075	1,009
Net assets			
		156,217	167,109
Capital and reserves			
Share capital	25	7,033	7,033
Reserves		149,184	160,076
		156,217	167,109

The consolidated financial statements on page 81 to 140 were approved and authorised for issue by the board of directors on 19 January 2023 and are signed on its behalf by:

Low Seah Sun
Director

Seah Peet Hwah
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 October 2022

	Share capital RM'000	Share premium RM'000	Merger reserve RM'000 (note)	Translation reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 November 2020	7,033	49,022	2,050	(2,140)	98,821	154,786
Profit for the year	–	–	–	–	12,760	12,760
Other comprehensive expense for the year	–	–	–	(437)	–	(437)
At 31 October 2021 and 1 November 2021	7,033	49,022	2,050	(2,577)	111,581	167,109
Profit for the year	–	–	–	–	233	233
Other comprehensive income for the year	–	–	–	845	–	845
Dividends recognised as distribution (note 13)	–	–	–	–	(11,970)	(11,970)
At 31 October 2022	7,033	49,022	2,050	(1,732)	99,844	156,217

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 detailed in the prospectus of the Company dated 14 April 2020 (the "Reorganisation"). 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 HK\$10 (equivalent to RM5) immediately upon the completion of the Reorganisation was accounted for as the merger reserve.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 October 2022

	2022 RM'000	2021 RM'000
OPERATING ACTIVITIES		
Profit before tax	1,080	17,675
Adjustments for:		
Share of result of an associate	(151)	(108)
Depreciation of property, plant and equipment	3,839	1,993
Depreciation of investment properties	93	100
Depreciation of right-of-use assets	168	2,464
Gain on disposal of property, plant and equipment	(727)	(4)
Loss on disposal of investment properties	246	–
Written-off of property, plant and equipment	37	15
(Reversal of loss allowances) loss allowances on trade and other receivables and contract assets, net	(1,451)	1,310
Provision for onerous contracts	1,938	–
Fair value loss on other non-current assets	22	–
Finance costs	2	95
Interest income	(1,414)	(386)
Operating cash flows before movements in working capital	3,682	23,154
Decrease (increase) in trade and other receivables	31,540	(40,468)
Decrease (increase) in contract assets	50,823	(36,683)
Increase in trade and other payables	26,771	17,111
(Decrease) increase in contract liabilities	(47,918)	52,016
Cash generated from operations	64,898	15,130
Income tax paid	(1,790)	(6,355)
NET CASH FROM OPERATING ACTIVITIES	63,108	8,775
INVESTING ACTIVITIES		
Release of restricted bank deposits	7,870	–
Proceeds from disposal of investment properties	2,000	–
Proceeds from disposal of property, plant and equipment	1,083	37
Dividend received from an associate	47	47
Interest income received	1,414	386
Purchase of property, plant and equipment	(1,091)	(3,214)
Purchase of investment properties	(1,625)	–
Placement of restricted bank deposits	(5,666)	(3,318)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	4,032	(6,062)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 October 2022

	2022 RM'000	2021 RM'000
FINANCING ACTIVITIES		
Repayment of principal element of lease liabilities	(806)	(3,681)
Repayment of interest element of lease liabilities	(2)	(95)
Dividend paid	(11,970)	–
NET CASH USED IN FINANCING ACTIVITIES	(12,778)	(3,776)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	54,362	(1,063)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	42,632	44,132
Effect of foreign exchange rate changes	845	(437)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	97,839	42,632



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

1. GENERAL INFORMATION

Rimbaco Group Global Limited (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. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 28 April 2020 (the “Listing Date”). The Company’s immediate and ultimate holding company are both RBC Venture Limited, a company incorporated in the British Virgin Islands (the “BVI”) which is ultimately owned by Mr. Low Seah Sun (“Mr. Low”), Ms. Seah Peet Hwah (“Ms. Seah”), Mr. Cheang Wye Keong (“Mr. Cheang”) and Mr. Lau Ah Cheng (“Mr. Lau”) (collectively referred to as the “Controlling Shareholders”).

The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108 Cayman Islands and the address of the Company’s principal place of business is 309-E, 1st Floor, Silver Square, Perak Road, 10150 Penang, Malaysia. The Company has established its place of business in Hong Kong at Suite 2702, 27/F., Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. Its major operating subsidiaries are engaged in the provision of general contractor services in Malaysia.

The functional currency of the Company is Hong Kong dollars (“HK\$”), which is different from the functional currency of the subsidiaries and the consolidated financial statements are presented in Malaysia Ringgit (“RM”). As the Company and its subsidiaries (collectively referred to as the “Group”) mainly operate in Malaysia, the directors of the Company consider that it is appropriate to present the consolidated financial statements in RM.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS(s)“)

In the current year, the Group has applied, for its first time, the following amendments to IFRSs, which include IFRSs, International Accounting Standards (“IAS(s)“), amendments and interpretations (“IFRIC“) issued by the International Accounting Standards Board (the “IASB“).

Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to IFRSs in the current year has had no material impact on the Group’s financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised IFRSs issued but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and related Amendments ²
Amendments to IFRS 3	Reference to the Conceptual Framework ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ³
Amendments to IAS 1	Non-current Liabilities with Covenants ³
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to IAS 8	Definition of Accounting Estimates ²
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a single Transaction ²
Amendments to IAS 16	Property, Plant and Equipment: Proceeds Before Intended Use ¹
Amendments to IAS 37	Onerous Contract – Cost of Fulfilling a Contract ¹
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020 cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for annual periods beginning on or after 1 January 2023.

³ Effective for annual periods beginning on or after 1 January 2024.

⁴ Effective date not yet been determined.

The directors of the Company anticipate that, except as described below, the application of the new and amendments to IFRSs will have no material impact on the results and the financial position of the Group.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS(s)”) (Continued)

Amendments to IAS 37 Onerous Contract – Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the Group has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the Group first applies the amendments. Comparatives are not restated. Instead, the Group shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are applicable to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application. Specially, the amendments are applicable to the Group’s assessment of onerous contracts in relation to the construction contracts.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis.

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. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries). If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

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 Group's investments in an associate are accounted for in the consolidated financial statements using the equity method. Under the equity method, investment in an associate is initially recognised at cost. The Group's share of the profit or loss and other comprehensive income of the associate are recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group's share of losses of an associate equals or exceeds its interest in the associate, which determined using the equity method together with 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 provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest in an associate (Continued)

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 and is included in 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.

After application of the equity method, including recognising the associate's losses (if any), the Group determines whether there is an objective evidence that the net investment in the associate is impaired. Goodwill that forms part of the carrying amount of the net investment in an associate is not separately recognised. The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the net investment in the associate. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the net investment subsequently increases.

When the investment ceases to be an associate upon the Group losing significant influence over the associate, the Group discontinues to apply equity method and any difference between the proceeds from disposing of the associate and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

Gains and losses resulting from transactions between the Group and its associate are recognised in consolidated financial statements only to the extent of unrelated investors' interests in the associate. The Group's share in the associate's gains or losses resulting from these transactions is eliminated.

Revenue recognition

Revenue is recognised to depict the transfer of promised services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation is transferred to customers.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct 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 Group's performance as the Group performs;
- The Group's performance creates and enhances an asset that the customer controls as the asset is created and enhanced; 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 distinct service.

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

Contract assets and contract liabilities

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 "Financial Instruments". 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 from the customer. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The Group recognised revenue from building construction services.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Contract assets and contract liabilities (Continued)

Building construction services

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on an asset under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised over time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs. When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with an onerous contract. An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

Variable consideration

For the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which the Group will be entitled in exchange for transferring the promised services to a customer.

The Group estimates an amount of variable consideration by using either the expected value method or the most likely amount method, depending on which method the Group expects to better predict the amount of consideration to which it 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 during the reporting period.

Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

The Group as lessee

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest 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 liability 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 presented as a separate line in the consolidated statement of financial position.

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 payments made.

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 "Provision, Contingent Liabilities and Contingent Assets". The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

The Group as lessee (Continued)

Right-of-use assets (Continued)

The Group presents right-of-use assets as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 “Impairment of Assets” to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

When the Group obtains ownership of the underlying leased assets at the end of the lease term upon exercising purchase options, the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

Lease modification

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 lease 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 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 as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. 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 of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 “Revenue from Contracts with Customers” to allocate the consideration under the contract to each component.

Rental income from operating leases is recognised 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 and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

A liability is recognised for benefits accruing to employees (such as wages, salaries and annual leave) after deducting an amount already paid.

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 expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements 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 differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other 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 rates (and tax laws) that have been enacted or substantively enacted by the end of the 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 the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 by the same taxation authority and the Group intends to settle the current tax liabilities and assets on a net basis.

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.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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.

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 statement 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 allocate 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 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.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

Bank balances in the consolidated statement of financial position comprise cash at banks and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances as defined above.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

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.

Financial assets

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.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order 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 at amortised cost are subsequently measured using the effective interest method and are subject to impairment.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at amortised cost (debt instruments) (Continued)

(i) *Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (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) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

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 asset.

Interest income is recognised in profit or loss and is included in the "Other income, gain and loss" line item (note 6).

(ii) *Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the other income, gain and loss.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at amortised cost (debt instruments) (Continued)

(ii) *Financial assets at FVTPL* (Continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Impairment of financial assets

The Group always recognises lifetime expected credit loss (“ECL”) for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there is 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 increase in the likelihood or risk of a default occurring since initial recognition.

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. Forward-looking information considered various external sources of actual and forecast economic information that relate to the Group’s operations.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- 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 on a financial asset 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 foregoing, 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 financial instrument is determined to have low credit risk if i) the financial instrument 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 fulfill its contractual cash flow obligations.

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.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group considers that default has occurred when a financial asset 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.

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 customer;
- a breach of contract, such as a default or past due event;
- the lender(s) of the customer, for economic or contractual reasons relating to the customer's financial difficulty, having granted to the customer a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the customer will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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 as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, 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 original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

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 party.

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.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity 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 an 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

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash 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 liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, 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).



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on property, plant and equipment and right-of-use assets

At the end of the 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. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 the cash-generating unit) is reduced to its recoverable amount. 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. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised as expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) 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 the cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement

When measuring fair value except for the Group's leasing transactions, 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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated 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 estimate is 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.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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, subcontracting 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 judgements.

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.

Loss allowances on trade receivables, other receivables and deposits, and contract assets

The loss allowances on trade receivables, other receivables and deposits and contract assets are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income. At 31 October 2022, the carrying amount of trade receivables, other receivables and deposits, and contract assets are approximately RM47,783,000 (2021: RM81,791,000), RM1,332,000 (2021: RM1,337,000) and RM99,638,000 (2021: RM150,460,000) respectively. As at 31 October 2022, the related provisions for trade receivables, other receivables and deposits, and contract assets recognised by the Group amounted to approximately RM2,557,000 (2021: RM4,002,000), RM21,000 (2021: RM26,000) and RM45,000 (2021: RM46,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Estimation of provision for onerous construction contracts

The Group's management estimates the amount of provision for onerous construction contracts based on the management budgets prepared for the construction works. Budgeted construction income is determined in accordance with the terms set out in the relevant contracts. Budgeted construction costs which mainly comprise subcontracting cost, cost of materials and staff costs are prepared by management on the basis of quotations provided by the major contractors, suppliers and vendors involved, and the experience of the management. Management conducts periodic review on the management budgets by reviewing the actual amounts incurred. Items that will subject to significant variances and impact the amount of provision of onerous construction contracts include the changes in estimations or the actual costs incurred for materials, staff costs, the amount of variation orders and claims as compared to management's budget and such provision for onerous construction contracts will be recognised immediately in the consolidated statement of profit or loss and other comprehensive income. Such significant estimate may have impact on the profit or loss recognised in each period.

At 31 October 2022, the related provision for onerous construction contracts recognised by the Group amounted to approximately RM1,938,000 (2021: nil).

5. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising from provision of building construction services for the year.

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 Company 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 for the year is as follows:

	Year ended 31 October	
	2022 RM'000	2021 RM'000
Revenue from contracts with customers recognised over time and disaggregated by types of building construction services:		
Factory projects	212,029	75,501
Institutional, commercial and/or residential projects	257,360	205,217
Infrastructure project	4,771	–
Others	1,405	1,357
	475,565	282,075

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

5. REVENUE AND SEGMENT INFORMATION (Continued)

Transaction price allocated to the remaining performance obligations for contracts with customers

As at 31 October 2022, the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) under the Group's existing contracts is approximately RM416,288,000 (2021: RM616,212,000). This amount represents revenue expected to be recognised in future from construction contracts entered into between the customers and the Group. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to be during the years ending 31 October 2023 to 31 October 2024 (2021: 31 October 2022 to 31 October 2023).

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	
	2022 RM'000	2021 RM'000
Customer A	100,327	72,866
Customer B	N/A ¹	36,022
Customer C	103,199	105,291
Customer D	92,061	N/A ¹
Customer E	68,143	N/A ¹
Customer F	51,146	N/A ¹

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

6. OTHER INCOME, GAIN AND LOSS

	Year ended 31 October	
	2022 RM'000	2021 RM'000
Bank interest income	1,414	386
Rental income (note)	46	104
Gain on disposal of property, plant and equipment	727	4
Written off of property, plant and equipment	(37)	(15)
Loss on disposal of investment properties	(246)	–
Fair value loss on other non-current assets	(22)	–
Others	232	67
	2,114	546

Note:

An analysis of Group's net rental income is as follows:

	Year ended 31 October	
	2022 RM'000	2021 RM'000
Gross rental income from investment properties	46	104
Less:		
– direct operating expenses incurred for investment properties that generated rental income during the year (included in administrative and other expenses)	(21)	(16)
– direct operating expenses incurred for investment properties that did not generate rental income during the year (included in administrative and other expenses)	(16)	(4)
	9	84

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

7. FINANCE COSTS

	Year ended 31 October	
	2022 RM'000	2021 RM'000
Interest on:		
Lease liabilities	2	95

8. PROFIT BEFORE TAX

	Year ended 31 October	
	2022 RM'000	2021 RM'000
Profit before tax has been arrived at after charging:		
Directors' emolument (note 10)	2,247	2,244
Other staff costs:		
Salaries, wages and other benefits	14,723	13,805
Retirement benefit scheme contribution, excluding those of directors	1,322	1,010
Total staff costs	18,292	17,059
Auditor's remuneration	513	468
Depreciation of property, plant and equipment	3,839	1,993
Depreciation of investment properties	93	100
Depreciation of right-of-use assets	168	2,464
Construction material costs (included in cost of services)	62,705	84,507
Subcontracting costs (included in cost of services)	361,781	106,943
Provision for onerous contracts (included in cost of services)	1,938	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

9. INCOME TAX EXPENSE

	Year ended 31 October	
	2022 RM'000	2021 RM'000
Malaysian Corporate Income Tax		
– current year	952	5,290
– prior years	(265)	25
Deferred tax (note 24)	160	(400)
	847	4,915

Malaysian Corporate Income Tax is calculated at the statutory tax rate of 24% on the estimated assessable profit for the years ended 31 October 2022 and 2021.

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Details of deferred taxation are set out in note 24.

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2022 RM'000	2021 RM'000
Profit before tax	1,080	17,675
Tax charge at Malaysian Corporate Income Tax Rate of 24%	259	4,242
Tax effect of expenses not deductible for tax purpose	755	551
Tax effect of income not taxable for tax purpose	(5)	(13)
Tax effect of share of results of an associate	(36)	(26)
(Over) under provision in respect of prior year	(265)	25
Effect of different tax rates in other jurisdiction	139	136
Income tax expense for the year	847	4,915

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the 9 (2021: 8) directors and chief executive were as follows:

Year ended 31 October 2022

	Directors' fees RM'000	Salaries and other allowances RM'000	Discretionary bonus (note (ii)) RM'000	Retirement benefit scheme contributions RM'000	Total RM'000
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiary undertakings					
Executive directors:					
Mr. Low	67	361	211	81	720
Ms. Seah	39	186	78	44	347
Mr. Cheang	26	230	77	45	378
Mr. Lau	20	148	50	28	246
Mr. Low Wui Linn	27	134	60	23	244
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings					
Non-executive director:					
Mr. Tong Kai Tak (note (iii))	111	–	–	–	111
Independent non-executive directors:					
Mr. Ng Kok Seng	67	–	–	–	67
Mr. Wong Chi Wai	67	–	–	–	67
Ms. Yeo Chen Yen Mary	67	–	–	–	67
	491	1,059	476	221	2,247

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

Year ended 31 October 2021

	Directors' fees RM'000	Salaries and other allowances RM'000	Discretionary bonus (note (ii)) RM'000	Retirement benefit scheme contributions RM'000	Total RM'000
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiary undertakings					
Executive directors:					
Mr. Low	64	328	317	56	765
Ms. Seah	38	169	178	29	414
Mr. Cheang	26	210	142	34	412
Mr. Lau	19	135	81	22	257
Mr. Low Wui Linn	26	108	54	16	204
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings					
Independent non-executive directors:					
Mr. Ng Kok Seng	64	–	–	–	64
Mr. Wong Chi Wai	64	–	–	–	64
Ms. Yeo Chen Yen Mary	64	–	–	–	64
	365	950	772	157	2,244

Notes:

- (i) 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.
- (ii) The discretionary bonus is determined based on the performance of individual and market trend during the years ended 31 October 2022 and 2021.
- (iii) Mr. Tong Kai Tak has been appointed as non-executive director on 1 March 2022.

No directors and chief executive of the Company waived any emolument during the years ended 31 October 2022 and 2021. No emoluments were paid by the Group to the directors and chief executive of the Company as an inducement to join or upon joining the Group or as compensation for loss of office during both years.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

11. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2021: three) were directors of the Company whose emoluments are included in the disclosures in note 10 above. The emoluments of the remaining two (2021: two) were as follows:

	2022 RM'000	2021 RM'000
Salaries and other benefits	507	396
Discretionary bonus	134	93
Retirement benefit scheme contributions	74	44
	715	533

Their emoluments were within the following bands:

	2022 Number of employees	2021 Number of employees
Nil to HK\$1,000,000	2	2

No emoluments have been paid to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office during both years.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

12. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Year ended 31 October	
	2022	2021
	RM'000	RM'000
Earnings		
Earnings for the purpose of basic earnings per share	233	12,760
	Year ended 31 October	
	2022	2021
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,260,000,000	1,260,000,000

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

13. DIVIDEND

	Year ended 31 October	
	2022	2021
	RM'000	RM'000
Dividends recognised as distribution during the year:		
2022 interim dividend – RM0.0095	11,970	–

During the year ended 31 October 2022, an interim dividend of RM0.0095 per share in respect of the year ended 31 October 2022 were recognised as distribution.

Subsequent to the end of the reporting period, no dividend was proposed since the end of the reporting period (2021: nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture and fixtures RM'000	Motor vehicles RM'000	Total RM'000
COST						
At 1 November 2020	64	1,486	16,277	1,548	3,829	23,204
Additions	–	–	2,983	128	103	3,214
Disposals	–	–	(120)	–	(180)	(300)
Written off	–	–	(1,168)	(3)	–	(1,171)
At 31 October 2021 and 1 November 2021	64	1,486	17,972	1,673	3,752	24,947
Additions	–	–	875	104	112	1,091
Transfer from right-of-use assets	–	–	9,892	–	–	9,892
Disposals	–	–	(2,366)	–	(127)	(2,493)
Written off	–	–	(81)	(13)	–	(94)
At 31 October 2022	64	1,486	26,292	1,764	3,737	33,343
ACCUMULATED DEPRECIATION						
At 1 November 2020	–	367	10,433	914	2,995	14,709
Provided for the year	–	31	1,404	114	444	1,993
Eliminated on disposals	–	–	(87)	–	(180)	(267)
Written off	–	–	(1,154)	(2)	–	(1,156)
At 31 October 2021 and 1 November 2021	–	398	10,596	1,026	3,259	15,279
Provided for the year	–	28	3,429	119	263	3,839
Transfer from right-of-use assets	–	–	6,074	–	–	6,074
Eliminated on disposals	–	–	(2,010)	–	(127)	(2,137)
Written off	–	–	(52)	(5)	–	(57)
At 31 October 2022	–	426	18,037	1,140	3,395	22,998
CARRYING VALUES						
At 31 October 2022	64	1,060	8,255	624	342	10,345
At 31 October 2021	64	1,088	7,376	647	493	9,668

The above items of property, plant and equipment other than freehold land are depreciated on a straight-line basis at the following rates per annum:

Buildings	2%
Plant and machinery	20%
Furniture and fixtures	10%
Motor vehicles	20%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

15. INVESTMENT PROPERTIES

	RM'000
COST	
At 1 November 2020 and 31 October 2021	5,999
Addition	1,625
Disposal	(2,514)
At 31 October 2022	5,110
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
At 1 November 2020	464
Provided for the year	100
At 31 October 2021 and 1 November 2021	564
Provided for the year	93
Eliminate of disposal	(268)
At 31 October 2022	389
CARRYING VALUES	
At 31 October 2022	4,721
At 31 October 2021	5,435

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 value of the Group's investment properties at 31 October 2022, all of which is measured at Level 3 of the fair value measurements as set out in note 3, was approximately RM5,500,000 (2021: RM6,190,000). The fair value has been arrived at based on a valuation carried out by an independent qualified professional valuers not connected with the Group.

The valuation was determined by reference to market observable transactions for similar properties, mainly adjusted for differences in the location and condition of the investment properties. There has been no change to the valuation technique for both year ended 31 October 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

16. LEASES

(i) Right-of-use assets

	Buildings RM'000	Plant and machinery RM'000	Total RM'000
COST			
At 1 November 2020	1,430	9,892	11,322
Addition	284	–	284
At 31 October 2021 and 1 November 2021	1,714	9,892	11,606
Transfer to property, plant and equipment	–	(9,892)	(9,892)
At 31 October 2022	1,714	–	1,714
ACCUMULATED DEPRECIATION			
At 1 November 2020	1,127	4,019	5,146
Provided for the year	409	2,055	2,464
At 31 October 2021 and 1 November 2021	1,536	6,074	7,610
Provided for the year	168	–	168
Transfer to property, plant and equipment	–	(6,074)	(6,074)
At 31 October 2022	1,704	–	1,704
CARRYING VALUES			
At 31 October 2022	10	–	10
At 31 October 2021	178	3,818	3,996

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	over the lease terms or 5 years

Lease terms are negotiated on an individual basis and contain various different terms and conditions. The lease arrangements do not impose any covenants other than the security interests in leased assets that are held by the lessor.

Additions to the right-of-use assets for the year ended 31 October 2021 amounted to approximately RM284,000 (2022: nil), due to new leases of buildings (2022: nil).

The cost and accumulated depreciation of the right-of-use assets on plant and machinery transferred to the property, plant and equipment during the year ended 31 October 2022 amounted to RM9,892,000 (2021: nil) and RM6,074,000 (2021: nil), respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

16. LEASES (Continued)

(ii) Lease liabilities

	At 31 October	
	2022 RM'000	2021 RM'000
Current	10	806
Non-current	–	10
	10	816

	At 31 October	
	2022 RM'000	2021 RM'000
Amount payable under lease liabilities		
Within one year	10	806
More than one year, but not exceeding two years	–	10
	10	816
Less: Amounts due for settlement within twelve months (shown under current liabilities)	(10)	(806)
Amounts due from settlement after twelve months	–	10

As at 31 October 2021, the lease liabilities in respect of leased plant and machinery under hire purchase agreements amounted to approximately RM647,000 (2022: nil) was secured by the lessor's title to the leased assets and personal guaranteed by the Controlling Shareholders.

During the year ended 31 October 2021, the Group entered into a number of new lease agreements of buildings and recognised lease liabilities of approximately RM284,000 (2022: nil).

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. 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 by extension options were included in these lease terms as the Group were reasonably certain to exercise the options.

The total cash outflows for leases including the payments of lease liabilities for the year ended 31 October 2022 was RM1,022,000 (2021: RM3,879,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

16. LEASES (Continued)

(iii) Amounts recognised in profit or loss

	Year ended 31 October	
	2022 RM'000	2021 RM'000
Depreciation expense on right-of-use assets		
– Buildings	168	409
– Plant and machinery	–	2,055
Interest expense on lease liabilities	2	95
Expense relating to short-term leases	214	103

17. INTEREST IN AN ASSOCIATE

	At 31 October	
	2022 RM'000	2021 RM'000
Cost of investment in an associate	237	237
Share of post-acquisition profit, net of dividend received	870	766
	1,107	1,003

As at 31 October 2022 and 2021, the Group had interest in the following associate:

Name of associate	Place of establishment/ operations	Class of shares held	Registered capital	Proportion of registered paid up capital and voting right held by the Group		Principal activities
				At 31 October 2022 %	2021 %	
Mascolite Sdn. Bhd. ("Mascolite")	Malaysia	Ordinary	RM500,000	47.37	47.37	Trading in building materials

The date of the end of the reporting period of the financial statements of Mascolite is 31 August. For the purpose of applying the equity method of accounting, the financial statements of Mascolite for the years ended 31 August 2022 and 2021 have been used as the Group considers that it is impracticable for the associate to prepare a separate set of financial statements as of 31 October. Appropriate adjustments have been made accordingly for the effects of significant transactions between that date and 31 October.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

17. INTEREST IN AN ASSOCIATE (Continued)

The summarised financial information in respect of the Group's associate that accounted for using equity method is set out below:

	At 31 October	
	2022	2021
	RM'000	RM'000
Non-current assets	20	36
Current assets	2,562	2,855
Current liabilities	(242)	(773)
Non-current liability	(3)	(1)

	Year ended 31 October	
	2022	2021
	RM'000	RM'000
Revenue	6,052	3,980
Profit and total comprehensive income for the year	318	227
Dividend received from the associate by the Group during the year	47	47

The reconciliation of the summarised financial information presented above to the carrying amount of the interest in an associate is set out below:

	At 31 October	
	2022	2021
	RM'000	RM'000
Net assets of the associate	2,337	2,117
Proportion of the Group's ownership in an associate	47.37%	47.37%
Carrying amount of the Group's interest in an associate	1,107	1,003

18. OTHER NON-CURRENT ASSETS

	At 31 October	
	2022	2021
	RM'000	RM'000
Transferrable club membership (note)	96	118

Note: During the year ended 31 October 2022, the fair value loss of approximately RM22,000 (2021: nil) was charged to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

19. TRADE AND OTHER RECEIVABLES

	As at 31 October	
	2022 RM'000	2021 RM'000
Trade receivables from contract with customers	50,340	85,793
Less: loss allowance on trade receivables	(2,557)	(4,002)
Trade receivables, net	47,783	81,791
Other receivables, deposits and prepayments		
– Other receivables	258	269
– Rental and other deposits	1,095	1,094
– Prepayments	4,070	147
Less: loss allowance on other receivables	5,423 (21)	1,510 (26)
Other receivables, deposits and prepayments, net	5,402	1,484
Total trade and other receivables	53,185	83,275

The Group allows an average credit period of not longer than 60 days to its customers. The Group may at its discretion grant a longer credit period to specific customers on a case-by-case basis.

The Group does not hold any collateral over its trade and other receivables. The following is an aged analysis of trade receivables net of allowance for impairment of trade receivables presented based on the date of billing documents, at the end of the reporting period.

	As at 31 October	
	2022 RM'000	2021 RM'000
Within 30 days	35,478	50,894
31 to 60 days	4,269	23,762
61 to 90 days	5,787	5,384
Over 90 days	2,249	1,751
Total	47,783	81,791

Details of impairment assessment of trade and other receivables are set out in note 30.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

20. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	Notes	As at 31 October	
		2022 RM'000	2021 RM'000
Analysed as current:			
Unbilled revenue of construction contracts	(i)	34,552	78,771
Retention receivables of construction contracts	(ii)	65,131	71,735
		99,683	150,506
Less: loss allowance on contract assets		(45)	(46)
		99,638	150,460

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 date of completion of construction projects/expiry of the defect liability period, at end of each reporting period are as follows:

	As at 31 October	
	2022 RM'000	2021 RM'000
Retention receivables of construction contracts		
Due within one year	32,896	21,351
Due more than one year, but not exceeding two years	31,547	34,327
Due more than two years, but not exceeding five years	688	16,057
	65,131	71,735

Details of impairment assessment of contract assets are set out in note 30.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

20. CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

(b) Contract liabilities

	As at 31 October	
	2022 RM'000	2021 RM'000
Advances from customers of building construction contracts	5,492	53,410

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 decrease in contract liabilities as at 31 October 2022 was mainly due to decrease in billings for building construction services.

Revenue from building construction contracts recognised during the year ended 31 October 2022 that was included in the contract liabilities at the beginning of the year is approximately RM53,410,000 (2021: RM1,394,000).

21. 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 2022, these deposits carry the interest rate ranged from 1.35% to 2.9% (2021: 1.35% to 2.9%) per annum. 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 years ended 31 October 2022 and 2021. As at 31 October 2022, the interest rate of these bank deposits ranged from 0.2% to 2.3% (2021: 0.2% to 1.35%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

22. TRADE, BILLS AND OTHER PAYABLES

	As at 31 October	
	2022 RM'000	2021 RM'000
Trade and bills payables	83,022	70,647
Retention payables	32,913	17,323
Accruals	2,871	4,019
Other payables	86	132
	118,892	92,121

The following is an aged analysis of trade and bills payables presented based on invoice date/bills issued date at the end of the reporting period.

	As at 31 October	
	2022 RM'000	2021 RM'000
Within 30 days	39,861	31,646
31 to 60 days	17,209	22,931
61 to 90 days	12,686	5,561
Over 90 days	13,266	10,509
	83,022	70,647

The normal credit period granted is ranged from 30 to 60 days. The Group has financial risk management measures in place to ensure that all payables are settled within the credit timeframe.

23. PROVISIONS

Provision for onerous contracts

The provision was made for onerous contracts for construction works performed by the Group. Under these contracts, the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received. Consequently, a provision for onerous contracts was recognised in the consolidated statement of profit or loss and other comprehensive income. The provision will be utilised through fulfilling the obligations under the construction contracts. Movements during the year ended 31 October 2022 and 2021 are set out below:

	RM'000
As at 31 October 2021 and 1 November 2021	–
Addition for the year	1,938
As at 31 October 2022	1,938

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

24. DEFERRED TAX ASSETS (LIABILITIES)

The following is the analysis of the deferred tax asset (liabilities), after set off certain deferred tax assets against deferred tax liabilities of the same taxable entity, for financial reporting purposes:

	As at 31 October	
	2022 RM'000	2021 RM'000
Deferred tax assets	1,280	1,364
Deferred tax liabilities	(1,075)	(999)
	205	365

The following is the major deferred tax assets (liabilities) recognised and movements thereof during the current and prior years:

	Accelerated tax depreciation RM'000	Provisions RM'000	Leases RM'000	Total RM'000
At 1 November 2020	(1,610)	664	911	(35)
(Charged) credited to profit or loss (note 9)	(1,110)	763	747	400
At 31 October 2021 and 1 November 2021	(2,720)	1,427	1,658	365
(Charged) credited to profit or loss (note 9)	1,450	48	(1,658)	(160)
At 31 October 2022	(1,270)	1,475	–	205

As at 31 October 2022 and 2021, the Group had no unused tax losses.

25. SHARE CAPITAL

Ordinary share of HK\$0.01 each	Number of Ordinary shares	Amount HK\$	Amount RM'000
<i>Authorised:</i>			
At 1 November 2021, 31 October 2021 and 2022	10,000,000,000	100,000,000	N/A
<i>Issued and fully paid:</i>			
At 1 November 2021, 31 October 2021 and 2022	1,260,000,000	12,600,000	7,033

All shares issued rank pari passu in all respects with all shares then in issue.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

26. PERFORMANCE BONDS AND GUARANTEE

(a) Performance bonds

	As at 31 October	
	2022 RM'000	2021 RM'000
Performance bonds for construction contracts in favour of customers	14,097	34,303

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. As at 31 October 2022 and 2021, certain of the Group's performance bonds were guaranteed by the Company.

(b) Completion guarantee

	As at 31 October	
	2022 RM'000	2021 RM'000
Completion guarantee for construction contract in favour of a customer	12,865	–

As at 31 October 2022, the Group had undertaken to complete the construction contract within the stipulated completion period or any approved extension of time in accordance with the letter of award. If the Group fails to complete the construction contract with its customer to whom the completion guarantee has been given, such customer may demand the Group to pay to them the sum or sums stipulated in such demand.

27. RETIREMENT BENEFITS PLAN

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 approximately RM1,543,000 (2021: RM1,167,000) charged to profit or loss represents contribution paid or payable to the above scheme by the Group in respect of the current accounting period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

28. RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the consolidated financial statements, the Group had no other material transactions with related party during both years.

(a) Compensation to key management personnel

	2022 RM'000	2021 RM'000
Salaries and other allowance	2,257	1,892
Bonus	673	903
Retirement benefit scheme contributions	310	221
	3,240	3,016

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.

29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of bank balances and cash and equity attributable to owners of the Company, comprising the share capital, share premium, merger reserve, and retained earnings of the Group.

The directors of the Company regularly review and manage the Group's capital structure. As part of this review, the directors of the Company consider the cost of capital and risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends.

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2022 RM'000	2021 RM'000
Financial assets		
Financial assets at amortised cost	157,620	138,630
Financial assets at FVTPL	96	118
Financial liabilities		
Financial liabilities at amortised cost	118,892	92,121



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

30. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, restricted bank deposits, bank balances and cash, other non-current assets and trade, bills and other payables. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate restricted bank deposits and bank balances due to the fluctuation of the prevailing market interest rate.

The effect on changes in interest rate to the Group on interest-bearing financial instrument is insignificant and therefore sensitivity analysis on interest rate risk is not presented.

Credit risk

As at 31 October 2022 and 2021, 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 is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk of the Group mainly arises from 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. Also, 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.

For trade receivables and contract assets, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix grouped by reference to past default experience of the customers and an analysis of customers' current financial position. Details of the quantitative disclosures are set out below in this note.

The Group has concentration of credit risk as at 31 October 2022 on trade receivables and contract assets from the Group's five major customers amounting to approximately RM96,784,000 (2021: RM191,319,000) and accounted for approximately 65.7% (2021: 82.4%) of the Group's total trade receivables and contract assets. The concentration of credit risk is insignificant after considering their historical settlement record, credit quality and financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

30. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

For other non-trade related receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

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'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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

30. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The tables below detail the credit quality of the Group's financial assets and contract assets, as well as the Group's maximum exposure to credit risk:

	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	31 October 2022 Gross carrying amount RM'000	31 October 2021 Gross carrying amount RM'000
Trade receivables	19	N/A	Note (i)	Lifetime ECL – not credit impaired	48,499	82,302
Trade receivables	19	N/A	Note (i)	Lifetime ECL – credit impaired	1,841	3,491
Other receivables, rental and other deposits	19	N/A	Note (ii)	12-month ECL	1,332	1,337
Other receivables	19	N/A	Note (ii)	Lifetime ECL – credit impaired	21	26
Contract assets	20	N/A	Note (i)	Lifetime ECL – not credit impaired	99,683	150,506
Restricted bank deposits	21	Aa1 to A2	N/A	12-month ECL	10,666	12,870
Bank balances and cash	21	Aa1 to A2	N/A	12-month ECL	97,839	42,632

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. Except for debtors with significant outstanding balances or credit-impaired balances on which the ECL are assessed individually, the Group determines the ECL on these items by using a provision matrix grouped by reference to past default experience of the customers and an analysis of customers' current financial position.
- (ii) For the purposes of internal credit risk management, the Group has applied the general approach to measure the loss allowance at 12-month ECL as there is no significant increase in credit risk since initial recognition. The Group determines the ECL for other receivables by assessment of probability of default and loss given default. During the year ended 31 October 2022 and 2021, in view of the nature of the balance and historical default rate and forward looking information, the Group considers the provision of loss allowance of RM21,000 (2021: RM26,000) was recognised for other receivables which represented the gross amounts of credit impaired debtors as at 31 October 2022.

The following table provides information about the exposure to credit risk for trade receivables which are assessed collectively based on provision matrix within lifetime ECL (not credit-impaired). Trade receivables with credit-impaired with gross carrying amount of RM1,841,000 (2021: RM3,491,000) as at 31 October 2022 were assessed individually.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

30. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

For the year ended 31 October 2022

	Average loss rate	Trade receivables RM'000	Loss allowance RM'000
Current (not past due)	0.2%	39,197	68
Within 30 days past due	0.5%	2,143	10
31–60 days past due	0.0%	4,255	1
61–90 days past due	0.1%	1,193	1
91–120 days past due	2.9%	850	25
121 days past due	71.0%	861	611
		48,499	716

For the year ended 31 October 2021

	Average loss rate	Trade receivables RM'000	Loss allowance RM'000
Current (not past due)	0.0%	70,766	17
Within 30 days past due	0.1%	9,452	10
31–60 days past due	0.9%	215	2
61–90 days past due	–	39	–
91–120 days past due	12.5%	1,161	145
121 days past due	50.4%	669	337
		82,302	511

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 October 2022, there was impairment losses recognised (2021: reversal of loss allowance) of approximately RM205,000 (2021: RM452,000) on trade receivables based on the provision matrix. Loss allowance and reversal of loss allowance of nil (2021:RM1,910,000) and RM1,650,000 (2021: RM34,000) respectively, were recognised on credit-impaired trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

30. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

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) RM'000	Lifetime ECL (credit- impaired) RM'000	Total RM'000
As at 1 November 2020	1,286	1,292	2,578
– Impairment losses recognised	–	1,910	1,910
– Impairment losses reversed	(452)	(34)	(486)
– Transfer to credit-impaired	(323)	323	–
As at 31 October 2021 and 1 November 2021	511	3,491	4,002
– Impairment losses recognised	205	–	205
– Impairment losses reversed	–	(1,650)	(1,650)
As at 31 October 2022	716	1,841	2,557

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

The following table shows the movement in lifetime ECL that has been recognised for other receivables under the general approach:

	Lifetime ECL (credit- impaired) RM'000
As at 1 November 2020	36
– Impairment losses reversed	(10)
As at 31 October 2021, and 1 November 2021	26
– Impairment losses reversed	(5)
As at 31 October 2022	21

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

30. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the loss rates for trade receivables are reasonable approximation of the loss rates for contract assets. During the year ended 31 October 2022, there was reversal of loss allowance of approximately RM1,000 (2021: RM104,000) on contract assets based on the provision matrix.

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 1 November 2020	150
– Impairment losses reversed	(104)
As at 31 October 2021 and 1 November 2021	46
– Impairment losses reversed	(1)
As at 31 October 2022	45

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of bank balances and cash deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

30. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	Weighted average interest rate %	On demand or less than 1 year RM'000	1 year to 2 years RM'000	Total undiscounted cash flows RM'000	Carrying amount RM'000
31 October 2022					
Non-derivative financial liabilities					
Trade, bills and other payables	N/A	118,892	–	118,892	118,892
Lease liabilities	3.0	10	–	10	10
31 October 2021					
Non-derivative financial liabilities					
Trade, bills and other payables	N/A	92,121	–	92,121	92,121
Lease liabilities	5.67	852	11	863	816

(c) Fair value measurements recognised in the consolidated statement of financial position

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the consolidated financial statements approximate to their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

31. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries as at 31 October 2022 and 2021 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid share capital	Percentage of equity interest attributable to the Company		Principal activities
			2022	2021	
Directly held:					
RBC International Limited	BVI/BVI	US\$1	100%	100%	Investment holding
Rimbaco (Greater Bay) Development Limited (note 1)	Hong Kong/ Hong Kong	HK\$1	100%	–	Dormant
Indirectly held:					
Rimbaco	Malaysia/Malaysia	RM2,000,000	100%	100%	Provision of general contractor services
Rimbaco Property	Malaysia/Malaysia	RM5,000	100%	100%	Provision of construction equipment rental services
Jade Forte Sdn. Bhd. (note 2)	Malaysia/Malaysia	RM2	100%	100%	Investment holding
Team Salute Sdn. Bhd. (note 1)	Malaysia/Malaysia	RM1,000,000	100%	–	Dormant

Notes:

1. These subsidiaries were incorporated during the year ended 31 October 2022.
2. The subsidiary was incorporated on 18 August 2021.

None of the subsidiaries had issued any debt securities subsisting at the end of both years or at any time during both years.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

32. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2022 RM'000	2021 RM'000
Non-current asset			
Investments in subsidiaries	(a)	—*	—*
Current assets			
Amounts due from subsidiaries	(b)	60,073	31,953
Bank balances and cash		7,609	7,788
		67,682	39,741
Current liability			
Trade and other payables		486	675
Net current assets		67,196	39,066
Total assets less current liability		67,196	39,066
Capital and reserves			
Share capital		7,033	7,033
Reserves	(c)	60,163	32,033
		67,196	39,066

* Less than RM1,000.

Notes:

- (a) As at 31 October 2022, investment in a subsidiary is carried at a cost of RM5 (31 October 2021: RM5) less accumulated impairment of nil (2021: nil).
- (b) The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.
- (c) Movement in reserves

	Share premium RM'000	Translation reserve RM'000	Accumulated losses RM'000	Total RM'000
At 1 November 2020	49,022	(2,717)	(12,197)	34,108
Loss and total comprehensive expense for the year	—	(267)	(1,808)	(2,075)
At 31 October 2021 and 1 November 2021	49,022	(2,984)	(14,005)	32,033
Dividend paid	—	—	(11,970)	(11,970)
Profit and total comprehensive income for the year	—	7,138	32,962	40,100
At 31 October 2022	49,022	4,154	6,987	60,163

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2022

33. 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 financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities RM'000
At 1 November 2020	4,213
Financing cash flows	(3,776)
Non-cash changes	
– Finance costs	95
– New leases	284
At 31 October 2021 and 1 November 2021	816
Financing cash flows	(808)
Non-cash changes	
– Finance costs	2
At 31 October 2022	10