

JBB BUILDERS INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1903

GLOBAL OFFERING

Sole Sponsor



Alliance Capital Partners Limited
同人融資有限公司

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



UPBEST SECURITIES COMPANY LIMITED



Alliance Capital Partners Limited
同人融資有限公司

IMPORTANT

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

JBB BUILDERS INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 125,000,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Public Offer Shares	: 62,500,000 Shares (subject to reallocation)
Number of International Placing Shares	: 62,500,000 Shares (subject to reallocation and the Over-allotment Option)
Offer Price	: Not more than HK\$1.38 per Offer Share (plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, payable in full on application in Hong Kong dollars and subject to refund) and expected to be not less than HK\$1.18 per Offer Share
Nominal Value	: HK\$0.01 per Share
Stock Code	: 1903

Sole Sponsor



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

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

Prior to making an investment decision, prospective investors should consider carefully all the information set out in this prospectus and the related Application Forms, including the risk factors set out in the section headed “Risk Factors” in this prospectus.

The Offer Price is expected to be determined by agreement between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date. The Price Determination Date is expected to be on or around Tuesday, 30 April 2019 or such later time as may be agreed by our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), but in any event no later than Thursday, 2 May 2019. The Offer Price will be not more than HK\$1.38 per Offer Share and is currently expected to be not less than HK\$1.18 per Offer Share. If, for any reason, the Offer Price is not agreed among our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), the Global Offering will not proceed and will lapse. Investors applying for Hong Kong Public Offer Shares must pay, on application, the maximum Offer Price of HK\$1.38 per Offer Share, unless otherwise announced, together with a brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK\$1.38.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, with our Company’s consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, announcement of the reduction in the number of Offer Shares being offered under the Global Offering and/or of the indicative offer price range will be published on the website of the Stock Exchange on www.hkexnews.hk and our Company’s website on www.jbb.com.my not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set out in the sections headed “Structure and Conditions of the Global Offering” and “How to apply for Hong Kong Public Offer Shares” in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Hong Kong Public Offer Shares, are subject to termination by the Joint Global Coordinators, on behalf of the Hong Kong Underwriters, if certain circumstances arise prior to 8:00 a.m. on the Listing Date. Such circumstances are set out in the section headed “Underwriting — Underwriting arrangements and expenses — Grounds for termination of the Hong Kong Underwriting Agreement” in this prospectus. It is important that you carefully read that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States. The Offer Shares may be offered, sold or delivered outside the United States in offshore transaction in accordance with Regulation S.

25 April 2019

EXPECTED TIMETABLE

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.jbb.com.my.

Date⁽¹⁾

Hong Kong Public Offering commences and **WHITE**
and **YELLOW** Application Forms available from 9:00 a.m. on Thursday,
25 April 2019

Latest time to complete electronic applications under
the **HK eIPO White Form** service through the
designated website www.hkeipo.hk⁽²⁾ 11:30 a.m. on Tuesday,
30 April 2019

Application lists open⁽³⁾ 11:45 a.m. on Tuesday,
30 April 2019

Latest time to lodge **WHITE** and **YELLOW**
Application Forms 12:00 noon on Tuesday,
30 April 2019

Latest time to give **electronic application instructions** to
HKSCC⁽⁴⁾ 12:00 noon on Tuesday,
30 April 2019

Latest time to complete payment of **HK eIPO White**
Form applications by effecting internet banking
transfer(s) or PPS payment transfer(s) 12:00 noon on Tuesday,
30 April 2019

Application lists close⁽³⁾ 12:00 noon on Tuesday,
30 April 2019

Expected Price Determination Date⁽⁵⁾ On or before
Thursday, 2 May 2019

Announcement of: (i) the final Offer Price;
(ii) the level of indication of interest in the
International Placing; (iii) the level of
applications in the Hong Kong Public Offering;
and (iv) the basis of allocation of the Hong Kong
Public Offering (with successful applicants'
identification document numbers, where
applicable) to be published on the website
of the Stock Exchange at www.hkexnews.hk
and our Company's website at www.jbb.com.my
on or before Thursday, 9 May 2019

EXPECTED TIMETABLE

Date⁽¹⁾

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to apply for Hong Kong Public Offer Shares — 11. Publication of results" in this prospectus from Thursday, 9 May 2019

Results of allocations in the Hong Kong Public Offering will be available at www.tricor.com.hk/ipo/result (alternatively <https://www.hkeipo.hk/IPOResult>) with a "search by ID" function from Thursday, 9 May 2019

Despatch of Share certificates in respect of wholly or partially successful applications on or before⁽⁶⁾ Thursday, 9 May 2019

Despatch of refund cheques or **HK eIPO White Form** e-Auto Refund payment instructions in respect of wholly or partially unsuccessful applications on or before⁽⁷⁾⁽⁸⁾ Thursday, 9 May 2019

Dealings in Shares on the Stock Exchange to commence on Friday, 10 May 2019

Notes:

- (1) All times and dates refer to Hong Kong local time and date, except otherwise stated. Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure and Conditions of the Global Offering" in this prospectus.
- (2) You will not be permitted to submit your application through the **HK eIPO White Form** service through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 30 April 2019, the application lists will not open on that day. Further information is set out in the section headed "How to apply for Hong Kong Public Offer Shares — 10. Effect of bad weather on the opening of the application lists" in this prospectus.
- (4) Applicants who apply for Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to "How to apply for Hong Kong Public Offer Shares — 6. Applying by giving **electronic application instructions** to HKSCC via CCASS" in this prospectus.

EXPECTED TIMETABLE

- (5) The Price Determination Date is expected to be on or about Tuesday, 30 April 2019, and in any event will not be later than Thursday, 2 May 2019. If, for any reason, the Offer Price is not agreed on or before Thursday, 2 May 2019, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.
- (6) Share certificates for the Hong Kong Public Offer Shares are expected to be issued on Thursday, 9 May 2019 but will only become valid certificates of title provided that (i) the Global Offering has become unconditional in all respects, and (ii) the Underwriting Agreements have not been terminated in accordance with their respective terms. If the Global Offering does not become unconditional or the Underwriting Agreements are terminated in accordance with their respective terms, we will make an announcement as soon as possible.
- (7) Applicants who have applied on **WHITE** Application Forms for 1,000,000 Hong Kong Public Offer Shares or more and have provided all required information may collect any refund cheques (if applicable) and Share certificates (if applicable) in person from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 9 May 2019. Identification and (where applicable) authorisation documents acceptable to the Hong Kong Branch Share Registrar must be produced at the time of collection.

Applicants who have applied on **YELLOW** Application Forms for 1,000,000 Hong Kong Public Offer Shares or more may collect their refund cheques (if applicable) in person but may not collect in person their Share certificates which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who have applied through the **HK eIPO White Form** service by paying the application monies through a single bank account may have e-Auto Refund payment instructions (if any) dispatched to their application payment bank account on Thursday, 9 May 2019. Applicants who have applied through the **HK eIPO White Form** service by paying the application monies through multiple bank accounts may have refund cheque(s) sent to the address specified in their application instructions through the **HK eIPO White Form** service, on Thursday, 9 May 2019, by ordinary post and at their own risk.

Uncollected Share certificates (if applicable) and refund cheques (if applicable) will be dispatched by ordinary post (at the applicants' own risk) to the addresses specified in the relevant Application Forms. Further information is set out in the section headed "How to apply for Hong Kong Public Offer Shares — 14. Despatch/collection of Share certificates and refund monies" in this prospectus.

- (8) Refund cheques will be issued (if applicable) and e-Auto Refund payment instructions will be dispatched (where applicable) in respect of wholly or partially unsuccessful applications and in respect of successful applications if the final Offer Price is less than the price payable on application.

For details of the structure of the Global Offering, including conditions of the Hong Kong Public Offering, please refer to the section headed "Structure and Conditions of the Global Offering" in this prospectus.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Global Offering and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus. This prospectus may not be used for the purpose of and does not constitute an offer to sell or a solicitation of an offer in any jurisdiction other than Hong Kong or in any other circumstances.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. Our Company has not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by our Company, the Joint Global Coordinators, the Sole Sponsor, the Underwriters, any of their respective directors, or any other person involved in the Global Offering.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

BUSINESS OVERVIEW

Our Group is an established engineering contractor based in Malaysia. Our business is divided into two major types of services:

- Marine construction services — our core business, which can be categorised into:
 - (a) reclamation and related works, which include land reclamation and other marine civil works. Reclamation may involve soil investigation, hydrographic survey, pre-reclamation design, sand handling/filling, ground treatment, sand surcharge removal work and other related works. Marine civil works generally include construction of jetty, channel-crossing works, maintenance dredging and river diversion; and
 - (b) marine transportation, which involves transportation of marine sand, the filling material normally used in land reclamation, including the loading of marine sand extracted from the approved sand source onto sand carriers, carriage and delivery of marine sand to designated sites where the marine sand is unloaded to be used for land reclamation.
- Building and infrastructure services — our services include general building works in construction of properties and infrastructure works.

According to the Ipsos Report, we are one of the key active players (i.e. industry players that are actively participating in the works of reclamation in Malaysia with over 10% market share based on the provision of land reclamation services in 2016) in the marine construction industry in Johor, Malaysia. From 2013 to 2017, our Company had reclaimed land estimated to be approximately 41.5% in terms of total land areas reclaimed for the state of Johor and our Group's market share in the marine construction industry in Johor was estimated to be approximately 33.0% based on the provision of land reclamation services and ranked first among the key active industry players in Johor in 2016. Our Group's market share was estimated to be approximately 3.47% in the marine construction industry in Malaysia for 2017.

We believe that one of our competitive advantages lies in our ability to manage and execute marine construction projects, including larger scale projects, on a timely and reliable basis. We mainly act as the main contractor in our contracts and delegate works to our subcontractors under the supervision and management of our project team. It is one of our main strategies to subcontract components of works to subcontractors on a fixed price basis to have a better control over our project costs.

Our operations are mostly based in Johor, the second-most populous state in Malaysia. Johor is the southernmost state in peninsular Malaysia, located adjacent to Singapore. During the Track Record Period, our total revenue for each of the three years ended 30 June

SUMMARY

2018 and the four months ended 31 October 2018 amounted to approximately RM281.7 million, RM514.1 million, RM537.8 million and RM120.3 million, respectively. Our profit for each of the three years ended 30 June 2018 and the four months ended 31 October 2018 was approximately RM19.5 million, RM26.8 million, RM31.8 million and RM8.0 million, respectively.

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

	30 June 2016		For the year ended 30 June 2017		30 June 2018		For the four months ended 31 October 2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Marine construction services								
Reclamation and related works	156,395	55.5	222,002	43.2	98,186	18.3	8,084	6.7
Marine transportation	116,687	41.4	264,573	51.5	360,647	67.0	68,026	56.6
Subtotal	273,082	96.9	486,575	94.7	458,833	85.3	76,110	63.3
Building and infrastructure services	8,614	3.1	27,496	5.3	78,983	14.7	44,152	36.7
Total	281,696	100.0	514,071	100.0	537,816	100.0	120,262	100.0

We generally identify potential projects through open tenders for contracts on newspapers, letter of invitation from customers/consultants or direct contact from customers to our management. Based on our track record and reputation, some of our customers who have engaged us in previously completed or ongoing contracts may refer new or potential customers to us.

The following table sets out the number of contracts we have submitted tender or quotation for, the number of contracts we have been awarded and our success rate during the Track Record Period:

	2016			Year ended 30 June 2017			2018			Four months ended 31 October 2018		
	No. of tender or quotation submitted	No. of contracts awarded	Success rate (%)	No. of tender or quotation submitted	No. of contracts awarded	Success rate (%)	No. of tender or quotation submitted	No. of contracts awarded	Success rate (%)	No. of tender or quotation submitted	No. of contracts awarded	Success rate (%)
Marine construction	2	1	50.0	11	7	63.6 (Note 1)	15	14	93.3 (Note 2)	6	5	83.3
Building and infrastructure	3	3	100.0	3	3	100.0	8	5	62.5 (Note 3)	4	4	100.0
Total	5	4	80.0	14	10	71.4	23	19	82.6	10	9	90.0

Notes:

- Of the 11 tenders or quotations submitted, 3 were unsuccessful, 7 contracts were awarded and the result of the remaining tender is still pending as at the Latest Practicable Date.
- Of the 15 tenders or quotations submitted, 14 contracts have been awarded to us and the result for the remaining quotation is still pending as at the Latest Practicable Date.
- Of the 8 tenders or quotations submitted, 2 were unsuccessful, 5 contracts were awarded and the result of the remaining tender is still pending as at the Latest Practicable Date.

Our success rate in relation to tender or quotation submitted depends on the type of contract work to be undertaken and our relationship with the relevant potential customer. We believe that our success rate for the year ended 30 June 2016 was not indicative due to the small number of tenders and quotations submitted. Our success rate increased from approximately 71.4% for the year ended 30 June 2017 to approximately 82.6% for the year ended 30 June 2018, and it further increased to 90.0% for the four months ended 31 October 2018.

SUMMARY

Our pricing is determined based on a cost-plus pricing in general with markup, which is determined on a project-by-project basis. We generally take into account a number of factors in deciding our price. Such factors include (i) complexity, methodology and construction period of the contract; (ii) our business relationship with the customer; (iii) prevailing market rates, market trends and recent quotations; (iv) our available resources, such as the availability of subcontractors, materials and equipment; (v) our costs; and (vi) tender or quotation requirements and specifications.

OUR CONTRACTS

We have completed a total of 29 and 10 marine construction contracts and building and infrastructure contracts respectively during the Track Record Period and up to the Latest Practicable Date. As at the Latest Practicable Date, we had 9 and 12 ongoing marine construction contracts and building and infrastructure contracts respectively. For further details of our contracts, please refer to the section headed “Business — Our contracts” in this prospectus.

OUR CUSTOMERS AND SUPPLIERS

Customers

During the Track Record Period, our customers include contractors and developers from Malaysia, Japan and the PRC. For each of the three years ended 30 June 2018 and the four months ended 31 October 2018, the aggregate revenue generated from our five largest customers represented approximately 98.6%, 99.8%, 96.4% and 99.9% respectively of our total revenue. The revenue generated from our largest customer which includes subsidiaries of companies listed on Bursa Malaysia, and the sole preferred transport agent of the sole authorised agent of sand concession owners with which our Group is mutually relied, represented approximately 43.1%, 48.9%, 56.0% and 84.1% respectively of our total revenue. For further details of our major customers, please refer to the section headed “Business — Our customers — Major customers” in this prospectus.

Background of Individual M and the relationships with other major customers

To the best knowledge of our Directors, Individual M, a Malaysian businessman who is also a member of the Johor Council Royal Court and an adviser to Customer A, is related to certain of our top customers during the Track Record Period and such relationships are summarised below:

- | | | |
|-------|--|--|
| (i) | Sharikat Sukma Kemajuan | <ul style="list-style-type: none">● Owned as to 70% by Individual M, 15% by Individual A and 15% by Individual R● Each of Individual M, his brothers Individual A and Individual R, is a director |
| (ii) | Astaka Padu (subsidiary of a company listed on Singapore Exchange) | <ul style="list-style-type: none">● Owned indirectly as to 66.55% by Individual M● Individual M is not a director whereas each of Individual A and Individual R, his brothers, is a director |
| (iii) | Bukit Pelali Properties Sdn. Bhd. | <ul style="list-style-type: none">● Owned as to 51% by Astaka Padu and 49% by Saling Syabas Sdn. Bhd., a company which is controlled by Individual M● Individual M is not a director |

SUMMARY

- | | |
|--|--|
| (iv) Country Garden (subsidiary of a company listed on the Main Board of the Stock Exchange) | <ul style="list-style-type: none">● Owned indirectly as to 60% by Country Garden Holdings Company Limited, a company whose shares are listed on the Main Board of the Stock Exchange. Individual M is neither a substantial shareholder nor director of Country Garden Holdings Company Limited● Owned as to 40% by Company E, a company owned as to 15.6% by Individual M● Individual M is a director of Country Garden |
| (v) Damansara Realty (Johor) Sdn. Bhd. (subsidiary of a company listed on Bursa Malaysia) | <ul style="list-style-type: none">● Owned indirectly as to 49.57% by Individual M● Individual M is not a director |
| (vi) Saling Syabas Sdn. Bhd. | <ul style="list-style-type: none">● Owned as to 95% by Individual M● Individual M is a director |

To the best knowledge and belief of our Directors, all of the above entities/individuals are Independent Third Parties, and our Group's contract terms with them are on normal commercial terms with no material difference as compared to our Group's other Independent Third Party customers following the same pricing strategy, i.e. considering factors such as (i) complexity, methodology and construction period of the contract; (ii) our business relationship with the customer; (iii) prevailing market rates, market trends and recent quotations; (iv) our available resources, such as the availability of subcontractors, materials and equipment; (v) our costs; and (vi) tender or quotation requirements and specifications. For further details regarding the relationships among certain top customers of our Group, please refer to the section headed "Business — Our customers — Relationships among certain top customers of our Group" in this prospectus.

For each of the three years ended 30 June 2018 and the four months ended 31 October 2018, the aggregate revenue attributable to customers ultimately controlled by Individual M amounted to approximately RM121.5 million, RM251.2 million, RM301.0 million and RM101.1 million respectively, representing approximately 43.1%, 48.9%, 56.0% and 84.1% of our total revenue for the same period respectively. 11 of the contracts completed by our Group during the Track Record Period and up to the Latest Practicable Date were with customers controlled by Individual M, of which 4 were awarded to us after a tendering process whereas the remaining 7 contracts were awarded to us after we submitted our quotation. In relation to our ongoing contracts, 13 of them were with customers controlled by Individual M, of which 10 were awarded to us after a tendering process whereas the remaining 3 contracts were awarded to us after we submitted our quotations. During the Track Record Period, we did not have any direct business relationship with Individual M in relation to any contracts awarded to our Group. For details regarding the concentration of our customers controlled by Individual M, please refer to the section headed "Business — Our customers — Major customers" in this prospectus.

Suppliers and subcontractors

During the Track Record Period, suppliers of goods and services to our Group mainly included: (1) our subcontractors, (2) suppliers of site consumables (such as diesel); and (3) suppliers for other services such as certain technical consultancy and rental and maintenance of machineries. A relatively substantial majority of our direct costs was our subcontracting charges while only a relatively small portion was our costs of site consumables and other expenses for services. For each of the three years ended 30 June

SUMMARY

2018 and the four months ended 31 October 2018, our five largest suppliers accounted for approximately 55.4%, 51.1%, 38.4% and 59.0% respectively of our direct costs, while our largest supplier accounted for approximately 19.1%, 14.4%, 10.6% and 18.3% respectively of our direct costs. For details of our suppliers, please refer to the section headed “Business — Our suppliers” in this prospectus.

COMPETITIVE STRENGTHS

Our Directors believe that our Group possesses a number of competitive strengths which are further described in the section headed “Business — Competitive strengths” in this prospectus: (i) we are one of the key marine construction players in Malaysia with a track record in undertaking large-scale marine construction contracts; (ii) we have an experienced management team with in-depth background and knowledge in the industry; (iii) we have the ability to provide suitable solutions with strong execution capabilities to our customers; (iv) we have stable relationships with our key customers; and (v) our extensive network of major suppliers and subcontractors.

BUSINESS STRATEGIES

Our business strategies include (i) expanding and investing in procuring our own vessel and new machineries; (ii) continuing to strengthen our presence and market position in marine construction industry in Malaysia, in particular in Johor; (iii) enhancing our operational efficiency; and (iv) expanding our capacity to capture attractive growth opportunities in building and infrastructure works. For more details on our business strategies, please refer to the section headed “Business — Business strategies” in this prospectus.

OUR SHAREHOLDERS

Our Controlling Shareholders

Immediately after completion of the Global Offering and the Capitalisation Issue (without taking into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), JBB Jade will hold approximately 36.36% and JBB Berlian will hold approximately 32.25% of our enlarged issued share capital respectively. JBB Jade is wholly-owned by Dato’ Ng and JBB Berlian is wholly-owned by Datin Ngooi. Accordingly, through JBB Jade and JBB Berlian, Dato’ Ng and Datin Ngooi, both of our Directors, are our Controlling Shareholders. For details regarding the Concert Party Deed signed by Dato’ Ng and Datin Ngooi, please refer to the section headed “History, Reorganisation and Corporate Structure — Concert Party Deed” in this prospectus.

Pre-IPO Investors

On 14 May 2018, JBB Builders Investment entered into the Subscription Agreements with the Pre-IPO Investors (all being Independent Third Parties), pursuant to which the Pre-IPO Investors agreed to subscribe for the Exchangeable Bonds at an aggregated principal of HK\$15 million. Unless any of the Pre-IPO Investors exercises the right to exchange the entire principal amount of the Exchangeable Bonds, immediately after the official listing approval is granted to us by the Stock Exchange, the entire principal amount of the Exchangeable Bonds will be automatically and mandatorily exchanged into Shares representing approximately 8.52% of the issued and enlarged share capital of our Company before Listing. Immediately after completion of the Global Offering and the Capitalisation Issue (without taking into account of any options which may be allotted and issued upon

SUMMARY

the exercise of the Over-allotment Option and any Shares which may be granted under the Share Option Scheme), the First Pre-IPO Investor, the Second Pre-IPO Investor and the Third Pre-IPO Investor will hold approximately 2.13%, 2.13% and 2.13% of our enlarged issued share capital respectively. For details of the Pre-IPO Investments, please refer to the section headed “History, Reorganisation and Corporate Structure — Pre-IPO Investments” in this prospectus.

SUMMARY FINANCIAL INFORMATION AND OPERATING DATA

The following tables present a summary of key operational and financial data during the Track Record Period and should be read in conjunction with our financial information included in the Accountants’ Report in Appendix I to this prospectus, including the notes thereto.

Selected information extracted from combined statements of profit or loss and other comprehensive income

	For the year ended 30 June			For the four months ended 31 October	
	2016 <i>RM'000</i>	2017 <i>RM'000</i>	2018 <i>RM'000</i>	2017 <i>RM'000</i>	2018 <i>RM'000</i>
Revenue	281,696	514,071	537,816	184,416	120,262
Direct costs	<u>(246,513)</u>	<u>(461,958)</u>	<u>(466,821)</u>	<u>(154,893)</u>	<u>(107,238)</u>
Gross profit	35,183	52,113	70,995	29,523	13,024
Profit before taxation	26,762	36,387	44,337	23,050	11,065
Profit and other comprehensive income for the year/period	<u>19,505</u>	<u>26,814</u>	<u>31,768</u>	<u>17,167</u>	<u>7,742</u>
Non-HKFRS measure:					
Profit and other comprehensive income for the year/period	19,505	26,814	31,768	17,167	7,742
Add: Listing expenses	—	—	7,135	—	1,892
Less: Profit attributable to non-controlling interests	<u>(3,057)</u>	<u>(5,579)</u>	<u>(8,691)</u>	<u>(5,238)</u>	<u>(859)</u>
Adjusted profit and other comprehensive income for the year/period attributable to owners of our Company (by adding back the Listing expenses, and deducting profit attributable to non-controlling interests)	<u>16,448</u>	<u>21,235</u>	<u>30,212</u>	<u>11,929</u>	<u>8,775</u>

SUMMARY

We believe that the presentation of non-HKFRS measure in conjunction with the corresponding HKFRS measures provides useful information to investors regarding financial and business trends and results of operations, by eliminating one-off Listing expenses and profit attributable to non-controlling interests which our Directors consider irrelevant to our operating performance. We also believe that such non-HKFRS measure is appropriate for evaluating our Group's operating performance.

Revenue increased by approximately RM232.4 million or 82.5% from approximately RM281.7 million for the year ended 30 June 2016 to approximately RM514.1 million for the year ended 30 June 2017. For the year ended 30 June 2018, revenue increased by approximately RM23.7 million or 4.6% from approximately RM514.1 million for the year ended 30 June 2017 to approximately RM537.8 million. Our increase in revenue during the aforesaid period was due to the increase in the number of contracts we have obtained. Our revenue decreased by approximately RM64.1 million or 34.8% from approximately RM184.4 million for the four months ended 31 October 2017 to approximately RM120.3 million for the four months ended 31 October 2018 as a result of the reduction in volume of work for marine construction services for the four months ended 31 October 2018.

Direct costs increased by approximately RM215.5 million or 87.4% from approximately RM246.5 million for the year ended 30 June 2016 to approximately RM462.0 million for the year ended 30 June 2017. For the year ended 30 June 2018, direct costs increased by approximately RM4.8 million or 1.0% from approximately RM462.0 million for the year ended 30 June 2017 to approximately RM466.8 million. The increase in our direct costs was generally in line with the increase of our revenue during the relevant period. Direct costs decreased by approximately RM47.7 million or 30.8% from approximately RM154.9 million for the four months ended 31 October 2017 to approximately RM107.2 million for the four months ended 31 October 2018. The percentage decrease in our direct costs was lower than that of our revenue for the four months ended 31 October 2018 mainly due to the increase in the proportion of our revenue generated from building and infrastructure services which were of higher subcontracting costs in general.

The table below sets forth a breakdown of our gross profit and gross profit margin during the Track Record Period by types of services:

	For the year ended 30 June						For the four months ended 31 October			
	2016		2017		2018		2017		2018	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Marine construction										
— Reclamation and related works	25,285	16.2	23,319	10.5	15,847	16.1	6,197	19.4	1,657	20.5
— Marine transportation	<u>8,763</u>	7.5	<u>26,888</u>	10.2	<u>45,942</u>	12.7	<u>19,598</u>	14.8	<u>7,758</u>	11.4
	34,048	12.5	50,207	10.3	61,789	13.5	25,795	15.7	9,415	12.4
Building and infrastructure	<u>1,135</u>	13.2	<u>1,906</u>	6.9	<u>9,206</u>	11.7	<u>3,728</u>	18.4	<u>3,609</u>	8.2
	<u>35,183</u>	12.5	<u>52,113</u>	10.1	<u>70,995</u>	13.2	<u>29,523</u>	16.0	<u>13,024</u>	10.8

SUMMARY

As a result of our growth in revenue for the year ended 30 June 2017, our gross profit increased by approximately RM16.9 million or 48.0% from approximately RM35.2 million for the year ended 30 June 2016 to approximately RM52.1 million for the year ended 30 June 2017, while the overall gross profit margin decreased from 12.5% for the year ended 30 June 2016 to 10.1% for the year ended 30 June 2017, mainly due to (i) a relatively lower profit margin contract we undertook on reclamation and related works for phase 3 of the Forest City Project, in which the project owner requested to speed up the progress of the reclamation and related works and therefore we provided a solution which incurred higher costs during the year ended 30 June 2017; and (ii) the increase in the number of building and infrastructure contracts we have undertaken and executed during the year ended 30 June 2017 as compared with the previous year which contributed to an increase of revenue recognised of more than 200% from building and infrastructure contracts, where such increase in volume of work required a relatively larger increase in our cost of subcontracting and hence led to a relatively lower gross profit margin for such contracts.

As a result of our growth in revenue for the year ended 30 June 2018, our gross profit increased by approximately RM18.9 million or 36.3% from approximately RM52.1 million for the year ended 30 June 2017 to approximately RM71.0 million for the year ended 30 June 2018, while the overall gross profit margin increased from 10.1% for the year ended 30 June 2017 to 13.2% for the year ended 30 June 2018, mainly due to (i) the commencement of new contracts of reclamation and related works, which the works involved more of our technical inputs and monitoring, and thus increased our gross profit margin in reclamation contracts; (ii) the fact that we had negotiated with our subcontractors to reduce certain variable costs and in turn reduce our cost in unit rate; and (iii) the increase in revenue generated from the contract under the MBBJ Tower Project, one of our building and infrastructure contracts, which entails provision of project management services which achieved a higher profit margin.

Our gross profit dropped by approximately RM16.5 million or 55.9% from approximately RM29.5 million for the four months ended 31 October 2017 to approximately RM13.0 million for the four months ended 31 October 2018 as a result of the decrease in our revenue, while the overall gross profit margin decreased from 16.0% for the four months ended 31 October 2017 to 10.8% for the four months ended 31 October 2018, mainly due to (i) the change in fee charging basis for marine transportation services; and (ii) the change in revenue mix where the proportion of revenue from building and infrastructure services increased from approximately 11.0% for the four months ended 31 October 2017 to approximately 36.7% for the four months ended 31 October 2018, and the gross profit margin recorded for building and infrastructure services was lower than that of marine transportation services in general.

Selected information extracted from combined statements of financial position

	As at 30 June			As at 31 October
	2016	2017	2018	2018
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Current assets	175,482	357,586	380,733	325,957
Current liabilities	160,051	333,888	353,201	291,588
Net current assets	15,431	23,698	27,532	34,369
Net assets	42,104	68,918	43,186	47,946

SUMMARY

As at 30 June 2016, 2017 and 2018, and 31 October 2018, our net assets amounted to approximately RM42.1 million, RM68.9 million, RM43.2 million and RM47.9 million respectively. Our net assets increased to approximately RM68.9 million as at 30 June 2017 mainly due to the expansion of business as compared to previous year, while the decrease to approximately RM43.2 million as at 30 June 2018 was mainly attributable to the declaration of interim dividends of RM57.5 million, netting off the profit from the expansion of business during the year ended 30 June 2018. Our net assets amounted to approximately RM47.9 million as at 31 October 2018 which remained relatively stable.

KEY FINANCIAL RATIOS

	Year ended 30 June/As at 30 June			Four months ended 31 October 2018/As at 31 October 2018
	2016	2017	2018	
Return on total assets	9.5%	6.6%	9.7%*	8.6%*
Return on equity	46.3%	38.9%	90.1%*	61.4%*
Current ratio	1.1 times	1.1 times	1.1 times	1.1 times
Gearing ratio	4.5%	8.2%	9.7%	7.7%
Debt to equity ratio	N/A	N/A	N/A	N/A
Interest coverage	419.2 times	142.6 times	177.9 times*	176.1 times*

* adjusted by adding back the Listing expenses

For further details of the calculation basis and fluctuation of the key financial ratios, please see the section headed “Financial Information — Analysis of key financial ratios” in this prospectus.

LISTING EXPENSES

The total Listing expenses, which are non-recurring in nature, primarily consisting of fees paid or payable to professional parties and underwriting commission, are estimated to be approximately HK\$36.8 million (equivalent to approximately RM18.4 million, based on HK\$1.28 per Offer Share, the mid-point of the indicative Offer Price range stated in this prospectus). Part of these Listing expenses is covered by the funds raised from the Pre-IPO Investments of approximately HK\$15.0 million (equivalent to approximately RM7.5 million). For the Listing expenses, (i) approximately HK\$12.0 million (equivalent to approximately RM6.0 million) is directly attributable to the issue of Offer Shares which is to be accounted for as a deduction from equity; (ii) approximately HK\$14.2 million and HK\$3.8 million (equivalent to approximately RM7.1 million and RM1.9 million respectively) have been charged to profit or loss of our Group for the year ended 30 June 2018 and the four months ended 31 October 2018 respectively; and (iii) approximately HK\$6.8 million (equivalent to approximately RM3.4 million) will be further charged to profit or loss of our Group for the year ending 30 June 2019 upon the Listing of our Company.

SUMMARY

USE OF PROCEEDS

We estimate that we will receive total net proceeds from the Global Offering of approximately HK\$138.2 million or approximately RM69.1 million after (i) deducting underwriting commission and other estimated expenses paid and payable by us in the Global Offering without taking into account any additional discretionary incentive fee, assuming the Over-allotment Option is not exercised and (ii) deducting approximately HK\$21.8 million, being Listing expenses of approximately HK\$36.8 million which have been partially offset by the proceeds from the Pre-IPO Investments of HK\$15 million, calculated at an Offer Price of HK\$1.28 per Share, being the mid-point of the indicative Offer Price range of HK\$1.18 to HK\$1.38 per Share. We intend to use the total net proceeds we receive from the Global Offering for the following purposes:

- approximately HK\$80.0 million or RM40.0 million (or approximately 57.9% of the total net proceeds of the Global Offering) will be used for the full settlement of consideration for acquiring one rebuilt sand carrier from one of our existing subcontractors for marine transportation services;
- approximately HK\$10.1 million or RM5.05 million (or approximately 7.3% of the total net proceeds of the Global Offering) will be used for purchasing new land-based machineries;
- approximately HK\$32.4 million or RM16.2 million (or approximately 23.4% of the total net proceeds of the Global Offering) will be used for satisfying performance bonds requirement of prospective projects;
- approximately HK\$0.8 million or RM0.4 million (or approximately 0.6% of the total net proceeds of the Global Offering) will be used for upgrading our information technology and project management systems;
- approximately HK\$4.7 million or RM2.35 million (or approximately 3.4% of the total net proceeds of the Global Offering) will be used for recruiting and expanding management team for our building and infrastructure works; and
- approximately HK\$10.2 million or RM5.1 million (or approximately 7.4% of the total net proceeds of the Global Offering) will be used for working capital purposes and for general corporate purposes.

Please refer to the sections headed “Business — Business strategies” and “Future Plans and Use of Proceeds” in this prospectus for further details.

REASONS FOR LISTING AND REASONS FOR LISTING IN HONG KONG

Our Directors believe that the Listing in Hong Kong would benefit our Group as it will (i) enhance our corporate profile, brand awareness and competitiveness among industry players; (ii) enhance our work morale, recruitment and retention of talents; and (iii) provide sufficient funds for the implementation of our future plans. In addition, our Directors had considered and evaluated different listing venues including Hong Kong and Malaysia and have concluded that, notwithstanding that our business is primarily based in Malaysia, Hong Kong is the suitable venue for us to pursue a listing. It is mainly because our Directors believe that the Listing in Hong Kong will facilitate us to implement our future plans and realise our business strategy.

Our Directors believe that Hong Kong is a major international financial centre comprising established infrastructure that attracts investors worldwide. The Stock Exchange is a suitable platform given its level of internationalism and maturity in the global financial world. According to the global ranking of stock exchanges by market capitalisation table available on the SFC website, the Stock Exchange ranked the fifth

SUMMARY

largest market of the world's leading stock exchanges in terms of market capitalisation as at the end of December 2018 with a total market capitalisation of approximately US\$3,819.22 billion. It was also the third largest stock market in Asia falling behind Japan and Shanghai as at the end of December 2018. For the year ended 31 December 2018, there were 218 new listings on the Stock Exchange with total fund raised from such new listings of approximately HK\$288 billion. The average daily equities turnover for the year ended 31 December 2018 was approximately HK\$84.2 billion while the equity fund raised in the secondary market amounted to approximately HK\$256.1 billion. By comparison, Bursa Malaysia had 22 new listings during the year ended 31 December 2018 with total fund raised of approximately RM0.7 billion (equivalent to approximately HK\$1.4 billion) and the average daily equities turnover was approximately RM2.4 billion (equivalent to approximately HK\$4.8 billion). Equity fund raised in the secondary market of Bursa Malaysia for the year ended 31 December 2018 amounted to approximately RM8.6 billion (equivalent to approximately HK\$17.2 billion). As a result, our Directors recognised that our Group's presence in Hong Kong capital markets could create a higher level of visibility for our Group, and therefore Listing in Hong Kong will facilitate the implementation of our future plans as well as realising our business strategies. Visibility among international investors will also be enhanced and hence our Group can gain better access to international funding, which is important for our Group's future sustainable growth by providing us with diversified means to fund our future expansion plans.

For further details of our reasons for Listing in Hong Kong, please refer to the sections headed "Future Plans and Use of Proceeds — Reasons for Listing" and "Future Plans and Use of Proceeds — Reasons for Listing in Hong Kong" in this prospectus.

OFFERING STATISTICS

	Based on the minimum Offer Price of HK\$1.18 per Share	Based on the maximum Offer Price of HK\$1.38 per Share
Market capitalisation (<i>Note 1</i>)	HK\$590,000,000	HK\$690,000,000
Unaudited pro forma adjusted combined net tangible assets of our Group per Share (<i>Note 2</i>)	HK\$0.40	HK\$0.44

Notes:

1. The calculation of our market capitalisation is based on 500,000,000 Shares which will be in issue immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised), but takes no account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandate to issue Shares and general mandate to repurchase Shares as described in the section headed "Share Capital" in this prospectus.
2. The unaudited pro forma adjusted combined net tangible assets of our Group per Share has been prepared with reference to certain estimation and adjustment. Please refer to Appendix II to this prospectus for further details.

DIVIDEND

Our Company has not declared or paid any dividends during the Track Record Period and up to the Latest Practicable Date. Subsidiaries of our Company distributed interim dividends of an aggregate amount of RM57.5 million for the year ended 30 June 2018, of which RM50.3 million has been settled in June 2018 by way of cash, and the remaining RM7.2

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million has been settled by way of cash in July 2018 in relation to the restructuring of certain investment properties. For further details regarding the said interim dividends, please refer to the section headed “Financial Information — Dividend” in this prospectus.

Our Group currently does not have any specific dividend policy. Dividends may be paid out by way of cash or by other means that our Directors consider appropriate. The declaration of future dividends will be subject to the discretion of our Board and the approval of our Shareholders and will depend on our earnings, financial condition, cash requirement and availability and any other factors our Directors may deem relevant. As such factors and the payment of dividends are at the discretion of our Board, there can be no assurance that any particular dividend amount or any dividend at all, will be declared and paid in the future. Prospective investors should note that historical dividend payments should not be regarded as an indication of our future dividend.

HIGHLIGHTS OF RISK FACTORS

Our business and operations involve certain risks and uncertainties, many of which are beyond our control.

We believe that our major risks include: (i) our Group had a concentration of customers during the Track Record Period; (ii) a major part of our revenue and profits is from marine construction contracts in relation to a sizeable project, the Forest City Project, during the Track Record Period; (iii) our future profitability are dependent on our contracts on hand and our ability to secure new contracts, and on the complexity of the contract works which may have impact on profit margin; (iv) reliance on third party subcontractors in executing our contracts; and (v) if we fail to accurately estimate our costs or fail to execute contracts within our cost estimates, our operations and financial performance may be adversely affected. A detailed discussion of the risk factors is set forth in the section headed “Risk Factors” in this prospectus.

LEGAL AND REGULATORY COMPLIANCE

For details, please refer to the section headed “Business — Legal and regulatory compliance” in this prospectus.

RECENT DEVELOPMENTS

Subsequent to the Track Record Period and up to the date of this prospectus, there had not been any material changes to our business model, revenue and cost structure.

As at the Latest Practicable Date, our contracts on hand, which represent contracts that have commenced but not yet completed and contracts that have engagement confirmed but not yet commenced, are as follows:

	Number of contracts on hand	Aggregate original contract sum (RM' million)	Revenue recognised as at the Latest Practicable Date (RM' million)	Outstanding contract sum (taking into account the adjustments and variation orders) (RM' million)	Revenue to be recognised subsequent to the Latest Practicable Date (RM' million)
Marine construction contracts	9	687.2	219.1	493.5	493.5 ⁽¹⁾
Building and infrastructure contracts	12	457.4	163.8	324.3	324.3
Total:	21	1,144.6	382.9	817.8	817.8

SUMMARY

Note:

- Inclusive of 3 on-going marine transportation contracts expected to contribute approximately RM117.2 million.

For further details, please refer to the section headed “Business — Our contracts” in this prospectus.

Subsequent to the Track Record Period and up to the Latest Practicable Date, we had submitted 5 tenders and 1 quotation for building and infrastructure contracts and 2 tenders and 9 quotations for marine construction contracts and we had been awarded with a marine construction contract (inclusive of reclamation and related works and marine transportation) by a new customer, which is an Independent Third Party, with an original contract sum of approximately RM323.9 million. A summary of the tenders or quotations submitted by our Group which we had yet to receive results as at the Latest Practicable Date is set out below:

	No. of tender or quotation submitted subsequent to the Track Record Period	Expected contract sum (RM' million)	No. of contracts awarded	Contract sum (RM' million)	No. of remaining tender or quotation	Expected contract sum from remaining tender or quotation (RM' million)	No. of tender or quotation submitted during the Track Record Period and pending result	Expected contract sum (RM' million)	Total no. of tender or quotation pending result	Aggregate expected contract sum (RM' million)
Marine construction contracts	11	121.6	4	91.1	5 <i>(Note 1)</i>	27.5 <i>(Note 1)</i>	2	180.6	7	208.1
Building and infrastructure contracts	6	256.7	2	5.4	3 <i>(Note 2)</i>	233.3 <i>(Note 2)</i>	1	23.8	4	257.1
Total:	17	378.3	6	96.5	8	260.8	3	204.4	11	465.2

Notes:

- Excluding 1 tender and 1 quotation with aggregate contract sum of approximately RM3.0 million which were rejected.
- Excluding the tender with contract sum of approximately RM18.0 million which was rejected.

Expected decrease in forecast revenue for the year ending 30 June 2019

Based on the contracts on hand, we expect our profitability for the year ending 30 June 2019 will be negatively affected by (i) the expected decrease in the revenue to be generated from marine construction services, including marine transportation, resulting from the expected decrease in volume of work; (ii) Listing expenses; (iii) utilisation of net proceeds from the Global Offering on recruiting and expanding our management team for our building and infrastructure works, and upgrading our information technology and project management systems; and (iv) increase in administration and compliance cost after Listing. For details, please refer to the section headed “Risk Factors” in this prospectus.

Save as the aforesaid, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group since 31 October 2018, being the date to which the latest audited combined financial statements of our Group were made up, and there has been no event since 31 October 2018 which would materially affect the information shown in the Accountants’ Report set out in Appendix I to this prospectus.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings.

“Application Form(s)”	WHITE Application Form(s) and YELLOW Application Form(s) and GREEN Application Form(s), or where the context so requires, any of them, relating to the Hong Kong Public Offering
“Articles” or “Articles of Association”	the amended and restated articles of association conditionally adopted by our Company on 11 April 2019 to take effect on the Listing Date, a summary of which is set forth in “Summary of the Constitution of our Company and Cayman Islands Company Law” in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Astaka Padu”	Astaka Padu Sdn. Bhd., a company incorporated in Malaysia on 14 June 1993 which engages in property development and a wholly-owned subsidiary of a company whose shares are listed on the Singapore Exchange, and is an Independent Third Party
“Board of Directors” or “Board”	our board of Directors
“Bondholder”	the person who is or the body corporate which is for the time being a holder of the Exchangeable Bond
“Bursa Malaysia”	the stock exchange operated by Bursa Malaysia Securities Berhad, formerly known as the Kuala Lumpur Stock Exchange
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which licensed banks in Hong Kong are normally open for business
“BVI”	the British Virgin Islands
“Capitalisation Issue”	the capitalisation of an amount of HK\$3,375,000 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 337,500,000 Shares for allotment and issue to our Shareholders as resolved by our sole Shareholder on 11 April 2019
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

DEFINITIONS

“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant, who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Chang Yang”	Chang Yang International Corp., a company incorporated in the Republic of Mauritius with limited liability on 29 January 2015 which engages in investment holding and holds 48% shareholdings in JBB Marine
“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this prospectus, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“CIDB”	The Construction Industry Development Board of Malaysia
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Companies Law” or “Cayman Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company”	JBB Builders International Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 30 April 2018 and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 12 June 2018

DEFINITIONS

“Concert Party Deed”	the confirmatory deed in relation to parties acting in concert dated 16 May 2018 and signed by Dato’ Ng and Datin Ngooi, particulars of which are set out in the section headed “History, Reorganisation and Corporate Structure — Concert Party Deed” in this prospectus
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder(s)” or “our Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of our Company immediately after the Global Offering as referred to in the section headed “Relationship with Controlling Shareholders” in this prospectus
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Country Garden”	Country Garden Pacificview Sdn. Bhd., a company incorporated in Malaysia on 29 April 2013 which engages in property development and is an Independent Third Party. It is a subsidiary of and owned indirectly as to 60% by Country Garden Holdings Company Limited, a company whose shares are listed on the Main Board of the Stock Exchange
“Customer A”	an individual who is the head of one of the states in Malaysia, and is an Independent Third Party
“Datin Ngooi”	Datin Ngooi Leng Swee, a non-executive Director, the spouse of Dato’ Ng and one of our Controlling Shareholders
“Dato’ Ng”	Dato’ Ng Say Piyu, an executive Director, chairman of our Board, the spouse of Datin Ngooi and one of our Controlling Shareholders
“Deed of Indemnity”	the deed of indemnity dated 11 April 2019 and entered into between our Controlling Shareholders and our Company pursuant to which our Controlling Shareholders agree to provide us with certain indemnities, a summary of which is set out in the section headed “F. Other information — 1. Estate duty, tax, and other indemnity” in Appendix IV to this prospectus

DEFINITIONS

“Deed of Non-competition”	the deed of non-competition dated 11 April 2019 given by each of our Controlling Shareholders in favour of our Company, particulars of which are set out in the section headed “Relationship with Controlling Shareholders — Deed of Non-competition” in this prospectus
“Director(s)”	the director(s) of our Company
“Exchangeable Bonds”	the First Exchangeable Bond, the Second Exchangeable Bond and the Third Exchangeable Bond
“Exchange Period”	the period which Bondholder may exchange the principal of the Exchangeable Bonds for the Exchange Ratio pursuant to the conditions of the Subscription Agreement at any time during the period from the completion of the acquisition by our Company’s subsidiaries of JBB Builders, Gabungan and Pavilion up to the issue of official listing approval from the Stock Exchange to our Company
“Exchange Ratio”	2.84% of the fully paid up and enlarged issued share capital of our Company before completion of the Global Offering upon the exchange in full of the principal amount of HK\$5,000,000
“Exchange Shares”	the Shares, which are fully paid, free of any encumbrances and validly issued by our Company, which will be exchanged by the Bondholder with JBB Builders Investment
“First Exchangeable Bond”	the exchangeable bond in the principal amount of HK\$5,000,000 issued by JBB Builders Investment in favour of the First Pre-IPO Investor on 16 May 2018
“First Pre-IPO Investor”	Blaze Light Investment Limited, a company incorporated in the BVI with limited liability, an Independent Third Party
“Forest City”	the proposed name of the site of development of the Forest City Project
“Forest City Project”	a property development project developed by Country Garden off the coast of Johor at the southernmost point of peninsular Malaysia, which is estimated to span an area of approximately 4,000 acres on three artificial islands, and to house 700,000 people in the Johor Strait across Singapore upon completion
“Gabungan”	Gabungan Jasapadu Sdn. Bhd., a company incorporated in Malaysia with limited liability on 3 June 2013 and an indirect non-wholly-owned subsidiary of our Company

DEFINITIONS

“Global Offering”	the Hong Kong Public Offering and the International Placing
“ GREEN Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider
“Group”, “our Group”, “we”, “our” or “us”	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the present subsidiaries of our Company
“ HK eIPO White Form ”	the application for the Hong Kong Public Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website at www.hkeipo.hk
“ HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company as specified on the website at www.hkeipo.hk
“HKAS(s)”	Hong Kong Accounting Standard(s)
“HKFRS(s)”	Hong Kong Financial Reporting Standard(s)
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HK\$”, “Hong Kong Dollars” or “HK Dollars”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of our Company
“Hong Kong Public Offer Shares”	the 62,500,000 Shares being initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to reallocation as described in the section headed “Structure and Conditions of the Global Offering” in this prospectus)

DEFINITIONS

“Hong Kong Public Offering”	the issue and offer for subscription of the Hong Kong Public Offer Shares to the public in Hong Kong for cash (subject to reallocation as described in the section headed “Structure and Conditions of the Global Offering” in this prospectus) at the Offer Price (plus brokerage, SFC transaction levies and Stock Exchange trading fees), subject to and in accordance with the terms and conditions described in this prospectus and the Application Forms
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in the section headed “Underwriting — Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the conditional underwriting agreement dated 24 April 2019 relating to the Hong Kong Public Offering entered into by, among others, our Company, our Controlling Shareholders, our executive Directors and the Hong Kong Underwriters, as further described in the section headed “Underwriting” in this prospectus
“Independent Third Party(ies)”	a person(s) or company(ies) who/which is or are independent of and not connected with our Company or our subsidiaries or any of their respective associates within the meaning of the Listing Rules
“Individual A”	brother of Individual M and Individual R, and is an Independent Third Party
“Individual M”	brother of Individual A and Individual R, is an Independent Third Party who is related to certain of our Group’s top customers during the Track Record Period, as further detailed in the section headed “Business — Our customers” in this prospectus
“Individual R”	brother of Individual M and Individual A, and is an Independent Third Party
“International Placing”	the conditional placing of the International Placing Shares by the International Underwriters with professional, institutional, corporate and/or other investors at the Offer Price, as further described in the section headed “Structure and Conditions of the Global Offering” in this prospectus

DEFINITIONS

“International Placing Shares”	the 62,500,000 Shares initially being offered for subscription under the International Placing together, where relevant, with any Shares that may fall to be issued pursuant to any exercise of the Over-allotment Option, subject to reallocation as described in the section headed “Structure and Conditions of the Global Offering” in this prospectus
“International Underwriters”	the underwriters of the International Placing
“International Underwriting Agreement”	the conditional international underwriting agreement relating to the International Placing expected to be entered into by, among others, our Controlling Shareholders, our executive Directors, the International Underwriters and our Company on or about the Price Determination Date
“Ipsos”	Ipsos Sdn. Bhd., an industry research consultant and an Independent Third Party
“Ipsos Report”	the industry report provided by Ipsos, which was commissioned by us in relation to, among other things, the construction industry and marine construction segment in Malaysia
“JBB Berlian”	JBB Berlian Investment Limited, a company incorporated in BVI with limited liability on 17 April 2018 and the entire issued share capital of which is owned by Datin Ngooi
“JBB Builders”	JBB Builders (M) Sdn. Bhd., a company incorporated in Malaysia with limited liability on 4 May 1996 and an indirect wholly-owned subsidiary of our Company
“JBB Builders Investment”	JBB Builders Investment Limited, a company incorporated in BVI with limited liability on 17 April 2018, the issued share capital of which is owned as to 53% by JBB Jade and as to 47% by JBB Berlian
“JBB Delima”	JBB Delima Investment Limited, a company incorporated in BVI with limited liability on 30 April 2018 and a wholly-owned subsidiary of our Company
“JBB Jade”	JBB Jade Investment Limited, a company incorporated in BVI with limited liability on 17 April 2018 and the entire issued share capital of which is owned by Dato’ Ng
“JBB Kimlun”	JBB Kimlun Sdn. Bhd., a company incorporated in Malaysia with limited liability on 2 May 2017 and an indirect non-wholly-owned subsidiary of our Company owned as to 60% by JBB Builders and 40% by Kimlun

DEFINITIONS

“JBB Marine”	JBB Marine (M) Sdn. Bhd., a company incorporated in Malaysia with limited liability on 30 January 2015 and an indirect non-wholly-owned subsidiary of our Company
“Johor”	the State of Johor, a Malaysian state located in the southern region of peninsular Malaysia and adjacent to Singapore
“Joint Bookrunners”, “Joint Global Coordinators” or “Joint Lead Managers”	Alliance Capital Partners Limited and Upbest Securities Company Limited
“Kimlun”	Kimlun Sdn. Bhd., a company incorporated in Malaysia and a wholly-owned subsidiary of Kimlun Corporation Berhad whose shares are listed on Bursa Malaysia
“Latest Practicable Date”	15 April 2019, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information in this prospectus
“Lido Waterfront Project”	a property development project involving a residential and commercial waterfront development which encompasses a coastal sea reclamation area covering approximately 163 acres plus 4.6 acres broadwalk located in Johor overlooking the Straits of Johor
“Listing”	the listing of our Shares on the Stock Exchange
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Date”	the date, expected to be on or about 10 May 2019, on which our Shares are listed and from which dealings in our Shares commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel to GEM of the Stock Exchange
“Maturity Date”	14 May 2019, the due date of the Exchangeable Bonds
“MBJB Tower Project”	a property development project for the construction of a 15-storey Grade A office tower proposed to become the headquarters for the Johor Bahru City Council

DEFINITIONS

“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company conditionally adopted on 11 April 2019 and to take effect on the Listing Date, a summary of which is set out in Appendix III to this prospectus
“Mr. Brian Lam”	Mr. Lam Fung Eng, an executive Director
“Mr. C. B. Ng”	Mr. Ng Chong Boon, an executive Director
“Mr. Tai”	Mr. Tai Lam Shin, an independent non-executive Director
“Mr. Wong”	Mr. Wong Kwok Wai, Albert, an independent non-executive Director
“Ms. Chan”	Ms. Chan Pui Kwan, an independent non-executive Director
“Offer Price”	the final offer price per Offer Share (exclusive of a brokerage fee of 1.0%, an SFC transaction levy of 0.0027% and a Stock Exchange trading fee of 0.005%) of not more than HK\$1.38 and expected to be not less than HK\$1.18, such price to be agreed upon by our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or before the Price Determination Date
“Offer Shares”	the Hong Kong Public Offer Shares and the International Placing Shares
“Over-allotment Option”	the option to be granted by our Company to the Joint Global Coordinators, exercisable by the Joint Global Coordinators, at their sole and absolute discretion under the International Underwriting Agreement to require our Company to issue up to an additional 18,750,000 Shares, representing 15% of the number of the Offer Shares at the Offer Price, details of which are set out in the section headed “Structure and Conditions of the Global Offering” in this prospectus
“Pavilion”	Pavilion Ingenious Sdn. Bhd., a company incorporated in Malaysia with limited liability on 6 February 2014 and an indirect wholly-owned subsidiary of our Company
“Predecessor Companies Ordinance”	the predecessor Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as in force from time to time before 3 March 2014
“Pre-IPO Investments”	the subscription for the Exchangeable Bonds by the Pre-IPO Investors pursuant to the Subscription Agreements

DEFINITIONS

“Pre-IPO Investors”	the First Pre-IPO Investor, the Second Pre-IPO Investor and the Third Pre-IPO Investor
“Price Determination Date”	the date, expected to be on or around Tuesday, 30 April 2019, but no later than Thursday, 2 May 2019, on which the Offer Price is fixed for the purposes of the Global Offering
“RAPID”	refinery and petrochemical integrated development project
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganisation”	the reorganisation of our Group in preparation for the Listing, details of which are set out in the section headed “History, Reorganisation and Corporate Structure — Reorganisation” in this prospectus
“RM” or “Malaysian Ringgit”	Ringgit Malaysia, the lawful currency of Malaysia
“RMB”	Renminbi, the lawful currency of the PRC
“R&F Princess Cove Project”	a property development project developed by R&F Development Sdn. Bhd. which includes office buildings, serviced apartments, a hotel, clubhouse and shopping mall at the border of Malaysia in Johor
“Second Exchangeable Bond”	the exchangeable bond in the principal amount of HK\$5,000,000 issued by JBB Builders Investment in favour of the Second Pre-IPO Investor on 16 May 2018
“Second Pre-IPO Investor”	Pioneer Luck Holdings Limited, a company incorporated in Samoa with limited liability, an Independent Third Party
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 11 April 2019, a summary of principal terms of which is set out in the section headed “E. Share option scheme” in Appendix IV to this prospectus

DEFINITIONS

“Sharikat Sukma Kemajuan”	Sharikat Sukma Kemajuan Dan Perusahaan Sdn. Bhd., a company incorporated in Malaysia on 17 March 1972 which engages in supply of marine sand, and is an Independent Third Party
“Singapore”	the Republic of Singapore
“Sole Sponsor” or “Sponsor”	Alliance Capital Partners Limited, a corporation licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the sole sponsor to the Listing
“Stabilising Manager”	Upbest Securities Company Limited
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into between JBB Jade and the Stabilising Manager
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement(s)”	the three subscription agreements which were all entered into on 14 May 2018 between JBB Builders Investment and the Pre-IPO Investors in respect of the Exchangeable Bonds issued by JBB Builders Investment
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by SFC, as amended, supplemented or otherwise modified from time to time
“Tax Consultant”	RSM Tax Consultants (Malaysia) Sdn. Bhd.
“Third Exchangeable Bond”	the exchangeable bond in the principal amount of HK\$5,000,000 issued by JBB Builders Investment in favour of the Third Pre-IPO Investor on 16 May 2018
“Third Pre-IPO Investor”	Mr. Ng Shee Jan, of Malaysia nationality, an Independent Third Party
“Track Record Period”	the three years ended 30 June 2018 and the four months ended 31 October 2018
“U.S. Securities Act”	the United States Securities Act of 1933, as amended from time to time

DEFINITIONS

“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the International Underwriting Agreement and the Hong Kong Underwriting Agreement
“United Kingdom”	United Kingdom of Great Britain and Northern Ireland
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$” or “US Dollars”	United States dollar(s), the lawful currency of the United States
“WHITE Application Form(s)”	the form(s) of application for the Hong Kong Public Offer Shares for use by members of the public who require such Hong Kong Public Offer Shares to be issued in an applicant’s own name
“YELLOW Application Form(s)”	the form(s) of application for the Hong Kong Public Offer Shares for use by members of the public who require such Hong Kong Public Offer Shares to be deposited directly into CCASS
“11th Malaysia Plan”	Malaysia’s final five-year plan towards realising Vision 2020. Vision 2020 envisions Malaysia as a fully developed country along various dimensions such as economics, political, social, spiritual, psychological and cultural by year 2020
“%”	per cent.

* *Unless expressly stated or the context otherwise requires, denotes English translation of the name of a Chinese company or entity, or vice versa, and is provided for identification purposes only*

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Unless otherwise stated, all the numerical figures are rounded to one or two decimal place(s). Any discrepancy in any table between totals and sums of individual amounts listed in any table are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

Unless expressly stated or the context otherwise requires, all data in this prospectus is as at the date of this prospectus.

All time and dates refer to Hong Kong local time and dates unless otherwise stated.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain terms used in this prospectus. These terms and their meanings may or may not correspond to standard industry meanings or usage of these terms.

“CAGR”	acronym for compound annual growth rate
“CONQUAS”	the Construction Quality Assessment System, an assessment system introduced by the Building and Construction Authority in Singapore since 1989 and serves as a standard assessment system on the quality of building projects
“design and build”	a project involving the design and construction of a facility based on a set of requirements laid down by the client
“dredging”	removal of sand, sediment, rocks or other materials from the seabed
“GDP”	acronym for gross domestic product
“government-linked company”	a company that has a primary commercial objective and in which the Malaysian government has a direct controlling stake
“land reclamation” or “reclamation”	the process of filling in areas submerged under sea level with suitable landfill materials to form new land so that development or construction of buildings or other development can take place on such new land
“marine transportation”	the process involving the loading of marine sand extracted from the sand source onto sand carriers, carriage and delivery of the sand by the sand carriers over the ocean to designated reclamation sites, and unloading of sand on the designated site to be used for land reclamation
“PVD”	prefabricated vertical drain, composed of a plastic core encased by a geotextile for the purpose of expediting consolidation of slow draining soils
“QLASSIC”	Quality Assessment System in Construction, a system or method to measure and evaluate the workmanship quality of a building construction work based on Construction Industry Standard (CIS). QLASSIC enables the quality of workmanship between construction projects to be objectively compared through a scoring system
“seawall”	a structure built in a land reclamation project to protect the land reclamation from ocean waves and erosion

GLOSSARY OF TECHNICAL TERMS

- “silt curtain system” a temporary floating vertical barrier made with fabric fixed in parallel with the shoreline of the reclaimed land or other area to be protected with an anchor system and reaching the bottom of the seabed to prevent sediment leaving such area and polluting the sea
- “variation order(s)” such additional work(s), cancellation(s) or change(s) requested by the customer for specifications not included in the original contract

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- our business and operating strategies and plans for the development of existing and new businesses and our ability to implement such strategies and plans;
- our contracts on hand;
- our financial conditions and performance;
- our dividend distribution plans;
- our ability to maintain our competitiveness and operational efficiency;
- the prospects of our business and operations, including development plans for our existing and new businesses;
- the regulatory environment, as well as the industry outlook for our industry in general;
- certain statement in the sections headed “Industry Overview”, “Regulatory Overview”, “Business”, “Financial Information”, “Relationship with Controlling Shareholders” and “Future Plans and Use of Proceeds” with respect to trends in interest rates, exchange rates, prices, volumes, operations, margins, risk management and overall market trend; and
- other factors that are described in the section headed “Risk Factors” in this prospectus.

The words “aim”, “anticipate”, “believe”, “contemplate”, “continue”, “could”, “estimate”, “expect”, “going forward”, “intend”, “may”, “ought to”, “plan”, “potential”, “predict”, “project”, “schedule”, “seek”, “should”, “target”, “will”, “would” and the negatives forms of these terms, as well as similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These statements reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Hence, should one or more of these risks or uncertainties materialise, or should underlying assumptions prove to be incorrect, our financial condition may be adversely affected and may vary materially from those described herein as anticipated, believed, estimated or expected. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on such forward-looking information. We undertake no obligation to publicly update or revise any forward-looking statements contained in this prospectus, whether as a

FORWARD-LOOKING STATEMENTS

result of new information, future events or otherwise, except as required by applicable laws, rules and regulations. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

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

RISK FACTORS

In addition to other information in this prospectus, you should carefully consider the following risk factors before making an investment in the Offer Shares. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. If any of the possible events described below occurs, our business, financial condition or results of operations could be materially and adversely affected and the market price of the Offer Shares could fall significantly and you may lose part or all of your investment.

There are certain risks relating to an investment in our Shares. These risks can be broadly categorised into: (i) risks relating to our business; (ii) risks relating to conducting business in Malaysia; and (iii) risks relating to the Global Offering and this prospectus. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that are presently deemed immaterial, could also harm our business, financial condition and operating results.

RISKS RELATING TO OUR BUSINESS

Our Group's top five customers accounted for approximately 98.6%, 99.8%, 96.4% and 99.9% of our Group's total revenue for the Track Record Period. Failure to retain our business relationships with them or secure new business may affect our Group's operations and financial performance

During the Track Record Period, the percentage of the revenue attributable to our Group's top five customers amounted to approximately 98.6%, 99.8%, 96.4% and 99.9% of our Group's total revenue, respectively, while the percentage of the revenue attributable to our Group's single largest customer amounted to approximately 43.1%, 48.9%, 56.0% and 84.1%, respectively, for the same period. Individual M, who is the controlling shareholder of our Group's single largest customer for the three years ended 30 June 2018 and the four months ended 31 October 2018, is also associated with certain of our Group's other customers during the Track Record Period. For each of the three years ended 30 June 2018 and the four months ended 31 October 2018, the aggregate revenue attributable to customers ultimately controlled by Individual M amounted to approximately RM121.5 million, RM251.2 million, RM301.0 million and RM101.1 million respectively, representing approximately 43.1%, 48.9%, 56.0% and 84.1% of our total revenue for the same period respectively.

For further details regarding the relationships among certain top customers of our Group, please refer to the section headed "Business — Our customers — Relationships among certain top customers of our Group" in this prospectus.

We have not entered into any long-term agreements with our customers but are engaged by them on a project-by-project basis. Our top five or other major customers, including customers controlled by Individual M, are not obligated in any way to continue to provide us with new business in the future at a level similar to that in the past or at all.

RISK FACTORS

Upon completion of our contracts on hand, in the event that our Group is unable to secure new contracts or has not commenced work for any of our new contracts for our major customers, our revenue and profitability may be adversely affected. We cannot ascertain whether we will be able to secure contracts from our customers and/or potential customers. There is also no assurance over whether our ongoing customers will continue to engage us in the future. In the event that our Group is unable to secure contracts or gain business from our customers or potential customers, our business and financial performance may be adversely affected.

A major part of our revenue and profits is from marine construction contracts in relation to a sizeable project, the Forest City Project, during the Track Record Period. Any delay or change of plans in sizeable projects may have negative impacts on our Group's financial performance

During the Track Record Period, the revenue contributed by our completed marine construction contracts in relation to the development of the Forest City Project amounted to approximately RM189.5 million, RM423.3 million, RM147.8 million and RM52.1 million for each of the three years ended 30 June 2018 and the four months ended 31 October 2018 respectively, representing 67.3%, 82.4%, 27.5% and 43.3% of our total revenue for each of the three years ended 30 June 2018 and the four months ended 31 October 2018 respectively. Given the large scale of and the proposed area of reclamation under the Forest City Project, contracts that we may secure in relation to the development of the Forest City Project may continue to contribute to a major part of our revenue and profits. We may therefore be susceptible to factors adversely affecting the progress of development of the Forest City Project and any sizeable project in the future that we might undertake, such as government policies, government's development plan and opposition to the development of the project by local or international community, special interest groups or from the government. For example, in or around 2014 to 2015, during the early stages of development of the Forest City Project, work on the project's initial phase was halted amid public outcry over possible environmental damage and after the Government of Singapore conveyed its concerns on a number of occasions to Malaysia over the proposed reclamation under the Forest City Project. Many of these factors are beyond our control which would in turn affect our business and financial performance.

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

Our business is correlated with performance of the property markets in Malaysia, which are subject to cyclicity

A majority of the land we reclaimed during the Track Record Period related ultimately to property development projects by private property developers, such as the Forest City Project and the R&F Princess Cove Project. We believe whether property developers are willing to continue to invest in property projects in Malaysia and if so, in the type of project, would be subject to a number of factors, including the expected demand of their projects, potential supply in the market as well as their internal financial conditions which

RISK FACTORS

many of these factors are related to general property market conditions in Malaysia, particularly in Johor. Like other asset markets, property markets are subject to cyclicalities. Any expected downturn in property market in Malaysia and/or Johor may affect developers' willingness to undertake new projects or continue their existing projects. Market cyclicity may also affect property developers' decision in developing projects on reclaimed land. These may in turn affect our business, prospects and operation.

Our future profitability is dependent on our contracts on hand and our ability to secure new contracts, and on the complexity of the contract works which may have impact on profit margin

Our contracts are on a non-recurring and project-by-project basis. Our Group's ability to compete for and secure sizeable marine construction and building and infrastructure contracts is one of the main contributors to our success as well as ongoing growth and future profitability.

As our revenue is not recurring in nature and our profit margin in respect of the relevant contract works depend on the pricing of our quotation and tender and other factors such as the types of services provided under the contracts and variation orders, we cannot guarantee that we will continue to secure new contracts after the completion of the existing awarded contracts and that we will always be able to maintain similar levels of profitability as those during the Track Record Period. Our Group needs to go through a tendering or quotation process to secure new contracts, including marine construction and building and infrastructure contracts. In the event that we are unable to secure new contracts or obtain similar number of contracts, our revenue will be adversely affected. It is critical to our Group to secure new contracts of similar or larger value or similar number of projects on a continual basis, and should we fail to do so, the profitability and financial performance of our Group will be adversely affected. Profit margins for our contracts may fluctuate from project to project due to factors such as scope and complexity of the contract works, subcontracting charges, variation orders and the costs of site consumables. There is no assurance that our profit margins in the future will remain at a level comparable to those recorded during the Track Record Period. Our financial condition may be adversely affected by any decrease in our profit margins.

Risk associated with third party subcontractors in executing our contracts

It is one of our main strategies to subcontract components of works to subcontractors on a fixed price basis to have a better control over our project costs.

While we maintain relationships with a number of subcontractors and have established a system for the selection and management of subcontractors, we may not be able to monitor their performance directly or as closely as we do with our own staff. As our subcontractors do not have direct contractual relationships with our customers, we bear the risks of subcontractors' non-performance or poor quality of works or defects or delay caused by them. Further, if the costs for rectifying the defects caused by our subcontractors are significant, it may have adverse impact on our financial position. Also, while we would normally require and state in our contracts that our subcontractors shall observe and comply with all relevant rules and regulations during the course of their execution of works,

RISK FACTORS

there is no guarantee that our subcontractors would honour their responsibilities. We may be held responsible and/or liable for any non-compliance or breach of rules by our subcontractors. Further, we may be held liable under workmen's compensation claims or personal injury claims made by employees of our subcontractors arising from work injuries suffered during the course of contracts where we assign work to such subcontractors. All these risks may have an adverse impact on our profitability, financial condition and reputation, and may result in disputes and litigation.

In addition, we may be unable to hire suitable subcontractors to complete our works within our budget or the timeframe required in our contracts.

Our ability to carry out marine construction works largely depends on the availability of vessels and other equipment

Our capacity to provide marine construction services for our customers largely depends on the availability of vessels and equipment. As at the Latest Practicable Date, we owned a total of 48 major construction works equipment which includes excavators, articulated dump trucks and bulldozers. During the Track Record Period, we chartered on average around 16, 21 and 29 and 35 sand carriers per month for each of the three years ended 30 June 2018 and the four months ended 31 October 2018 respectively. The number of reclamation and marine transportation contracts that our Group can take up simultaneously at any given time is to a certain extent limited by our resources including the capacity of the vessels and equipment we can mobilise.

There are many factors that may affect our ability in mobilising vessels, including the terms of charter that can be accepted by vessels owners, their existing job schedule and our relationship with them. During the course of projects, vessels and equipment utilised by us may succumb to break down and the repair or replacement of such vessels and equipment may not be readily available. Major repairs of these vessels and equipment would result in extra project costs and delay, as it takes time to repair and remobilise upon completion of repair or to find a replacement. If replacement vessels and equipment have to be utilised, there are opportunity costs for use of such extra vessels and equipment that could have been used in other projects. It may also increase project costs as we have to make up for the implementation of the project in accordance with the agreed schedule with our customer.

Our customer may also change its delivery schedule. If there is any sudden change or surge in project schedule which accelerates the delivery timeline, we may require immediate mobilisation of additional vessels and equipment which may result in higher project costs and any other uncertainty as we may not be able to immediately mobilise additional vessels and equipment at the relevant times.

If any of the above events occurs, our business and profitability may be adversely affected.

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If we fail to accurately estimate our costs or fail to execute contracts within our cost estimates, our operations and financial performance may be adversely affected

We prepare our tenders or quotations based on our estimates and taking into consideration factors such as (i) background of the customer and business relationship with us; (ii) suitability of the contract in view of the services to be provided by us; (iii) profitability of the contract; (iv) workload requirements of our current contracts; and (v) whether we have enough resources to maintain our standard of quality for new contracts. Significant variation in the size of contracts that we can secure may affect our allocation of resources and business performance. In the event that there be any cost overruns or underestimates, or that we fail to allocate our resources in an efficient manner, we may suffer losses.

Our tender or quotation may carry inherent risks, including losses due to underestimating costs and unforeseen complexity in operating projects and other circumstances or incidents that may occur during the contract period that may cause the project costs to increase unexpectedly. For example, unexpected geological conditions may make it more technically difficult to carry out works than initially anticipated, and unexpected technical problems with the vessels and equipment that we use may incur extra costs and/or result in additional time. Any unexpected geological conditions or technical problems with the vessels and equipment may adversely affect our profitability.

Our performance is dependent on the general economic conditions and government policies of the markets in which we operate

During the Track Record Period, we generated the majority of our revenue from the provision of marine construction services in Malaysia. For each of the three years ended 30 June 2018 and the four months ended 31 October 2018, our revenue generated from marine construction services was approximately RM273.1 million, RM486.6 million, RM458.8 million and RM76.1 million, respectively, constituting approximately 96.9%, 94.7%, 85.3% and 63.3% of our Group's total revenue, respectively. We believe that the construction industry, which includes the marine construction industry and building and infrastructure industry, is cyclical in nature and any downturn in the construction sector and/or reduction in the overall value and number of contracts due to, amongst other reasons, economic downturn, change of government policies and/or civil unrest, may correspondingly reduce the demand for our services. As such, our revenue and profitability may be adversely affected.

Our customers pay us by way of progress payments and require retention money and performance bond, these in turn require us to maintain a sufficient amount of working capital and cash flow, and we are exposed to our customers' credit risks. Our trade receivables' turnover days increased significantly during the Track Record Period. Any delay in progress payments or release of retention money may affect our working capital and cash flow

We are generally required to submit monthly payment applications to our customers and we are paid according to the quantity of works completed by us or milestones of works. In addition, our works payments are normally subject to a retention of 5% of the total contract sum or a fixed amount, which will only be released to us after a defect liability

RISK FACTORS

period normally ranging from 3 to 27 months after completion of our contract works. Further, some of our contracts require us to arrange for payment of performance bond either in a fixed sum or in a percentage of 5% of the contract sum in the form of banker's guarantee as security for the due performance and observance of our Group's obligations under the relevant contracts. Such performance bond will be released upon completion of the contract or as specified in the relevant contract. Accordingly, our contracts require us to commit a certain amount of cash and other resources prior to receiving any payments from our customers as a result of our payments being dependent on work progress and subject to retention money. As such, we typically incur significant costs associated with a project at the beginning of the contract or before achieving the relevant project milestones. If we are not able to maintain a sufficient amount of working capital and cash flow for meeting these cost requirements, our capacity to undertake new contracts may be limited and accordingly, our financial performance and results of operations may be adversely affected.

The credit terms in relation to the settlement of amounts due from our customers and contract assets vary from contract to contract, with settlement typically ranging from 30 to 90 days from the invoice date. Our trade receivables were approximately RM42.4 million, RM146.6 million, RM216.7 million and RM155.4 million as at 30 June 2016, 30 June 2017, 30 June 2018 and 31 October 2018, respectively of which approximately RM3.6 million, RM3.7 million, RM98.0 million and RM72.3 million were aged more than 90 days as at the respective year/period end date. There is no assurance that our customers will not delay in settlement or default in payment in the future. Our retention receivables amounted to approximately RM10.3 million, RM25.5 million and RM55.3 million as at 30 June 2016, 30 June 2017 and 30 June 2018, respectively. Our contract assets as at 31 October 2018 amounted to approximately RM85.6 million. The amount of performance bonds provided by our Group were approximately RM0.4 million, RM1.0 million, RM0.8 million and RM0.8 million as at 30 June 2016, 30 June 2017, 30 June 2018 and 31 October 2018, respectively. If our customers experience financial distress or are unable to settle their payments due to us or release the retention monies or performance bonds to us in a timely manner or at all, our financial condition and results of operations could be materially and adversely affected.

We may not be able to bill and receive the full amount of gross amounts due from contract customers or contract assets for contract work

There is normally a timing difference between the completion of contract work, the payment application by us and the issue of payment certificates by our customers, the subsequent issue of the invoice by us and up to the payment by our customers. Prior to the application of HKFRS 15 by our Group, if cost incurred plus recognised profit less recognised losses exceed progress billings, the net amount would be recognised as amount due from contract customers under our current assets as at a financial year end date in respect of the contract works performed by our Group during that financial year. After the application of HKFRS 15 from 1 July 2018, contract assets are recognised when our Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract.

RISK FACTORS

Our Group recorded amounts due from contract customers of approximately RM104.0 million, RM111.6 million and RM44.3 million as at 30 June 2016, 30 June 2017 and 30 June 2018 respectively. All amounts due from contract customers as at 30 June 2016 had been subsequently billed and settled by 28 February 2019. As to the amounts due from customers as at 30 June 2017, save for the amounts subject to conclusion of final account by our customers, all the remaining amounts had been subsequently billed and settled by 28 February 2019. Approximately RM24.9 million of the amounts due from contract customers as at 30 June 2018 had been subsequently billed and settled by 28 February 2019. Our Group recorded contract assets of approximately RM85.6 million as at 31 October 2018. Approximately RM13.5 million of such contract assets had been subsequently billed by 28 February 2019. Of such amount of approximately RM13.5 million where subsequent billings had taken place, approximately RM4.7 million had been subsequently settled by the relevant customers by 28 February 2019. Please refer to the sections headed “Financial Information — Selected items of combined statements of financial position — Amounts due from (to) contract customers” and “Financial Information — Selected items of combined statements of financial position — Contracts assets/contract liabilities” in this prospectus for further details.

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

The amount of revenue that we are able to derive from a contract may be higher or lower than the original contract sum due to factors such as variation orders/adjustments

The aggregate amount of revenue that we are able to derive from a contract may be different from the original contract sum specified in the relevant contract due to factors such as variation orders (including additions, modifications and/or cancellations of certain contract works) placed by our customers from time to time during the course of execution or adjustments made. As such, there is no assurance that the amount of revenue derived from our ongoing contracts will not be substantially different from the original contract sum as specified in the relevant contracts. For marine transportation contracts, while the unit price and estimated sand volume are specified in the contract, the actual revenue to be recognised depends on the actual volume of sand transported. As such, the original contract sum calculated with reference to the agreed unit price and volume specified in the contract may be substantially different.

RISK FACTORS

The table below sets out a breakdown of revenue and gross profit margin derived from our contracts and subsequent variation orders/adjustments during the Track Record Period:

	2016		For the year ended 30 June						For the four months ended 31 October 2018			
			2017			2018						
	Revenue <i>RM'000</i>	Gross profit <i>RM'000</i>	Gross profit margin %	Revenue <i>RM'000</i>	Gross profit <i>RM'000</i>	Gross profit margin %	Revenue <i>RM'000</i>	Gross profit <i>RM'000</i>	Gross profit margin %	Revenue <i>RM'000</i>	Gross Profit <i>RM'000</i>	Gross profit margin %
Contracts with original contract sum specified	293,019	37,009	12.6	491,944	50,047	10.2	449,776	61,174	13.6	125,604	13,912	11.1
Marine transportation contracts (with unit cost specified) and other non-contract items	286	47	16.4	40,380	5,835	14.5	121,864	14,775	12.1	532	196	36.8
Variation orders/adjustments	<u>(11,609)</u>	<u>(1,873)</u>	N/A	<u>(18,253)</u>	<u>(3,769)</u>	N/A	<u>(33,824)</u>	<u>(4,954)</u>	N/A	<u>(5,874)</u>	<u>(1,084)</u>	N/A
	<u>281,696</u>	<u>35,183</u>	12.5	<u>514,071</u>	<u>52,113</u>	10.1	<u>537,816</u>	<u>70,995</u>	13.2	<u>120,262</u>	<u>13,024</u>	10.8

As at the Latest Practicable Date, we have a total of 21 ongoing contracts (including contracts that have commenced but not completed as well as contracts that have engagement confirmed but not yet commenced). The total amount of revenue expected to be recognised from such contracts after the Track Record Period is estimated to be approximately RM933.5 million. Due to the reasons mentioned above, there is no assurance that the actual amount of revenue to be recognised from our ongoing contracts will not be substantially different from the original contract sum as specified in the relevant contracts. Furthermore, the variation orders may be placed by our customers to different aspects of the contracted works. For further details of variation orders, please refer to the section headed “Business — Our workflow — (5) Execution and implementation — Variation orders” in this prospectus.

Our financial condition may be adversely affected by any decrease in our revenue and gross profit margin as a result of variation orders/adjustments.

Our business is subject to significant operating risks and hazards that could result in monetary damage or personal injury which could cause us to incur substantial costs and/or liabilities to damages

Our business and operations are generally subject to a number of risks and hazards, including operations under difficult geological conditions. In addition, our marine construction works business is exposed to risks and hazards such as environmental hazards, unusual or unexpected geological conditions, ground sliding or collapse of structures, collisions with fixed objects, disruption of transportation services, flooding, pirates and the strike or opposition to projects by local or international community or special interest groups. These risks could result in damage to, or destruction of equipment, vessels, maritime structures and buildings and could also result in personal injury, environmental damage, performance delays, monetary losses and/or legal liability, all of which may have a material adverse effect on our revenue and profitability.

RISK FACTORS

Our safety record is generally an important consideration for our customers in maintaining business relationships. If any serious accident or fatality is to occur in any of our contracts, we may be held liable for resulting damages and our safety record may be tarnished which may adversely affect our reputation, and our prospects for securing future work. This may in turn adversely affect our financial performance.

We may face risks associated with the defect liability

Our contracts normally require a defect liability period during which we are responsible for rectifying all defective works, if any. The defect liability period is generally a period of 3 to 27 months after the practical completion date of the relevant contract. There is no assurance that we will be able to satisfy the requests for fixing the defects raised by our customers during the defect liability period. In the event that there are any significant claims raised by our customers against us for defect liability or any default or failure in relation to our works, we may incur significant costs in rectifying such defects and in such event our reputation, financial position and profitability may be adversely affected.

Reliance on our executive Directors, senior management and qualified professionals

Our Group's success is, to a large extent, attributable to the continued commitment of our executive Directors and our senior management team. Details of our Directors and our senior management team are set out in the section headed "Directors, Senior Management and Staff" in this prospectus. Our Directors and senior management team are responsible for our business strategies and development, project planning, daily management and operations. Furthermore, they have established relationships with our customers, suppliers and subcontractors. Any unanticipated departure of, or cessation of contribution by, any member of the Board and/or our senior management team without appropriate replacement may have a material adverse impact on our business operations and profitability.

Our Group is reliant on our professional technical team of quantity surveyors, engineers, marine surveyors and land surveyors for our day-to-day business operations. The ability of our Group to retain our management and professional technical team members is vital to our Group's continual business operations and generation of income. There is no guarantee that such working relationships will be maintained in the future.

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

Our business is subject to various laws and regulations in various countries in which we operate. In accordance with the laws of Malaysia, our Group is required to obtain or maintain certain certificates or licences to operate our business. Please refer to the section headed "Regulatory Overview" in this prospectus for details.

RISK FACTORS

These operating certificates and licences are granted, renewed and maintained upon our satisfactory compliance with, amongst others, the applicable criteria set by the relevant governmental departments or organisations. These certificates or licences may only be valid for a limited period of time and may be subject to periodic reviews and renewal by governmental authorities or relevant organisations. There is no assurance that all our required certificates or licences can be maintained, obtained or renewed in a timely manner or at all. If we are unable to renew or maintain the required certificates, licences and/or qualifications, we may be required to suspend our operations and may not be able to secure new contracts, which would have a material adverse effect on our business, revenue and profitability.

We may incur higher costs in the future to comply with environmental, health and safety requirements

Under the relevant laws of Malaysia, we are required to fulfil certain environmental, health and safety requirements. Such requirements may be subject to amendments from time to time and may become more stringent. Failure to comply with and satisfy such requirements may lead to substantial fines and penalties and/or litigation and, in turn, adversely affect our business operations and financial condition. Please refer to the section headed “Regulatory Overview” in this prospectus for the relevant laws and regulations. Compliance with such laws and regulations or the establishment of effective monitoring systems may be onerous or require a significant amount of financial and other resources. As these laws and regulations continue to evolve, there is no assurance that the national or local government of the jurisdictions in which we have operations will not impose additional or more onerous laws or regulations, the compliance with which may prevent us from operating in such jurisdiction or lead to increases in project costs that we may not be able to pass on to our customers.

Our current insurance coverage may not be adequate and we may not be able to obtain insurance at an acceptable rate

Our Group has taken out insurance for office employee’s compensation and our marine construction and building and infrastructure contracts. In relation to our marine construction and building and infrastructure contracts, when we serve as main contractor, we will purchase workmen’s compensation insurance and contractors’ all risks insurance for the entire contract. Although we believe our insurance coverage is sufficient for the needs of our operations and appropriate for our current risk profile, we cannot guarantee that our current levels of insurance are sufficient to cover all potential risks and losses. Our insurance policies may not be adequate to protect us from liabilities that we may incur in our business, which could have a material adverse effect on our business and financial performance. Furthermore, due to a variety of factors such as increases in claims and increases in medical costs and wages, our insurance premiums may increase in the future and we may not be able to obtain similar levels of insurance on reasonable terms. Any such inadequacy of, or inability to obtain insurance coverage at acceptable rates could have a material adverse effect on our business and financial performance.

RISK FACTORS

Competition in the markets in which we operate could reduce our market share and business results

According to the Ipsos Report, there are high natural barriers to entry for new entrants to the marine construction industry in Malaysia such as experience in marine construction, relationship with customers and proven track record. New entrants to the industry would also have to compete with existing industry players which have mature company setup, networks and a wide range of vessels to cater to customers' various needs. It would take longer for new entrants to establish a track record and they may face difficulties convincing customers to choose them over the existing industry players.

Failure to maintain or enhance our competitiveness within the marine construction industry, in particular our know-how and vessel mobilising capacity and maintenance of our client base and relationship with key players along the value chain may result in a reduction of profit, which would adversely affect our financial performance. We expect to face increasing competition from the growth of other overseas marine construction solution providers, in addition to domestic dredging, reclamation and marine transportation players.

Given the ongoing competition faced by our Group, compounded with possible increases in costs, there is no assurance that our Group will be able to maintain our financial performance in the future at a similar level achieved during the Track Record Period or attain growth rates similar to those achieved during the Track Record Period.

Weather conditions, natural disasters, other acts of God, political unrest and other events may have a negative impact on our operations

Our business and operation may be subject to weather conditions. For example, our marine construction works may be affected during the monsoon season in Johor from November to February. When the sea is rough, the loading of sand to the sand carrier would be slow. It would also disrupt or delay our operation in marine transportation works as it would prolong the sailing time and cause delays in delivery of our contracts. If we are unable to factor in these potential delays into timetables and/or contracts signed with customers and pass on the associated risks of delays to our customers, we may be liable for damages for delays which may in turn adversely affect our results of operations.

Weather conditions, natural disasters and other acts of God which are beyond our control may materially and adversely affect our business, financial condition and results of operations. In addition, acts of war, political unrest and terrorist attacks and geopolitical tensions which may arise from unresolved sovereignty matters and territorial disputes may cause damage or disruption to our business, our employees and our markets. Any of these events could materially and adversely affect our overall results of operations and financial condition. In addition, power failures, fires, volcanic eruptions, tsunamis or explosions or other natural disasters in places where we have operations could cause disruptions in our Group's operations, damage to our vessels, equipment or works or delays in delivery schedules.

RISK FACTORS

Our financial performance for the year ending 30 June 2019 may be negatively affected by the Listing expenses incurred in connection with the Global Offering

Our financial results for the year ending 30 June 2019 will be affected by non-recurring expenses in relation to the Listing. The estimated expenses in relation to the Listing are approximately HK\$36.8 million (approximately RM18.4 million). Our Group expects to recognise approximately HK\$10.6 million (approximately RM5.3 million) in the consolidated statement of comprehensive income for the year ending 30 June 2019 and to deduct approximately HK\$12.0 million (approximately RM6.0 million) from our Company's capital reserves. Whether or not the Listing eventually occurs, a major portion of the Listing expenses will be incurred and recognised as expenses, which will reduce our net profit and therefore may negatively affect our financial performance for the year ending 30 June 2019. In addition, if the Listing were to be postponed due to market conditions, we would also need to incur additional Listing expenses, which would further affect our future net profit negatively. As a result, our business, financial performance, results of operations and prospect would be materially and adversely affected.

RISKS RELATING TO CONDUCTING BUSINESS IN MALAYSIA

Fluctuation in the currency exchange rate of RM may have a material adverse effect on our business, operations and financial position

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

The Malaysian government's control of foreign currency conversion may limit our foreign exchange transactions, including dividend payments on our Shares

Our Company is a holding company incorporated under the laws of the Cayman Islands, with limited liability. All business operations of our Group are conducted through our subsidiaries incorporated in Malaysia. Our ability to pay dividends to our Shareholders is dependent upon the earnings of our subsidiary and distribution of funds to our Group, primarily in the form of dividends. By the power vested by Section 261 of the Financial Services Act 2013 of the laws of Malaysia, the Central Bank of Malaysia issued foreign exchange administration notices which, amongst others, regulate the remittance of funds from and into Malaysia. As at the Last Practicable Date, non-residents are free to remit divestment proceeds, profits, dividends or any income arising from investments in Malaysia provided such repatriation of funds are made in foreign currency.

RISK FACTORS

However, we cannot assure you that these foreign exchange policies regarding payment of dividends in foreign currencies will continue to be in effect in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements. If we fail to follow the foreign exchange regulations as required by Central Bank or under Malaysian law for any of the above purposes, our capital expenditure plans, and even our business and financial condition and operating results, could be materially and adversely affected.

Any changes in Malaysia’s economic, political and social conditions, as well as any changes in government policies, could materially and adversely affect our business, results of operations, financial condition and future prospects

Our major assets and business operations are located in Malaysia. During the Track Record Period, we generated the majority of our revenue from the provision of marine construction works to customers in projects the scale of which would require government support in infrastructure thereof. The demand for our services is closely related to the level of government policies related to or in support of such projects, in particular those in Johor, the region where we operate. The nature, extent and timing of the projects will be determined by a variety of factors, including general macroeconomic conditions and government policies, which are subject to change.

Therefore, our business, results of operations, financial condition and future prospects are significantly exposed to the economic, political and legal developments in Malaysia. We cannot assure that the Malaysian government will continue to maintain the current economic policies or pursue economic and political reforms, especially in view of the change in federal government as a result of the general election in Malaysia in May 2018. We note that a lot of policies, officials’ positions, political structures and administrative practices have since been under review and may be subject to significant changes. Our business and operating results could be materially and adversely affected by any such changes.

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

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

RISK FACTORS

RISKS RELATING TO THE GLOBAL OFFERING AND THIS PROSPECTUS

There has been no prior public market for our Shares and an active trading market may not develop after the Global Offering

Prior to the Global Offering, there has been no public market for our Shares. There is no guarantee that an active trading market for our Shares will develop or be sustained upon completion of the Listing. The Global Offering does not guarantee that an active trading market for our Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price of our Shares will not decline following the Global Offering.

The liquidity and market price of our Shares may be volatile, which could result in substantial losses for Shareholders

The market price and liquidity of our Shares may be highly volatile. There are a number of factors which may affect the market price of our Shares, and these factors include, but are not limited to, changes in our income or cash flows, new investments and strategic alliances. Any such developments may result in large and sudden changes in the volume and market price at which our Shares will be traded. There is no guarantee that these developments will or will not occur in the future and it is difficult to quantify the impact on our Group and on the liquidity and market price of our Shares. Further, changes in the market price of our Shares may also be due to factors which may not be directly related to our financial or business performance.

Shareholders' equity interests may be diluted as a result of additional equity fund-raising

In the future, we may need to raise additional funds to finance acquisitions, expansion or new developments of our business. If funds are raised through the issue of new equity and equity-linked securities of our Company other than on a pro-rata basis to our existing Shareholders, the percentage ownership of our Shareholders in our Company may be reduced accordingly as a result of which Shareholders may experience dilution in their percentage shareholdings in our Company. Furthermore, it is also possible that such new securities may have preferred rights, options or pre-emptive rights that render them more valuable than or senior to the existing Shares.

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

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

RISK FACTORS

Future sale of a substantial amount of Shares by existing Shareholders may adversely affect the market price of our Shares and our ability to raise equity capital

Any future sale of a substantial amount of our Shares by our existing Shareholders, including those to be owned by our Pre-IPO Investors which are not subject to any lock-up period or the possibility of such sale, could negatively impact the market price of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

There is no guarantee that our Controlling Shareholders will not dispose of the Shares held by them after the lock-up period, and the effect of which, if any, on the market price of our Shares cannot be predicted. The Shares held by our Controlling Shareholders, are subject to certain lock-up periods beginning on the date on which trading in our Shares commences on the Stock Exchange, details of which are set out in the section headed “Underwriting” in this prospectus.

It is also possible that there may be a sale of a substantial amount of Shares by any of our Controlling Shareholders or the perception that such sale may occur, which may materially and adversely affect the prevailing market price of our Shares.

Investors should not place undue reliance on facts, forecasts and other statistics in this prospectus relating to the economy and our industry obtained from public or official sources

This prospectus contains facts, forecasts and other statistics relating to the economy and the industry in which we operate our business that have been derived from various publications and industry-related sources prepared by government officials or Independent Third Parties. Our Directors believe that there are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. Furthermore, we have no reason to believe that such information is false or misleading or that any fact that would render such information false or misleading has been omitted.

Nevertheless, there is no assurance or we cannot make any representation as to the accuracy or completeness of such information. Such information has not been independently verified, as to their accuracy or completeness by our respective affiliates or advisers, the Sole Sponsor, the Underwriters or any of their affiliates or advisers, and any other party involved in the Global Offering and no representation is given as to its accuracy. In particular, due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such information and statistics may be inaccurate or may not be comparable to information and statistics produced with respect to other countries. Statistics, industry data and other information relating to the economy and the industry derived from various public or governmental sources used in this prospectus may not be consistent with other information available from other sources and therefore, investors should not unduly rely upon such facts, forecasts and statistics while making investment decisions.

RISK FACTORS

Investors should not place undue reliance on information in this prospectus which is not factual but hypothetical in nature such as analyses and beliefs based on assumptions

Information in this prospectus which is not factual but hypothetical in nature including but not limited to any sensitivity analysis on our historical financial data is based on assumptions and is for reference only and should not be viewed as having actual effect. Such information by no means reflects our Group's historical experience and financial results. Prospective investors should not place undue reliance on such information.

Our future results could differ materially from those expressed or implied by the forward-looking statements

The forward-looking statements included in this prospectus are based on various assumptions. There are also uncertainties, risks and other unforeseen factors which may cause our actual performance or achievements to be materially different from those expressed or implied by such forward-looking statements. For details of these statements and the associated risks, please refer to the section headed "Forward-looking Statements" in this prospectus.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Our Group has entered into, and is expected to continue, certain transactions that will constitute non-exempt continuing connected transactions of our Group under the Listing Rules upon Listing. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, waiver from strict compliance with the requirements in respect of the relevant non-exempt continuing connected transactions under Chapter 14A of the Listing Rules. Details of such non-exempt continuing connected transactions and the waiver are set out in the section headed “Continuing Connected Transactions” in this prospectus.

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

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

Since the business operations of our Group are substantially carried out in Malaysia, members of our senior management team are and will be expected to continue to be based in Malaysia. In addition, it would be practically difficult and commercially unnecessary for us to relocate our executive Directors to Hong Kong or appoint additional executive directors who are ordinarily resident in Hong Kong.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules on the following conditions:

- (a) we have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication at all times with the Stock Exchange. The two authorised representatives are Mr. Brian Lam and Ms. Lam Lam (林琳). Ms. Lam Lam is a Hong Kong permanent resident. We will ensure that the authorised representatives will comply with the Listing Rules at all times. The authorised representatives will provide their usual contact details to the Stock Exchange and will be readily contactable by telephone, facsimile and/or email by the Stock Exchange, if necessary, to deal with enquiries from the Stock Exchange from time to time;
- (b) each of the authorised representatives has the means to contact all our Directors (including the independent non-executive Directors) and our senior management team promptly at all times, as and when the Stock Exchange wishes to contact our Directors on any matters. We will implement a policy whereby our Directors (including independent non-executive Directors) will provide to the authorised representatives (i) their respective mobile phone numbers, residential phone numbers, fax numbers and email addresses; and (ii) valid phone numbers or other means of communication when they are travelling;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (c) all our Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong for business purposes and would be able to come to Hong Kong and, when required, meet with the Stock Exchange upon reasonable notice;
- (d) Alliance Capital Partners Limited, the compliance adviser of our Company (“**Compliance Adviser**”), will act as an additional channel of communication with the Stock Exchange for a period commencing from the Listing Date and ending on the date on which we distribute the annual report for the first completed financial year after the Listing in accordance with Rule 13.46 of the Listing Rules. The Compliance Adviser will provide professional advice to us on continuous compliance with the Listing Rules. We will ensure that the Compliance Adviser has prompt access to our authorised representatives and our Directors who will provide the Compliance Adviser with such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser’s duties;
- (e) all our Directors will provide their respective mobile phone numbers, office phone numbers, e-mail addresses and facsimile numbers to the Stock Exchange; and
- (f) meetings between the Stock Exchange and our Directors could be arranged through the authorised representatives or the Compliance Adviser, or directly with our Directors within a reasonable time. We will inform the Stock Exchange as soon as practicable in respect of any change in the authorised representatives and/or the Compliance Adviser in accordance with the Listing Rules.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purposes of giving information to the public with regard to us. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in this prospectus misleading. All opinions expressed in this prospectus have been arrived at after due and careful considerations, and are founded on bases and assumptions that are fair and reasonable.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The Listing is sponsored by Alliance Capital Partners Limited. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to the agreement on the Offer Price between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on or before the Price Determination Date. The International Offering will be fully underwritten by the International Underwriters under the terms of the International Underwriting Agreement. The Global Offering is managed by the Joint Global Coordinators. Further details of the Underwriters and the underwriting arrangements are set out in the section headed "Underwriting" in this prospectus.

OFFER SHARES TO BE OFFERED IN HONG KONG ONLY

No action has been taken in any jurisdiction other than Hong Kong to permit the public offering of the Offer Shares or the distribution of this prospectus and/or Application Forms. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an unauthorised offer or invitation.

Each person acquiring the Offer Shares will be required under the Global Offering and is deemed by his acquisition of the Offer Shares, to confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and the relevant Application Forms and that he is not acquiring, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the U.S.

INFORMATION ON THE GLOBAL OFFERING

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

Details of the structure of the Global Offering, including its conditions, are set out in the section headed “Structure and Conditions of the Global Offering” in this prospectus, and the procedures for applying for the Hong Kong Public Offer Shares are set out in the section headed “How to apply for Hong Kong Public Offer Shares” in this prospectus and on the relevant Applications Forms.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Application has been made to the Listing Committee for the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Global Offering and the Capitalisation Issue (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option and pursuant to the exercise of any option which may be granted under the Share Option Scheme).

Save as disclosed herein, no part of the equity or debt securities of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

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

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, our Shares on the Stock Exchange and our Company’s compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on the Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for our Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants should consult their professional advisers if they are in any doubt as to the tax implications of subscription for, purchasing, holding, disposing of and dealing in our Shares or exercising rights attached to them. It is emphasised that none of our Group, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, agents or advisers or any other person involved in the Global Offering accepts responsibility for the tax effects or liabilities resulting from your subscription for, purchase, holding, disposal of or dealing in our Shares.

HONG KONG SHARE REGISTER AND STAMP DUTY

All Shares issued pursuant to applications made in the Global Offering will be registered on our Company's branch register of members to be maintained by the Hong Kong Branch Share Registrar in Hong Kong. Our principal register of members will be maintained by Conyers Trust Company (Cayman) Limited, our Company's principal share registrar and transfer office in the Cayman Islands.

Dealings in our Shares registered in the branch register of our Company in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of Shares will be paid to our Shareholders listed on the Hong Kong share register of our Company, by ordinary post, at our Shareholders' risk, to the registered address of each Shareholder.

OVER-ALLOTMENT OPTION

Details with respect to the Over-allotment Option are set out in the section headed "Structure and Conditions of the Global Offering — The International Placing — Over-allotment Option" in this prospectus.

PROCEDURES FOR APPLICATION FOR HONG KONG PUBLIC OFFER SHARES

The application procedures for the Hong Kong Public Offer Shares are set out in the section headed "How to apply for Hong Kong Public Offer Shares" in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

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

STOCK BORROWING ARRANGEMENT

Details of the stock borrowing arrangement are set out in the section headed “Structure and Conditions of the Global Offering” in this prospectus.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Friday, 10 May 2019.

The Shares will be traded in board lots of 2,000 Shares each and the stock code is 1903.

ROUNDING

In this prospectus, where information is presented in thousands or millions, amounts of less than one thousand or one million, as the case may be, have been rounded to the nearest hundred or hundred thousand, respectively, unless otherwise indicated or the context requires otherwise. Amounts presented as percentages have been rounded to the nearest tenth of a percent, unless otherwise indicated or the context requires otherwise. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items.

EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in Hong Kong Dollars have been translated, for the purpose of illustration only, into Malaysian Ringgit and US Dollars, and vice versa, in this prospectus at the following rate:

HK\$2.0: RM1.0

HK\$7.8: US\$1.0

No representation is made that any amounts in Malaysian Ringgit, Hong Kong Dollars or US Dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

WEBSITE

The contents of any website mentioned in this prospectus do not form part of this prospectus.

LANGUAGE

The English language version of this prospectus has been translated into the Chinese language and English and Chinese versions of this prospectus are being published separately. If there should be any inconsistency between the English and Chinese versions, the English version shall govern.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Ng Say Piyu	No. 33, Jalan Padi Mahsuri 14 Bandar Baru Uda 81200 Johor Bahru, Johor Malaysia	Malaysian
Lam Fung Eng	No. 24, Jalan Bukit Impian 22 Taman Impian Emas 81300 Skudai, Johor Malaysia	Malaysian
Ng Chong Boon	No. 4, Jalan Megah 6 Taman Megah 82000 Pontian Malaysia	Malaysian
Non-executive Directors		
Ngooi Leng Swee	No. 33, Jalan Padi Mahsuri 14 Bandar Baru Uda 81200 Johor Bahru, Johor Malaysia	Malaysian
Independent non-executive Directors		
Tai Lam Shin	No. 14, Jalan Nibong 21 Taman Daya 81100 Johor Bahru, Johor Malaysia	Malaysian
Wong Kwok Wai, Albert (黃國偉)	Flat B, 45/F, Tower 5, The Waterfront 1 Austin Tsim Sha Tsui, Kowloon Hong Kong	Chinese
Chan Pui Kwan (陳佩君)	23B, Tower 3 Bel-Air on the Peak 68 Bel-Air Peak Avenue Island South Hong Kong	Chinese

Please refer to the section headed “Directors, Senior Management and Staff” in this prospectus for more information on our Directors.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor

Alliance Capital Partners Limited

a corporation licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Room 1502-03A, 15/F, Wing On House,
71 Des Voeux Road Central, Hong Kong

**Joint Global Coordinators, Joint
Bookrunners and Joint Lead
Managers**

Alliance Capital Partners Limited

Room 1502-03A, 15/F, Wing On House
71 Des Voeux Road Central, Hong Kong

Upbest Securities Company Limited

2/F Wah Kit Commercial Centre
302 Des Voeux Road Central
Hong Kong

Legal advisers to our Company

As to Hong Kong laws

Ma Tang & Co.

Rooms 1508-1513, Nan Fung Tower
88 Connaught Road Central
Central, Hong Kong

As to Malaysian laws

Zul Rafique & Partners

D3-3-8, Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
Malaysia

As to Cayman Islands laws

Conyers Dill & Pearman

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Legal advisers to the Sole Sponsor and the Underwriters	<i>As to Hong Kong laws</i> Howse Williams 27/F Alexandra House, 18 Chater Road, Central, Hong Kong <i>As to Malaysian laws</i> Ilham Lee Suite 7.1C, Level 7, Work@Clearwater Changkat Semantan, Damansara Heights 50490 Kuala Lumpur Malaysia
Auditors and reporting accountants	Crowe (HK) CPA Limited <i>Certified Public Accountants</i> 9/F Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong
Industry consultant	Ipsos Sdn. Bhd. 23rd Floor, Centerpoint North Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur Malaysia
Receiving bank	DBS Bank (Hong Kong) Limited 11/F The Center 99 Queen's Road Central Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters of our Group in Malaysia	No. 20-01, Jalan Sri Perkasa 2/18 Taman Tampoi Utama 81200 Johor Bahru Malaysia
Principal place of business in Hong Kong	Rooms 1508–1513, Nan Fung Tower 88 Connaught Road Central Central, Hong Kong
Company's website	<u>www.jbb.com.my</u> <i>(Note: contents on this website does not form part of this prospectus)</i>
Company secretary	Lam Lam (林琳) (<i>Certified Public Accountant</i>) 14/F., Mei Foo Sun Chuen 25C Nassau Street Lai Chi Kok, Kowloon Hong Kong
Authorised representatives (for the purpose of the Listing Rules)	Lam Fung Eng No. 24, Jalan Bukit Impian 22 Taman Impian Emas 81300 Skudai, Johor Malaysia Lam Lam 14/F., Mei Foo Sun Chuen 25C Nassau Street Lai Chi Kok, Kowloon Hong Kong
Authorised representative (for the purpose of the Companies Ordinance)	Lam Lam 14/F., Mei Foo Sun Chuen 25C Nassau Street Lai Chi Kok, Kowloon Hong Kong
Audit committee	Tai Lam Shin (<i>Chairman</i>) Wong Kwok Wai, Albert Chan Pui Kwan

CORPORATE INFORMATION

Remuneration committee	Tai Lam Shin (<i>Chairman</i>) Ng Say Piyu Chan Pui Kwan
Nomination committee	Ng Say Piyu (<i>Chairman</i>) Tai Lam Shin Wong Kwok Wai, Albert Chan Pui Kwan
Principal share registrar and transfer office in the Cayman Islands	Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Compliance adviser	Alliance Capital Partners Limited Room 1502-03A, 15/F, Wing On House 71 Des Voeux Road Central Hong Kong
Principal bankers	Maybank Islamic Berhad Level 8, Office Tower Johor Bahru City Square No. 108, Jalan Wong Ah Fook 80000 Johor Bahru Malaysia

INDUSTRY OVERVIEW

This and other sections of this prospectus contain information relating to the industry in which we operate. Certain information and statistics contained in this section have been derived from various official and publicly available sources. In addition, certain information and statistics set forth in this section have been extracted from a market research report commissioned by us and prepared by Ipsos, an independent market research agency. We believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information and statistics. We have no reason to believe that such information or statistics is false or misleading in any material respect or that any fact has been omitted that would render such information or statistics false or misleading in any material respect. However, such information and statistics have not been independently verified, the Sole Sponsor, any of the Underwriters, our or their respective directors and officers or any other parties involved in the Global Offering, other than Ipsos with respect to the information contained in the Ipsos Report. No representation is given as to the accuracy.

SOURCE AND RELIABILITY OF INFORMATION

We commissioned Ipsos, an independent market research consulting firm, to conduct an analysis of, and to report on, the construction industry and marine construction segment in Malaysia. A total fee of RM127,200 (inclusive of tax) was charged by Ipsos for the preparation of the Ipsos Report. The Ipsos Report has been prepared by Ipsos independent of our Group's influence. Except as otherwise noted, the information and statistics set forth in this section have been extracted from the Ipsos Report. The payment of such amount was not conditional on our Group's successful listing or on the results of the Ipsos Report.

Ipsos has been engaged in a number of market assessment projects in connection with initial public offerings in Hong Kong. Ipsos is part of a group of companies which employs approximately 16,664 personnel worldwide across 89 countries. Ipsos conducts research on market profiles, market sizes and market shares and performs segmentation analysis, distribution and value analysis, competitor tracking and corporate intelligence.

The Ipsos Report includes information on the construction industry and the marine construction segment in Malaysia. The information contained in the Ipsos Report is derived by means of data and intelligence gathering which include: (i) desktop research; and (ii) primary research, including interviews with key stakeholders including marine construction service providers, establishments, industry experts and associations in Malaysia, etc.

Information gathered by Ipsos has been analysed, assessed and validated using Ipsos in-house analysis models and techniques. According to Ipsos, this methodology ensures a full circle and multilevel information sourcing process, where information gathered can be cross-referenced to ensure accuracy. All statistics are based on information available as at the date of the Ipsos Report. Other sources of information, including government, trade associations or marketplace participants, may have provided some of the information on which the analysis or data is based.

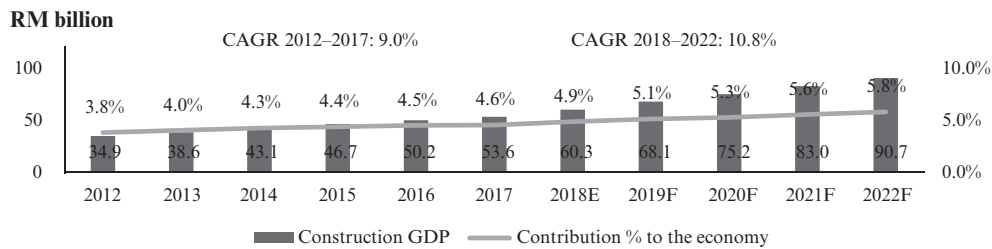
Ipsos developed its estimates or forecasts on the following principal bases and assumptions: (i) it is assumed that the global economy maintains steady growth during the forecast period; and (ii) it is assumed that there is no external shock such as financial crisis or natural disasters to affect the demand and supply of the construction industry and marine construction segment in Malaysia during the forecast period.

INDUSTRY OVERVIEW

OVERVIEW OF THE CONSTRUCTION INDUSTRY IN MALAYSIA

The construction industry in Malaysia is an important economic indicator and forms the foundation of the nation's development. In 2017, the construction industry contributed close to 5% of the national GDP, which has since increased from approximately RM34.9 billion in 2012 to approximately RM53.6 billion in 2017, at a CAGR of approximately 9.0%. Moving forward, Malaysia's construction industry GDP is projected to grow following ongoing commencement of public infrastructure projects, development of new townships and infrastructure extension under the 11th Malaysia Plan¹ and the government's vision to have all buildings and cities 'smart' and interconnected through the Transformasi Nasional ("TN50") initiative. As such, Ipsos forecasts the construction GDP to grow at a CAGR of approximately 10.8% from approximately RM60.3 billion in 2018 to approximately RM90.7 billion by the end of 2022.

Construction GDP and % contribution, 2012–2022F

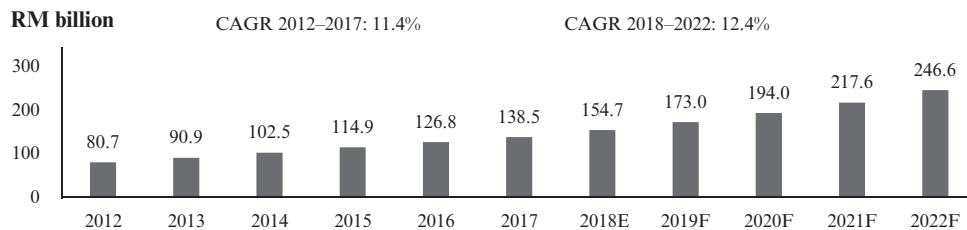


E= estimate; F=forecast

Source: Department of Statistics Malaysia ("DOSM"), Ipsos analysis

From 2012 to 2017, the construction output value or total value of construction work done² grew at a CAGR of approximately 11.4% from approximately RM80.7 billion to approximately RM138.5 billion by the end of 2017. Following the expected positive sentiments for the construction industry and ongoing commencement of public infrastructure projects, development of new townships and infrastructure extension, the total value of construction work done is projected to grow in tandem. As such, moving forward, Ipsos expects the country's construction output to grow at a CAGR of approximately 12.4% from approximately RM154.7 billion in 2018 to approximately RM246.6 billion by the end of 2022.

Total value of construction work done, 2012–2022F



E= estimate; F=forecast

Source: DOSM; Ipsos analysis

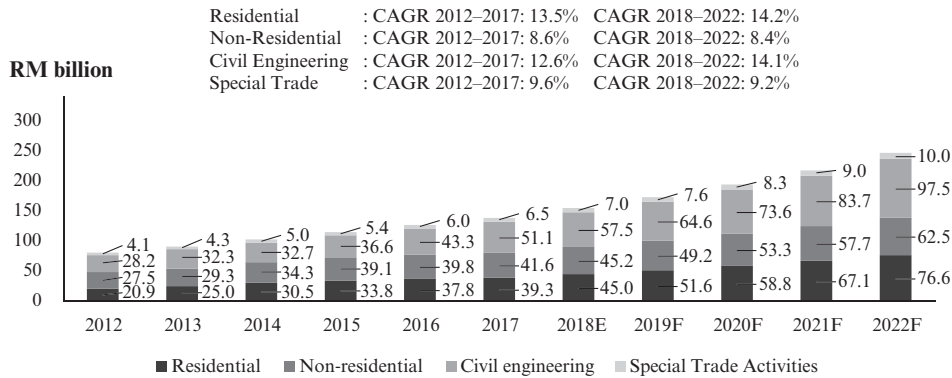
¹ The 11th Malaysia Plan is Malaysia's final five-year plan towards realising Vision 2020. Vision 2020 envisions Malaysia as a fully developed country along various dimensions such as economics, political, social, spiritual, psychological and cultural by year 2020.

² Value of construction work done includes any construction related works (e.g. new works, capital repairs, restorations, conversions and current repairs and maintenance) which were carried out during the reference period.

INDUSTRY OVERVIEW

In terms of construction sub-segments, the construction output value for residential buildings recorded the highest growth, at a CAGR of approximately 13.5% from approximately RM20.9 billion in 2012 to approximately RM39.3 billion in 2017. Civil engineering on the other hand, accounted for the highest segment of construction work done at approximately RM51.1 billion in 2017, representing more than 35% of the total value of construction work done for the same year. Moving forward, construction sub-segments are expected to grow following the expected positive sentiments for the construction industry as a whole.

Total value of construction work done, by sub-segments, 2012–2022F



E = estimate; F = forecast

Source: DOSM; Ipsos analysis

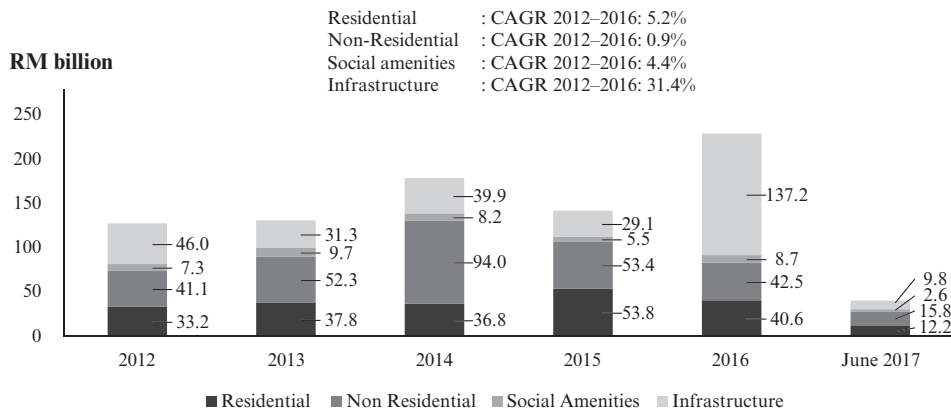
Construction demand by value of projects awarded in Malaysia increased at a CAGR of approximately 15.7% from approximately RM127.6 billion in 2012 to approximately RM229.0 billion in 2016. By mid-2017, value of projects awarded valued at approximately RM40.4 billion, representing less than 20% of projects awarded compared to 2016.

The value of construction projects awarded in the private sector surpasses those awarded in the public sector from 2012 to 2016, representing more than 75% of total projects awarded consecutively for the past years. In 2016, the value of private sector projects awarded was valued at approximately RM178.1 billion, which had since increased at a CAGR of approximately 13.1% from approximately RM109.0 billion in 2012. For the same period however, there was a progressive shift in the construction industry to focus on public infrastructure developments, and as such, the value of construction projects awarded in the public sector grew at a CAGR of approximately 28.6% from approximately RM18.6 billion in 2012 to approximately RM50.9 billion in 2016. Year-on-year, the value of construction projects awarded in 2016 is one of the highest, with approximately 61.5% growth from 2015 compared to other years.

In terms of construction sub-segments, infrastructure projects represented approximately 59.9% of total value of projects awarded (RM137.2 billion) in 2016, while the remaining value was attributed to residential, non-residential and social amenities projects at 17.7% (RM40.6 billion), 18.6% (RM42.5 billion) and 3.8% (RM8.7 billion) respectively for the same year.

INDUSTRY OVERVIEW

Total value of construction projects awarded, by sub-segments, 2012–June 2017³

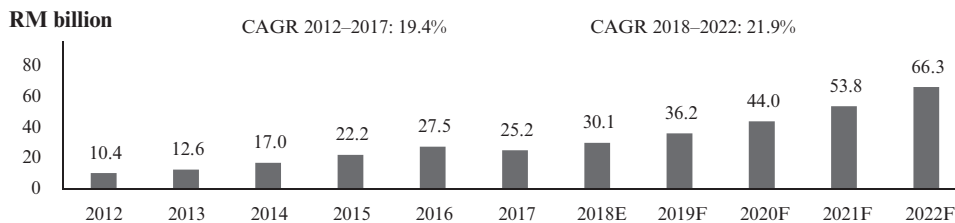


Source: CIDB; Ipsos analysis

Overview of the construction industry in Johor, Malaysia

From 2012 to 2017, the construction output value or total value of construction work done in Johor grew at a CAGR of approximately 19.4% from approximately RM10.4 billion to approximately RM25.2 billion by the end of 2017. Total value of construction work done in Johor peaked in 2016, at approximately RM27.5 billion, one of the highest in five years largely attributed by its civil engineering segment. Following the expected positive sentiments for the country's construction industry and ongoing commencement of public infrastructure projects, development of new townships and infrastructure extension, the total value of construction work done is projected to grow in tandem. Further, the federal government has also allocated RM250 million for three infrastructure projects in Johor, which is part of the multi-million ringgit Johor Baru City Centre transformation project to help improve connectivity and accessibility within downtown Johor Baru. The allocation includes the construction of the elevated road connecting the Ibrahim International Business District (IIBD) in Johor with Jalan Tebrau and Jalan Tun Razak. This is followed by the construction of covered and air-conditioned sky bridge linking JB Sentral, Komtar JBCC, Johor Baru City Square and Persada Johor International Convention Centre. As such, moving forward⁴, Ipsos expects the Johor's construction output to grow at a CAGR of approximately 21.9% from approximately RM30.1 billion in 2018 to approximately RM66.3 billion by the end of 2022.

Total value of construction work done in Johor, 2012–2022F



E = estimate; F = forecast

Source: DOSM; Ipsos analysis

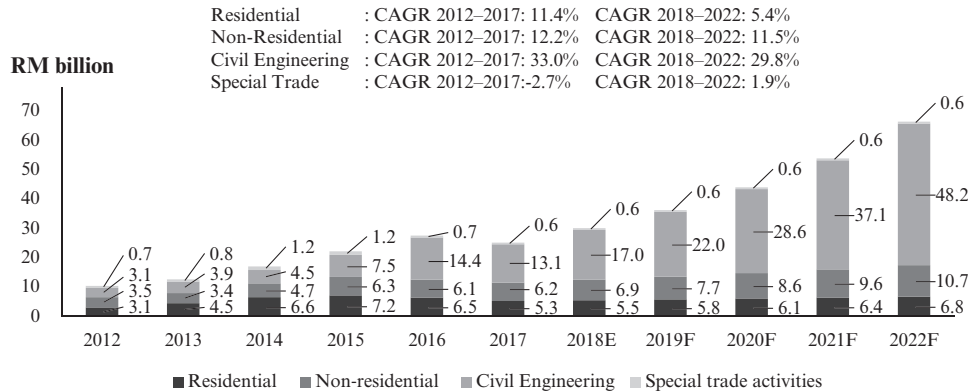
³ Latest information available

⁴ Ipsos analysis

INDUSTRY OVERVIEW

In terms of construction sub-segments, the construction output value for civil engineering recorded the highest growth, at a CAGR of approximately 33.0% from approximately RM3.1 billion in 2012 to approximately RM13.1 billion in 2017. Civil engineering also accounted for the highest segment of construction work done at approximately RM13.1 billion in 2017, representing more than 45% of the total value of construction work done for the same year in Johor.

Total value of construction work done in Johor, by sub-segments, 2012–2022F



E = estimate; F = forecast

Source: DOSM; Ipsos analysis

OVERVIEW OF THE MARINE CONSTRUCTION SEGMENT IN MALAYSIA

Marine construction works in Malaysia principally includes construction related activities such as site preparation works (inclusive of land reclamation), shore protection, soil consolidation, beach nourishment, jetty construction and others to enable installation of structures, facilities, buildings and etc. on new lands. Land reclamation is defined as the modification of inadequate land area by levelling, draining, dredging etc. of coastal land or wetlands for urban development. Specifically, land reclamation is generally either one of two distinct practices, one which involves creating ‘new’ land from the sea, riverbeds, wetlands and etc. for urban development; and the other, restoring an area to its natural state. Land reclamation works are widely practiced in Penang, Melaka and Johor.

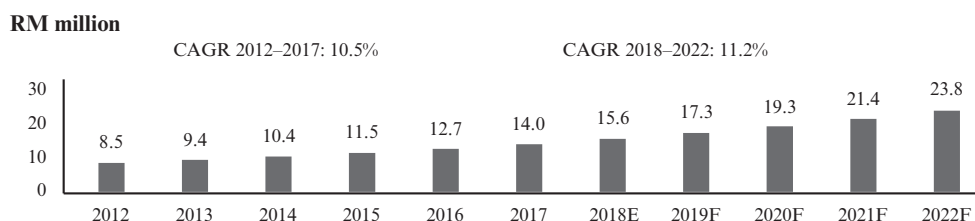
Marine construction works are said to represent approximately 10% of the total construction industry in Malaysia in terms of value of construction work done in general, largely attributed to the country’s population expansion, industrialisation and urbanisation over the years which have contributed to a rising demand for land especially in the coastal region. With most of the larger populated urban areas located in coastal regions such as Penang, Selangor, Melaka, Johor, Perak and Negeri Sembilan, the coastal regions become the main target for marine construction works (e.g. land reclamation works) to support the need for population growth and urbanisation nationwide.

During the period 2012 to 2017, the value of construction work done for marine construction works⁵ increased at a CAGR of approximately 10.5% from approximately RM8.5 billion to approximately RM14.0 billion in 2017. Moving forward, Ipsos forecasts the value of construction work done for marine construction works to grow at a CAGR of approximately 11.2% from approximately RM15.6 billion in 2018 to approximately RM23.8 billion by the end of 2022, following the optimistic outlook for growth and development of the coastal regions in Malaysia.

⁵ May include raw material costs such as costs of marine sands and relevant transportation costs.

INDUSTRY OVERVIEW

Estimated and forecasted value of construction work done for marine construction works in Malaysia, 2012–2022F



E = estimate; F = forecast

Source: DOSM; Ipsos analysis

Land or coastal reclamation for housing and industrial uses came into significance as a result of urban development over the years and the rising cost of land in some major coastal cities. Many reclamation projects have successfully been implemented in various parts of the country such as Penang, Melaka, Labuan, Langkawi, Kota Kinabalu, either as public or private sector projects. In recent years, several states have embarked on massive reclamation projects along their coastline to expand their land bank and to be able to carry out large-scale development projects. These include states like Johor and Selangor.

From 2013 to 2017, approved or alienated land areas for reclamation works in Johor alone, totalled more than 7,400 acres of land, with about 1,912.0 acres in land successfully reclaimed for the same period of time. The land reclaimed was from eight ongoing projects namely from areas such as Tanjung Kupang, Danga Bay, Senibong, Lido, Gelang Patah and Pengerang. The remaining 5,507.4 acres in land are expected to be reclaimed over the next 10–30 years as reclamation projects tend to need a longer period for preparation and planning before construction work is actually commenced. Further, reclamation projects represent high element of risks, thus developers may also take extra precaution in planning and executing such works. For other states such as Melaka, about 11,500 acres have been approved for land reclamation works for the same period of time. As such, the prospects for land reclamation works in the coastal regions of Malaysia are expected to remain optimistic for the foreseeable future.

Total land area (alienated, reclaimed and remaining to be reclaimed) and estimated cost of reclamation, Johor, 2013–2043

Value in land acres and RM billion

Years	2013–2043 (30 years duration)	2013–2017	2018–2022	2023–2043
Total alienated land (acres)	7,419.4			
Total reclaimed land (acres)		1,912.0 ^g (83.3 million square feet)		
Estimated cost of reclamation (RM billion) ^a		5.8–7.5 ^b		
Estimated total remaining land for reclamation works			1,600.0 ^{c,g} (69.7 million square feet)	3,907.4 ^{c,g} (170.2 million square feet)
Estimated cost of reclamation (RM billion)			5.2–6.6 ^d	12.8–16.2 ^f

INDUSTRY OVERVIEW

Notes: (a) Cost of reclamation is highly dependent on the depth of the sea bed, the tidal range of area and reclamation methodology. Hence cost of reclamation is entirely based on Ipsos' estimation only; (b) Assuming, with an average depth of 7 metres and tidal wave of 3.6 metres, the estimated cost of reclamation ranges between RM70/square feet to RM90/square feet (may include surcharge, revetment or pre-fabricated vertical drains, PVD); (c) For Johor only, estimated average reclamation on a yearly basis over the next 4–5 years, would be approximately 400 acres per year; (d) Assuming, with an average depth of 7 metres and tidal wave of 3.6 metres, the forecasted cost of reclamation ranges between RM75/square feet to RM95/square feet (may include surcharge, revetment or pre-fabricated vertical drains, PVD); (e) Remaining alienated land area to be reclaimed until 2043 (20 years); (f) Assuming, with an average depth of 7 metres and tidal wave of 3.6 metres, the forecasted cost of reclamation is conservatively expected to remain constant, at a range between RM75/square feet to RM95/square feet (may include surcharge, revetment or pre-fabricated vertical drains, PVD); and (g) All land areas have been converted to square feet for the purpose of calculation (1 acre = 43,560 square feet)

Source: Industry expert interviews; Ipsos analysis

OVERVIEW OF THE MARINE TRANSPORTATION SEGMENT IN MALAYSIA

Marine transportation in the context of marine construction is essentially instrumental as a service segment for marine construction works, particularly land reclamation activities, as it involves transporting marine sand from sand source to the project site. Typically, marine transportation work includes extracting sand, loading of sand onto sand carriers, delivery of sand to designated reclamation sites and unloading of sand on to designated unloading area. As sand is a key material used for land reclamation works, marine transportation essentially plays a vital role to ensure sand is properly sourced and transported to the designated project site.

Marine transportation is highly dependent on the dynamics of land reclamation, or marine construction works in Malaysia. As such, factors driving the sector will also largely influence the general outlook of marine transportation in the country. For example, population expansion, industrialisation and urbanisation over the years contributed to the rising demand for land especially in the coastal region, resulting in these regions becoming the focus for marine construction works (i.e. land reclamation works), and therefore indirectly driving the marine transportation segment forward. Similarly, entry barriers affecting marine construction solution providers (i.e. for land reclamation works) such as proven track record and relationship with customers, possession of a sizeable pool of trained operators, and vessels, will also have same effects for marine transportation providers. Particularly, given the nature of the works, contractors often take extra precaution in planning and getting the right channels before and during execution of such works, thus making it even harder for any new marine transportation provider to enter this segment of the industry.

INDUSTRY DRIVERS

The marine construction industry in Malaysia is expected to benefit from the following industry drivers:

1. Increase in overall population

Population size and urbanisation of a country will help to spur growth and demand for construction development as the number of citizens and residents increases over time. A country that is highly urbanised is also typically a good platform to spur demand, as urban areas are typically densely populated and demand for housing and

INDUSTRY OVERVIEW

proper infrastructure is crucial to achieving expected quality of life. This would drive demand for housing (especially high-rise projects for country with land constraints or densely populated area) and infrastructure projects. This in turn provide opportunities for developments in the coastal regions and thus driving the demand for the marine construction segment overall. Similarly, demand for marine transportation services is also anticipated to increase in tandem due to its importance in marine construction works, notably for the transportation of sand to project sites which is instrumental for land reclamation projects.

2. Expected growth in construction activities

Construction demand in Malaysia is expected to be slightly higher beyond 2017, as the government continues to invest to enhance its citizens' welfare under the 11th Malaysia Plan enhancement initiatives such as affordable housing, quality healthcare and construction of good infrastructure. Various nationwide construction development projects are in the pipelines of the 11th Malaysia Plan for the next five years (2018 to 2022F) and these include residential, non-residential and infrastructure construction projects. In addition, with the country set to embark on a new 30-year transformation plan, TN50, construction activities are expected to accelerate indirectly to support infrastructure developments and the expected rise of megacities due to the continued trend of urbanisation in the country. As such, demand for marine construction activities is expected to increase driven by factors driving the anticipated growth of construction activities in Malaysia. Furthermore, marine transportation services are anticipated to increase in demand as it plays an important role for marine construction activities, particularly for the delivery of sand to land reclamation sites.

COMPETITIVE LANDSCAPE AND THE ENTRY BARRIERS

Estimated market size based on marine construction industry, 2017

In 2017, the total value of construction work done for the marine construction industry in Malaysia was approximately RM12.7 billion. In 2017, our Company's revenue generated from marine construction activities was approximately RM486.6 million. As such, our Group's market share was estimated to be approximately 3.47%⁶ in the marine construction industry in Malaysia for 2017.

Estimated market size based on land acres reclaimed in Johor, 2013–2017

From 2013 to 2017, the total land areas reclaimed over the years in Johor was about 1,912.0 acres in land. Over the same period our Company has successfully reclaimed about 793.2 acres in land. As such, our Group's market share was estimated to be approximately 41.5% in terms of total land areas reclaimed for the state of Johor for the same period of years.

The key active players in the marine construction segment in Johor

For the purpose of disclosure, Ipsos has identified four active industry players, including our Company in the marine construction segment in Johor, described in the table below.

⁶ The total market value of the marine construction industry was estimated based on calendar year 2017, and compared with our Company's revenue which was based on financial year ended 30 June 2017.

INDUSTRY OVERVIEW

Market ranking of key active industry players within the marine construction works segment based on the provision of land reclamation services in Johor, 2016

Rank	Key Players	Products and Services	Approximate market share (%)
1	Our Group	Principally involved in the provision of marine construction works, and reclamation land services particularly for the Southern region (e.g. Johor) in Malaysia.	33.00%
2	Comparable i	Provides marine construction works and services, including dredging, mostly in the Southern region (e.g. Johor) in Malaysia.	24.00%
3	Comparable ii	Principally involved in the provision of marine construction works, including land reclamation works, dredging, shore protection, soil consolidation, beach nourishment, breakwater construction and jetty construction, mostly in the Southern region (e.g. Melaka, Johor) in Malaysia.	24.00%
4	Comparable iii	A major construction company from Japan, principally involved in the construction of port, coastal and waterfront areas especially in the Southern region (e.g. Johor) in Malaysia.	14.00%
	Others		5.00%

Sources: Primary interviews and Ipsos analysis

Competitive landscape of the marine transportation segment, Malaysia/Johor

Marine transportation services play a vital role in marine construction works as large volume of sand is generally needed for land reclamation projects, particularly when these projects tend to be large in scale and cover a significant area. This demands marine transportation services to effectively transport sand from its source to the designated project site. As mining of sand (i.e. sand extraction activities) is capital intensive, and marine transportation service providers are players already operating within the marine construction works segment in Malaysia (and Johor) (i.e. land reclamation solution providers), Ipsos believes that the competitive landscape for marine transportation services is similar to that of marine construction works (i.e. land reclamation works) in Malaysia (and Johor).

INDUSTRY OVERVIEW

Market share of our Company in terms of the marine transportation segment

From 2013 to 2017, the total land areas reclaimed over the years in Johor was about 1,912.0 acres in land. Over the same period, our Company has successfully reclaimed about 793.2 acres in land, inclusive of both marine construction and marine transportation works. Further, our Company has also been engaged as subcontractors for marine transportation in other projects and this constitutes an additional 129.4 acres of area, bringing our Group's market share in the context of marine transportation segment to reach close to 50% for the state of Johor for the same period of years.

Customer landscape in the land reclamation segment, Malaysia/Johor

Malaysia's land reclamation segment has largely benefitted from the country's strong construction industry growth attributed by population expansion, industrialisation and urbanisation especially in the west coast of Peninsular Malaysia, resulting in a rising demand for prime land. However, land reclamation works may sometimes need a longer period for preparation and planning before construction work is actually commenced. Further, reclamation projects have a high element of risk, thus developers may also take extra precaution in planning and executing such works. Therefore, it is not uncommon for marine construction companies or land reclamation companies in Malaysia/Johor to have customer concentration, especially when the size of a particular land reclamation contract is normally quite significant compared to the size or total revenue of the marine construction or land reclamation companies over a prolonged period of time.

In addition, it is relatively common for marine construction or land reclamation companies in Malaysia (including Johor) to experience customer concentration (i.e. developers), especially when a land reclamation contract spans for many years and requires a significant amount of time, resources and capacity for completion. This is illustrated by the limited number of land reclamation projects and developers that have been present in Johor since 2013, which are described in the table below:

Details of land reclamation projects in Johor since 2013 and their current project status

Project Location	Land alienated (acres)	Reclaimed land as of Q1 2017 (acres)	Developer	Status of project
Tanjung Kupang	4,087.00	699.60	1. Developer A	1. Ongoing
Danga Bay	685.88	354.65	1. Developer A(i) ⁷	1. Completed
			2. Developer B	2. Completed
			3. Developer C	3. Not started
			4. Developer D	4. Ongoing
Senibong/Permas	805.38	128.23	1. Developer E	1. Ongoing
			2. Developer F	2. Upcoming
			3. Developer G	3. Not started

⁷ Developer A and Developer A(i) are under the same main company.

INDUSTRY OVERVIEW

Project Location	Land alienated (acres)	Reclaimed land as of Q1 2017 (acres)	Developer	Status of project
Plentong	—	259.82	1. Developer H	1. Completed
Lido/Stulang	383.27	40.28	1. Developer I 2. Developer D 3. Developer B	1. Upcoming 2. Not started 3. Not started
Sungai Melayu Gelang Patah	447.17	—	1. Developer J	1. Not started
Pengerang	402.35	313.00	1. Developer K	1. Ongoing
Sungai Melayu	608.38	—	1. Developer L/ Developer M	1. Not started
Tanjung Puteri	—	116.45	1. Developer N	1. Completed

Sources: Primary interviews

Entry barriers

1. *Proven track record and relationship with customers*

In general, customers tend to engage solution providers which have a good and established track record in providing reliable and safe vessels, efficient services in term of operators operating the vessels for marine construction works and marine transportation services, and are able to cater to specific requirements and needs of a construction project. Furthermore, customers may award contracts to marine construction solution providers or companies who have a good working relationship with them and a good track record in the past. Such networks, experiences and fleet of equipment require significant investment and management over the years and newer entrants to this market segment will have to compete against industry players who have mature company setup, networks and a wider range of vessels to cater to the different needs of customers, therefore will likely not be able to develop solid experiences in a short period of time. As such, new entrants with little or no track record in providing services and delivery of equipment over a tenure of service would have a lower chance of convincing customers to switch away from their existing marine construction solution and marine transportation service providers or companies or to gain new contracts from new customers.

2. *Large capital investment required to be competitive with the current industry players*

Large capital investment is needed to establish the required setup for the supply of vessels in the marine construction segment of the construction industry, including players that offer marine transportation services for the delivery of sand from its source to a particular project site. Established market players over the years have

INDUSTRY OVERVIEW

invested significantly in their fleet of vessels and their operators to sustain existing operations and initiate new ones. The significant investment requirements constrain the evolution and progress of new technologies in the industry, and is one of the major challenges which will impede market growth. Newer industry players are less likely to have the required infrastructure, the sizeable pool of vessels and sufficient investment bandwidth to compete with established players and will likely experience challenges in procuring contracts with potential customers in the industry.

3. *Possession of a sizeable pool of trained operators and vessels*

New entrants to the marine construction segment, including marine transportation services, may not be able to attract and retain a sizeable pool of trained skilled workers and vessels to cater for the different requirements of customers. As a result, those new entrants may find it difficult to meet the different needs and requirements of their potential customers due to the limitation in equipment offering or lack of trained/experienced operators. As such, new entrants to the market may face difficulties in staying relevant in the industry or gaining confidence from potential customers if they do not have a sizeable selection of vessels for customers to select from nor experienced operators.

POTENTIAL CHALLENGES

1. Competition from regional marine construction solution providers/companies

Although the marine construction segment in Malaysia is mature, structured and well managed by existing solution providers/companies, their market positions could be subsequently threatened by the growth and entry of other marine construction and marine transportation solutions providers/companies from countries like China. As such, exiting suppliers in both countries are constantly adapting to competition in terms of pricing and contract terms not only with local existing suppliers but also with other potential foreign companies at large.

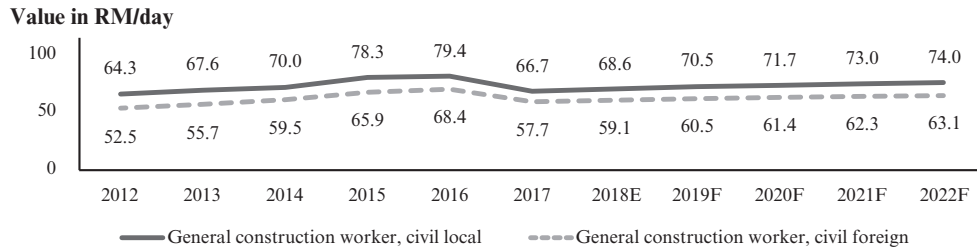
2. Rising labour cost

Labour cost is a significant cost item and any substantial fluctuation in cost may affect a company's costs of services/sales. On average, daily wage rates for a general construction worker⁸ in Malaysia increased slightly from approximately RM64.3 daily in 2012 to approximately RM66.7 daily in 2017, representing a CAGR of approximately 0.8% for the locals. Daily wage for a general foreign construction worker in Malaysia for the same period increased from approximately RM52.5 daily in 2012 to approximately RM57.7 daily in 2017 at a CAGR of approximately 1.9%. Moving forward, average daily wage rates for both local and foreign general construction workers are expected to grow progressively at CAGRs of approximately 1.9% and 1.7% from 2018 to 2022 respectively in line with the expected demand for workers due to the expected growth in the construction industry in general.

⁸ Marine construction workers generally fall under the general construction workers' category in the construction industry for Malaysia. As such, changes in daily wages for general construction workers are representative of changes in daily wages for marine construction workers in general in Malaysia.

INDUSTRY OVERVIEW

Average daily wage rates for local and foreign general construction workers in Malaysia, 2012–2022F

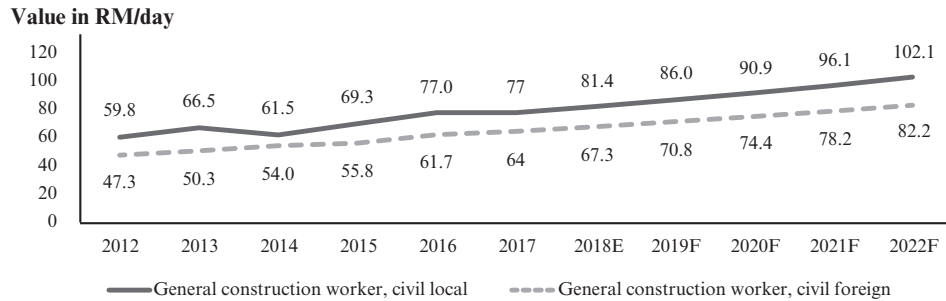


F=forecast

Source: CIDB; Ipsos analysis

For Johor, on average, daily wage rates for a general construction worker increased from approximately RM59.8 daily in 2012 to approximately RM77 daily in 2017, representing a CAGR of approximately 5.2% for the locals. Daily wage for a general foreign construction worker in Malaysia for the same period increased from approximately RM47.3 daily in 2012 to approximately RM64.0 daily in 2017 at a CAGR of approximately 6.2%. Moving forward, average daily wage rates for both local and foreign general construction workers are expected to grow at similar CAGRs of approximately 5.8% and 5.1% from 2018 to 2022 respectively.

Average daily wage rates for local and foreign general construction workers in Johor, 2012–2022F



F=forecast

Source: CIDB; Ipsos analysis

LAWS AND REGULATIONS RELATING TO OUR BUSINESS IN MALAYSIA

The establishment, operation and management of Malaysian subsidiaries of our Group shall be in compliance with the relevant laws and regulations of Malaysia. Our Malaysian subsidiaries are primarily engaged in the provision of marine and building construction works, engineering works, transportation of sand and provision of machines and equipment for rental within the meaning ascribed by Malaysian law and thus, are subject to various legal requirements imposed by the Malaysian legal framework.

Licensing and Permit Requirements

Business Licences under local laws

The Local Government Act 1976 empowers every local authority to, amongst others, grant licence or permit for any trade, occupation or premises. In exercising its powers under Section 102 of the Local Government Act 1976, the local authorities are further empowered to pass their own by-laws. Pursuant to the powers conferred by Section 102 of the Local Government Act 1976, the Johor Bahru City Council (MBJB) passed the by-laws to regulate the issuance of trade and business licences as well as advertisement licences. The Licensing of Trades, Businesses and Industries (Johor Bahru City Council) By-Laws 2004 imposes any person who wishes to use any place or premise within the area of Johor Bahru City Council for any trade, business or industry to first apply and obtain a licence. The validity of licence, unless suspended or cancelled, shall remain in force until the end of each year. Pursuant to By-Law 29, failure to obtain and hold this licence constitutes an offence, which, on conviction, is punishable by a fine not exceeding RM2,000 or by imprisonment of a term not exceeding 1 year or both. Non-compliance may also result in a further fine not exceeding RM200 for each day of non-compliance.

Certification Requirements

Certificate of Registration issued by the Construction Industry Development Board (CIDB) pursuant to the Lembaga Pembangunan Industri Pembinaan Act 1994 (LPIP Act 1994)

Section 25 of the LPIP Act 1994 requires every person who intends to carry out and complete any construction works in Malaysia to be registered with CIDB and to hold a valid certificate of registration issued by CIDB. The expression “construction works” is defined by the LPIP Act 1994 to mean “the construction, extension, installation, repair, maintenance, renewal, removal, renovation, alteration, dismantling or demolition of:

- (a) any building, erection, edifice, structure, wall, fence or chimney, whether constructed wholly or partly above or below ground level;
 - (b) any road, harbour works, railway, cableway, canal or aerodrome;
 - (c) any drainage, irrigation or river control works;
 - (d) any electrical, mechanical, water, gas, petrochemical or telecommunication works;
- or

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(e) any bridge, viaduct, dam, reservoir, earthworks, pipeline, sewer, aqueduct, culvert, drive, shaft, tunnel or reclamation works,

and includes:

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

(B) procurement of construction materials, equipment or workers, necessarily required for any work described in paragraphs (a) to (e).”

In issuing the certificate of registration, CIDB is empowered to impose any condition as it deems fit. The LPIP Act 1994 also empowers CIDB to suspend, revoke, reinstate or refuse any registration of any person. Once registered, the contractor is required to observe the statutory duties imposed by the LPIP Act 1994, which include, the duty to ensure that the construction works are carried out in accordance with the LPIP Act 1994 and to ensure the safety of the building and the construction works whether during or post construction.

Section 29 of the LPIP Act 1994 imposes, on conviction, a fine of not less than RM10,000 but not more than RM100,000 on any person who carries out and completes any construction works without proper and due registration with CIDB. In addition, CIDB is also empowered to issue by a written notice any person to abstain from commencing or proceeding with any construction works or from undertaking to carry out or complete any construction works if CIDB finds that construction works are being carried out or completed or undertaken to be carried out or completed by any person who is not registered pursuant to the LPIP Act 1994 or by any registered contractor who acts in contravention with the LPIP Act 1994. Failure to obey the written notice issued by CIDB attracts, on conviction, a fine not exceeding RM5,000 and in the case of a continuing offence, a fine not exceeding RM1,000 for every day or part thereof during which the offence continues after conviction.

By the power vested by LPIP Act 1994, CIDB issued regulations and a code of practice that prescribe, amongst others, the standards, specification, grades, categories of specialisation and procedures for the registration, accreditation or certification of contractors pursuant to the LPIP Act 1994. As a result, various categories of registration and grades were introduced and implemented by CIDB, whereby, categories of construction works were prescribed, namely, the category of civil engineering works, the category of building works and the category of mechanical and electrical works. Besides categorising the types of construction works, CIDB also prescribes for different grades of certification, whereby, the capabilities of registered contractors will be determined based on the limit of the contract sum they are permitted to undertake. For example, a contractor registered under Grade 1 registration is permitted to carry out construction works of not more than RM200,000 whilst no limit of sum is imposed on a contractor registered under Grade 7.

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Certificate of Completion and Compliance under the Street, Drainage and Building Act 1974

Section 70(20) of the Street, Drainage and Building Act 1974 (“**SDBA 1974**”) provides that certificate of completion and compliance (“**CCC**”) for any building shall be issued only by a principal submitting person in accordance with the time, manner and procedure for the issuance thereof as prescribed under the SDBA 1974 or any by-laws made thereunder. Section 3 of the SDBA defines “building” to include “any house, hut, shed or roofed enclosure, whether used for the purpose of a human habitation or otherwise, and also any wall, fence, platform, staging, gate, post, pillar, paling, frame, hoarding, slip, dock, wharf, pier, jetty, landing-stage or bridge, or any structure support or foundation connected to the foregoing” and “principal submitting person” to mean a qualified person who submits building plans to the local authority for approval in accordance with the SDBA 1974 or any by-laws made thereunder and includes any other qualified person who takes over the duties and responsibilities of or acts for the first mentioned qualified person.

Before the issuance of the CCC, Section 70(21) of the SDBA 1974 imposes the duties and responsibilities of the principal submitting person to:

- (a) supervise the erection of the building to ensure that the erection is in conformity with the approved plans and the requirements of the provisions of the SDBA 1974 or any by-laws made thereunder;
- (b) ensure that the building has been duly constructed and completed in conformity with the approval plans and the requirements of the SDBA 1974 or any by-laws made thereunder and that all technical conditions imposed by the local authority has been duly complied with; and
- (c) ensure that the building is safe and fit for occupation.

Section 70(27)(f) of the SDBA 1974 further provides that any person who occupies or permits to be occupied by building or any part thereof without the CCC shall be liable on conviction to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 10 years or both.

By the powers vested by Section 133 of the SDBA 1974, the Johor State Government enacted the Johor Uniform Building By-Laws 1986 (“**the By-Laws**”), which, amongst others, provide that a certificate of completion and compliance shall be issued by the principal submitting person:

- (a) when all the technical conditions as imposed by the local authority have been duly complied with;
- (b) when all relevant forms in respect of stage certifications have been duly certified and received by the principal submitting person;

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- (c) when all the essential services, including access roads, landscape, car parks, drains, sanitary, water, electricity installations and communication, fire hydrants, sewerage and refuse disposal requirements and fire lifts where required, have been provided; and
- (d) when the principal submitting person certifies in the prescribed form that he has supervised the erection and completion of the building and that to the best of his knowledge and belief the building has been constructed and completed in accordance with the SDBA 1974, the relevant By-Laws and the approved plans.

The By-Laws further provide that upon the issuance of the certificate of completion and compliance, the principal submitting person accepts full responsibility for the issuance of the certificate of completion and compliance and he certifies that the building is safe and fit for occupation.

Employment Requirements

General Employment

Employment of employees are governed by the Industrial Relations Act 1967 (“**IRA 1967**”) and the Employment Act 1955 (“**EA 1955**”).

The IRA 1967 generally provides the legal framework and procedures for collective agreements as well as for unlawful dismissal and constructive dismissal of employees. The IRA 1967 establishes the Malaysian Industrial Court, which has the jurisdiction of hearing industrial relation matters only.

The EA 1955 provides minimum work requirements and benefits of employment, such as minimum working hours, overtime entitlement, leave entitlement, maternity protection and termination benefits. Section 7 of the EA 1955 expressly provides that in the event of inconsistency between the terms contained in the employment and the minimum standards prescribed by the EA 1955, the more favourable terms will prevail and be enjoyed by the employees. Pursuant to the First Schedule of the EA 1955, the EA 1955 applies only to employees earning monthly wages of not more than RM2,000 or to employees, irrespective of their monthly wages, who are engaged in manual labour, including artisan or apprentice, or who are engaged in the operation of maintenance of mechanically propelled vehicles operated for the transport of passengers or goods or for commercial purposes, or who supervise or oversee other employees engaged in manual labour or who are engaged in any capacity in any vessel registered in Malaysia or who are engaged as a domestic servant.

Other laws of employment include the Minimum Wage Order 2012, which prescribes the minimum wages for specified employees, the Minimum Retirement Age Act 2012 which prescribes the minimum age of retirement of employees, the Employees Provident Fund Act 1991 which imposes the statutory obligations on employers and employees to make contribution towards the Employees’ Provident Fund, which is essentially a fund established as a scheme of savings for employees’ retirement and the management of the savings for the retirement purposes and the Employees’ Social Security Act 1969, which essentially establishes social security for employees in Malaysia.

Occupational Safety and Health of Employees

Apart from laws relating to their employment, employers in, amongst others, building operation in Malaysia are further required to secure the safety, health and welfare of its employees at work places and to promote an occupational environment for persons at work which is adapted to their physiological and psychological needs. The Occupational Safety and Health Act 1994 (“**OSHA 1994**”) imposes a statutory obligation on, amongst others, every person who designs and manufacturers of any plant for use at work to ensure that the plant is designed and constructed to be safe and without risks to health when properly used, to carry out and arranging for the carrying out of testing and examination on the plant and to take necessary steps to ensure that information about the design and testing on the use of the plant is available. Where substances are used at work, Section 21(1) of the OSHA 1994 imposes further statutory obligations on employers to ensure that the substance is safe and without risks to health when properly used; to carry out testing and examinations necessary to ensure the safety of the substance used and to provide adequate information on the results of the tests carried out or in connection with the substance used.

Section 30 of the OSHA 1994 further requires every employer to establish a safety and health committee at the place of work if there are forty or more persons employed at the place of work; or the Director General directs the establishment of such a committee at the place of work. The employer shall consult the safety and health committee with a view to the making and maintenance of arrangements which will enable him and his employees to co-operate effectively in promoting and developing measures to ensure the safety and health at the place of work of the employees, and in checking the effectiveness of such measures. Contravention of this requirement to establish a safety and health committee constitutes an offence under Section 30(4) of the OSHA 1994, which, on conviction, is punishable by a fine not exceeding RM5,000 or by imprisonment for a term not exceeding six months or both.

Section 29 of the OSHA 1994 also requires an occupier of a place of work to employ a competent person to act as a safety and health officer at the place of work. The safety and health officer employed shall be exclusively for the purpose of ensuring the due observance at the place of work of the provisions of the OSHA 1994 and any regulation made thereunder and the promotion of a safe conduct of work at the place of work. Under the Occupational Safety and Health (Safety and Health Officer) Order 1997, an employer who carries out the construction, structural alteration, repair or maintenance of a building, including repointing, redecoration and external cleaning of the structure, demolition of business and preparation for and the laying of foundation of an intended building where the total contract price is more than RM20,000,000 or who carries out engineering construction where the total contract price is more than RM20,000,000 is required to employ a safety and health officer. Failure to observe and comply with this requirement constitutes an offence under Section 51 of the OSHA 1994, which, on conviction, is punishable by a fine not exceeding RM10,000 or by imprisonment for a term not exceeding one year or both and, in the case of a continuing offence, to a fine not exceeding RM1,000 for every day or part of a day during which the offence continues after conviction. Pursuant to Section 52 of the OSHA 1994, where a body corporate contravenes any provision of the OSHA 1994 or any regulation made thereunder, every person who at the time of the commission of the offence is a director, manager, secretary or other like officer of the body corporate shall be deemed

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to have contravened the provision and may be charged jointly in the same proceedings with the body corporate or severally, and every such director, manager, secretary or other like officer of the body corporate shall be deemed to be guilty of the offence.

Environmental Protection Requirement

Control of Pollution and Enhancement of Environment

The Environmental Quality Act 1974 (“**EQA 1974**”) governs and regulates the prevention, abatement, control of pollution and enhancement of the environment for the whole of Malaysia.

Section 34A of the EQA 1974 imposes an obligation on any person intending to carry out any of the prescribed activities to submit a report to the Director General before any approval for the carrying out of such activity is granted by the relevant approving authority. The report shall be made in accordance with the prescribed guidelines and shall contain an assessment of the impact of such activities will have or is likely to have on the environment and the proposed measures that shall be undertaken to prevent, reduce or control the adverse impact on the environment. In examining the report, the Director General may approve the report, with or without conditions, if the report satisfies the requirements of the EQA 1974 and the measures to be undertaken are adequate. The EQA 1974 further prohibits any person intending to carry out a prescribed activity from carrying out such activity until the requisite report has been submitted to and approved by the Director General.

The Environmental Quality (Prescribed Activities)(Environment Impact Assessment) Order 1987 prescribes, amongst others, irrigation schemes covering an area of 5,000 hectares or more and coastal reclamation of land measuring 50 hectares or more.

Taxation

Income tax under the Income Tax Act 1967

The Income Tax Act 1967 (“**ITA 1967**”) generally imposes a tax, known as income tax, for each year of assessment upon the income accruing in or derived from Malaysia or received in Malaysia from outside Malaysia.

Pursuant to Section 8(1)(b) of ITA 1967, a company will be a tax resident in Malaysia if its management and control is exercised in Malaysia. In normal circumstances, the place where directors’ meetings are held concerning management and control of the company will be considered in determining where the management and control is exercised.

Section 6 of ITA 1967 provides that resident companies and non-resident companies are subject to a tax rate of 24% with effect from year of assessment 2016. In cases of resident companies with a paid up capital of RM2,500,000 or less, they are taxed at the rate of 18% for the first RM500,000 and 24% for any sum in excess of RM500,000. The rates described will not apply if such resident companies form part of a group of companies where any of their related company has a paid up capital of RM2,500,000 or more.

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Sales and Service Tax

Following the abolishment of the goods and services tax in Malaysia, the Goods and Services Tax Act 2014 (“GST”) was repealed and a new tax called sales and service tax was introduced. With effect from 1 September 2018, the Service Tax Act 2018 and the Sales Tax Act 2018 jointly and collectively imposed a sales and service tax on specified goods sold and services provided in Malaysia. Generally, the Service Tax Act 2018 requires every service provider, who provides taxable service and whose value of taxable services for 12 months exceeds RM500,000, to register with the Royal Malaysian Custom Department. Operators of food and beverage outlets are similarly required to be registered but only upon exceeding a higher threshold of RM1,500,000. The rate of service tax chargeable is at present fixed at 6%. At the same time, the Sales Tax Act 2018 imposes a sales tax on every person who imports or locally manufactures goods with a sales value of taxable goods above RM500,000. The current rate of sales tax is between 5% and 10%, depending on the type of goods imported or manufactured locally.

According to our Tax Consultant, except our Group’s provision of project management services for a building and infrastructure contract which is taxable services under the Sales & Service Tax (“SST”) regime, the construction services performed by our Group are not subject to service tax given that we are not performing any services that fall under the scope of services tax, i.e. engineering, architectural and management services, tourism, logistics, maintenance, warehousing, collection and debt, car park, sports facilities and secretarial management services. In addition, as per our Tax Consultant, our Group is not subject to sales tax under the SST regime so long as we do not enter into the business of sales of goods. Therefore, our Directors believe that the abolishment of GST and the change of tax regime from GST to SST does not have a material financial impact on our Group.

Foreign Exchange Control

The Central Bank of Malaysia or Bank Negara Malaysia, established under the now repealed Central Bank of Malaysia Act 1958 but continued to exist under the Central Bank of Malaysia Act 2009, assumes the primary function of, amongst others, to formulate and conduct monetary policy in Malaysia and to provide oversight over money and foreign exchange markets.

By the power vested by Section 261 of the Financial Services Act 2013, the Central Bank of Malaysia issued foreign exchange administration notices which, amongst others, regulate the remittance of funds from and into Malaysia. As at the Last Practicable Date, non-residents are free to remit divestment proceeds, profits, dividends or any income arising from investments in Malaysia provided such repatriation of funds are made in foreign currency.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 30 April 2018. Our Company has been an investment holding company since its incorporation and became the holding company of our Group for the purpose of the Listing. For further details, please see the paragraph headed “Reorganisation” in this section.

OUR HISTORY AND BUSINESS DEVELOPMENT

Our history can be traced back to 2012 when Dato’ Ng and Datin Ngooi, the founders of our Group, saw potential in the marine construction industry in Malaysia. With the experience and expertise of Dato’ Ng and our management, we, through a dormant company legally and beneficially owned by our founders (which later became our wholly-owned subsidiary, JBB Builders), successfully tendered and secured our Group’s first project in marine construction industry as a subcontractor for an independent deepwater petroleum terminal at RAPID. For further details regarding the experience of our founders, please refer to the section headed “Directors, Senior Management and Staff” in this prospectus.

Due to the rapid growth of our business, in the initial stage, our business model was to engage third party subcontractors to execute the different components of the contracts. However, after gaining more experience and finding the huge potential in reclamation works, we found that we could enjoy greater flexibility and more effective mobilisation of resources, and thus would make better profit, through tighter control over our projects and being less dependent on third party subcontractors if we formed subsidiaries directly involving in certain key parts of our projects. Thus, Gabungan was formed with the aim of owning land based machineries for sand handling/filling in 2013; Pavilion was formed with the aim of performing sand dredging and loading works in 2014 and JBB Marine was formed with the aim of chartering sand carriers for marine transportation in 2015.

In 2013, we were awarded our first design and build land reclamation project. In the same year, we were also awarded our first marine construction project. Our Directors believe that it was our major milestone in providing integrated solutions in marine transportation services to the project owner.

In February 2016, with a view to diversifying our businesses, we acquired interests in certain investment properties, being 20 residential units in a property development in Johor. However, in order to focus ourselves in our marine construction services and building and infrastructure services and in preparation for the Listing, we disposed of our interests in such investment properties to Simfoni Pesona Sdn. Bhd. (“**Simfoni**”), a company jointly held by our Controlling Shareholders, Dato’ Ng and Datin Ngooi. For further details of the divestment, please refer to the sections headed “Continuing Connected Transactions — Discontinued connected transactions”, “Financial Information — Selected items of combined statements of financial position — Cash and cash equivalents” and “Financial Information — Capital commitments — Astaka Properties Restructuring” in this prospectus.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On 3 May 2017, JBB Builders and Kimlun, a building and infrastructure contractor which is a subsidiary of a company listed on Bursa Malaysia, entered into a shareholders' agreement with the shareholding of 60% and 40% respectively in order to set up JBB Kimlun for the purpose of tendering for the contract under the MBBJ Tower Project. The MBBJ Tower Project is a 15-storey Grade A office tower at One Bukit Senyum — an upcoming administrative and commercial hub that is designed to become Johor's central business district when completed.

With our proven track record and experienced management team together with our long term strategic alliance formed in 2014 with Sharikat Sukma Kemajuan, a sister company of the sole authorised agent of sand concession owners in Johor, we have positioned ourselves as the prime company for marine construction in Southern Malaysia.

BUSINESS MILESTONES

Set forth below are our key business milestones:

<u>Year</u>	<u>Major development and achievement</u>
2012	We successfully tendered and secured for our first project in the marine construction industry as a subcontractor. The project involved river diversion and channel crossing works, which formed a small part of a massive land reclamation work at the independent deepwater petroleum terminal at RAPID. We outsourced the actual works to a licensed contractor, who carried out the river diversion and channel crossing works whilst we oversaw and managed the works carried out. We believe that this engagement introduced and exposed us to the marine construction industry and activated our involvement in the land reclamation value chain
2013	We were appointed to design and build the reclamation of 60 acres land at Tanjung Senibong and were also awarded the contract providing marine transportation services. This was our first appointment in design and build reclamation works as well as marine transportation services to provide integrated solutions in the land reclamation value chain. We believe that these projects paved the way for us to be recognised and considered as a serious and competent player in the marine reclamation industry and also enabled us to expand our business network and business opportunities
	Gabungan was formed with the aim to acquire, own and operate a specific portfolio of land-based machineries, which are used for the sand handling/filling works of our Group's reclamation projects. We believe that the establishment of Gabungan marked our first move in becoming an integrated player in the marine construction industry, which has enabled us to truly control and command the major components of the reclamation value chain

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

<u>Year</u>	<u>Major development and achievement</u>
2014	<p>We were awarded a design and build land reclamation contract for part of Island 3 at Forest City, our first major reclamation project with multinational company, which would be part of the biggest reclamation project in Malaysia</p> <p>Simultaneously, we were awarded a marine transportation contract for Forest City to deliver marine sand</p> <p>We were awarded a design and build land reclamation contract for plot 1 and 2 at the R&F Princess Cove Project — an award winning project in Johor encompassing a total area of approximately 116 acres with an reclamation area of approximately 78 acres, our first deepwater reclamation project</p>
2015	<p>JBB Marine was set up with the aim to charter and to coordinate a fleet of sand carriers for our Group’s marine transportation works. The establishment of JBB Marine had enabled us to expand and to strengthen our network directly with the sand carrier operators</p>
2017	<p>JBB Kimlun was set up between our Group and Kimlun as the special purpose vehicle tendering for the contract under the MBBJ Tower Project and we were successfully awarded the contract. The MBBJ Tower Project is a new 15-storey Grade A office tower which will become the headquarters for the Johor Bahru City Council</p> <p>We were awarded a project of maintenance and dredging works at Johor port, being our first dredging job from a subsidiary of a company listed on Bursa Malaysia</p>

CORPORATE STRUCTURE AND DEVELOPMENT

Immediately before the Reorganisation, our Group consisted of five members, namely, JBB Builders, Gabungan, Pavilion, JBB Marine and JBB Kimlun.

(a) JBB Builders

JBB Builders was incorporated with limited liability in Malaysia on 4 May 1996 with an initial authorised share capital of RM5,000,000 divided into 5,000,000 ordinary shares with the par value of RM1 each. At the time of incorporation, JBB Builders engaged in the business of computer trading under its former name of Computer Landmark (M) Sdn. Bhd.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

and only changed to the present name in 2010. It had no business operation between 2008 and early 2012. The following table sets out the change in shareholdings of JBB Builders since its incorporation and prior to the Reorganisation:

Date	No. of shares involved	Allotment to	Consideration	Resulting shareholding in JBB Builders	Total number of issued shares
4 May 1996	Allotment of 2 shares	Dato' Ng and Datin Ngooi in equal share	Fully paid at par	Each of Dato' Ng and Datin Ngooi held 1 share	2
27 June 1997	Allotment of 49,998 shares	Dato' Ng and Datin Ngooi in equal share	Fully paid at par	Each of Dato' Ng and Datin Ngooi held 25,000 shares	50,000
3 October 2000	Allotment of 650,000 shares	Dato' Ng and Datin Ngooi in equal share	Fully paid at par	Each of Dato' Ng and Datin Ngooi held 350,000 shares	700,000
2 November 2012	Allotment of 50,000 shares	Dato' Ng	Fully paid at par	Dato' Ng held 400,000 shares and Datin Ngooi held 350,000 shares	750,000
24 April 2015	Allotment of 4,250,000 shares	Dato' Ng 2,266,667 shares and Datin Ngooi 1,983,333 shares	Fully paid at par	Dato' Ng held 2,666,667 shares and Datin Ngooi held 2,333,333 shares	5,000,000

JBB Builders is a wholly-owned operating subsidiary of our Group that mainly engages in the business of marine construction, building and infrastructure services.

(b) Gabungan

Gabungan was incorporated with limited liability in Malaysia on 3 June 2013. On the date of its incorporation, Gabungan had an initial authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1 each. On the same date, two (2) shares were allotted and issued to two initial subscribers respectively.

On 20 June 2013, the two (2) shares were transferred from the initial subscribers to Mr. C. B. Ng and Mr. Toh Ang Poo at the consideration of RM1 per share, respectively. The one (1) share in Gabungan was held by Mr. C. B. Ng on trust for the joint benefit of Dato' Ng and Datin Ngooi.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On 6 April 2015, 24,999 shares, 24,999 shares, 25,000 shares and 25,000 shares were allotted and issued to Mr. C. B. Ng, Mr. Toh Ang Poo, Mr. Brian Lam and Ms. Chow Swee Tai at the subscription price of RM1 per share, respectively. The 24,999 shares were held by Mr. C. B. Ng on trust for Dato' Ng as to 13,249 shares and Datin Ngooi as to 11,749 shares, respectively; and one (1) share for the joint benefit of Dato' Ng and Datin Ngooi. The 25,000 shares were held by Mr. Brian Lam on trust for Dato' Ng as to 13,250 shares and Datin Ngooi as to 11,750 shares, respectively.

On 25 May 2016, the authorised share capital of Gabungan was increased to RM5,000,000 and divided into 5,000,000 shares. On the same date, 900,000 shares were allotted and issued to Mr. C. B. Ng, Mr. Toh Ang Poo, Mr. Brian Lam and Ms. Chow Swee Tai in equal share. The 225,000 shares were held by Mr. C. B. Ng on trust for Dato' Ng as to 119,250 shares and Datin Ngooi as to 105,750 shares, respectively. The 225,000 shares were held by Mr. Brian Lam on trust for Dato' Ng as to 119,250 shares and Datin Ngooi as to 105,750 shares, respectively.

Despite our Group holds only 50% of the equity interest in Gabungan, Gabungan is still considered to be our non-wholly-owned subsidiary as we have the power to cast the majority of votes at the meetings of its board of directors. Gabungan mainly engages in land-based machinery works and rental. Mr. Toh Ang Poo is the spouse of Ms. Chow Swee Tai, both of them are the directors and shareholders of Gabungan with 25% and 25% shareholdings, respectively. They are also the directors and shareholders of some of our suppliers and customers during the Track Record Period. Pursuant to Chapter 14A of the Listing Rules, Mr. Toh Ang Poo and Ms. Chow Swee Tai are our connected persons. For further details of the relevant continuing connected transactions with our Group upon Listing, please refer to the section headed "Continuing Connected Transactions" in this prospectus. Both of Mr. Toh Ang Poo and Ms. Chow Swee Tai have business experience in construction or transportation industry in Malaysia. Other than the above disclosed, Mr. Toh Ang Poo and Ms. Chow Swee Tai are both Independent Third Parties.

At the time of forming Gabungan, it was agreed that Mr. Toh Ang Poo would appoint nominees to manage the daily business while Dato' Ng and Datin Ngooi could also appoint equal number of nominees for the same purpose for pooling resources. As the nephews of Dato' Ng and Datin Ngooi, Mr. C. B. Ng and Mr. Brian Lam were nominated as the directors by Dato' Ng and Datin Ngooi so as to handle the day-to-day management of Gabungan. Dato' Ng and Datin Ngooi considered that the work of Mr. C. B. Ng and Mr. Brian Lam would be facilitated by the title of shareholder especially in conducting business negotiation with suppliers and customers. Dato' Ng and Datin Ngooi therefore directed Mr. C. B. Ng and Mr. Brian Lam to take up certain shares in Gabungan as mentioned above on trust, so that Mr. C. B. Ng and Mr. Brian Lam could hold themselves out as the shareholders of Gabungan for the purpose of facilitating their outbound business works. Dato' Ng and Datin Ngooi considered that the shareholder identity had positive effect in assisting Mr. C. B. Ng and Mr. Brian Lam to carry out their duties as directors, therefore similar trust arrangements were made for both Gabungan and Pavilion until the Reorganisation.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

(c) Pavilion

Pavilion was incorporated with limited liability in Malaysia on 6 February 2014. On the date of its incorporation, Pavilion had an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1 each. On the same date, two (2) shares were allotted and issued to two initial subscribers respectively.

On 24 March 2014, the two (2) shares were transferred from the initial subscribers to Dato' Ng and Mr. C. B. Ng at the consideration of RM1 per share, respectively. The one (1) share in Pavilion was held by Mr. C. B. Ng on trust for the benefit of Datin Ngooi.

On 25 April 2014, 999 shares, 499 shares and 500 shares were allotted and issued to Dato' Ng, Mr. C. B. Ng and Mr. Brian Lam, respectively. The 499 shares were held by Mr. C. B. Ng on trust for Dato' Ng as to 30 shares and Datin Ngooi as to 469 shares, respectively. The 500 shares were held by Mr. Brian Lam on trust for Dato' Ng as to 30 shares and Datin Ngooi as to 470 shares, respectively.

On 8 September 2015, the authorised share capital of Pavilion was increased to RM1,000,000 and divided into 1,000,000 shares. On the same date, 499,000 shares, 249,500 shares and 249,500 shares were allotted and issued to Dato' Ng, Mr. C. B. Ng and Mr. Brian Lam, respectively. The 249,500 shares were held by Mr. C. B. Ng on trust for Dato' Ng as to 14,970 shares and Datin Ngooi as to 234,530 shares, respectively. The 249,500 shares were held by Mr. Brian Lam on trust for Dato' Ng as to 14,970 shares and Datin Ngooi as to 234,530 shares, respectively.

Pavilion is a wholly-owned subsidiary of our Group which was originally formed for sand dredging and loading works. It is currently engaging in the business of investment holding without substantial business operation.

For the trust arrangement of Pavilion, please see paragraph headed "Corporate structure and development — (b) Gabungan" in this section.

(d) JBB Marine

JBB Marine was incorporated with limited liability in Malaysia on 30 January 2015. On the date of its incorporation, JBB Marine had an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1 each. On the same date, four (4) shares were first allotted and issued to Dato' Ng, Mr. C. B. Ng, Mr. Brian Lam and Mr. Chiu Yuanzhen, respectively. Subsequently, on 17 March 2015, four (4) shares were transferred from Dato' Ng, Mr. C. B. Ng, Mr. Brian Lam and Mr. Chiu Yuanzhen to JBB Builders at the consideration of RM1 per share, respectively. On the same date, 96 shares were allotted and issued to JBB Builders and Chang Yang in equal share.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On 27 November 2015, the authorised capital of JBB Marine was increased to RM1,000,000 and divided into 1,000,000 shares. On the same date, 519,948 shares and 479,952 shares were allotted and issued to JBB Builders and Chang Yang, respectively.

JBB Marine is a non-wholly-owned subsidiary of our Group with 52% shareholding that mainly engages in the business of marine transportation. The remaining 48% of shareholdings in JBB Marine are held by Chang Yang, an Independent Third Party. Chang Yang is a company incorporated in the Republic of Mauritius with limited liability on 29 January 2015, whose principal activity is investment holding. Chang Yang is owned by Mr. Chiu Yuanzhen and Mr. Liu Haijiang. Other than the relationship with Chang Yang, both Mr. Chiu Yuanzhen and Mr. Liu Haijiang are Independent Third Parties, who, to the best of our Directors' knowledge, both have experience in a wide range of service management including maritime construction. Mr. Chiu Yuanzhen and Mr. Liu Haijiang being the directors of Chang Yang are also the current directors of JBB Marine.

As at the Latest Practicable Date, both JBB Builders and Chang Yang do not have any intention to change their respective shareholdings in JBB Marine and shall continue to maintain their existing business relationship upon Listing.

(e) JBB Kimlun

JBB Kimlun was incorporated with limited liability in Malaysia on 2 May 2017 with an issued share capital of RM1 divided into one (1) ordinary share of RM1 each. On 3 May 2017, JBB Builders and Kimlun entered into a shareholders' agreement in order to set out the terms of JBB Kimlun as their joint venture company. The following table sets out the change in shareholdings of JBB Kimlun since its incorporation and prior to the Reorganisation:

Date	No. of shares involved	Allotment to	Consideration	Resulting shareholding in JBB Kimlun	Total number of issued shares
2 May 2017	Allotment of 10 shares	JBB Builders 6 shares and Kimlun 4 shares	Fully paid at par	JBB Builders held 6 shares and Kimlun held 4 shares	10
21 June 2017	Allotment of 749,990 shares	JBB Builders 449,994 shares and Kimlun 299,996 shares	Fully paid at par	JBB Builders held 450,000 shares and Kimlun 300,000 shares	750,000

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

JBB Kimlun is a joint venture between our Group and Kimlun as to 60% and 40% respectively. It was formed to carry out building construction general services for tendering for the contract under the MBBJ Tower Project. Kimlun is a building and infrastructure contractor and a wholly-owned subsidiary of a company listed on Bursa Malaysia that has more than 40 years' experience in building construction and infrastructure industry in Malaysia. Kimlun is also our customer and supplier. Pursuant to Chapter 14A of the Listing Rules, Kimlun being the substantial shareholder of JBB Kimlun is also our connected person, for further details of the continuing connected transactions between our Group and Kimlun upon Listing, please refer to the section headed "Continuing Connected Transactions" in this prospectus.

Taking into account of the sole incorporation purpose of JBB Kimlun for tendering for construction works of the MBBJ Tower Project, our Directors are of the view that our Group has no plan to operate business through JBB Kimlun upon completion of the MBBJ Tower Project. Our Directors also confirmed that our Group does not have any plans to form other joint ventures to carry out business at the time being.

Accounting treatment of JBB Kimlun and under the Listing Rules and Companies Ordinance

Pursuant to a shareholders' agreement dated 3 May 2017 and its supplemental agreements dated 9 May 2017, 16 May 2017 and 31 March 2019 respectively entered into between JBB Builders and Kimlun, decisions about the relevant activities of JBB Kimlun require the unanimous consent of its shareholders. As such, for accounting purposes, our Group's interest in JBB Kimlun is considered to be a joint venture despite JBB Builders, our wholly-owned subsidiary holding more than half of the equity interest therein.

For details of the accounting treatment of JBB Kimlun, please refer to the Accountant's Report as set out in Appendix I to this prospectus.

Given that (i) JBB Kimlun is a subsidiary of our Company under the meanings of the Companies Ordinance; and (ii) JBB Kimlun is a subsidiary of our Company under the Listing Rules, JBB Kimlun should be regulated in a manner consistent with the provisions and regulations of subsidiaries of a listed group for the purposes of the Listing Rules (apart from the disclosure of financial information including Rules 13.12 to 13.19 of Listing Rules).

In respect of Chapter 14A of the Listing Rules, JBB Kimlun will be considered as part of our Group for the purpose of applying the connected transactions requirements; and connected persons of our Group will also include Kimlun, its directors and their respective associates as Kimlun is the substantial shareholder of JBB Kimlun. Therefore, transactions between our Group (including JBB Kimlun) and Kimlun after Listing will be regarded as continuing connected transactions. The Stock Exchange may also exercise discretion to deem transactions involving amendments to the terms of the shareholders' agreement and supplemental agreements of JBB Kimlun as connected transactions. For details of the continuing connected transactions between our Group and Kimlun upon Listing, please refer to the section headed "Continuing Connected Transactions" in this prospectus.

CONCERT PARTY DEED

Dato' Ng is the spouse of Datin Ngooi.

Pursuant to the Concert Party Deed executed by Dato' Ng and Datin Ngooi (collectively the “**Parties**” and individually referred to as a “**Party**”), our Controlling Shareholders, on 16 May 2018, each Party confirmed that, among other things, since 1 July 2014 (or, as the case may be, the respective date of them acquiring beneficial interest, directly or indirectly, in JBB Builders, Gabungan, JBB Marine, JBB Kimlun and Pavilion (the “**Relevant Companies**”), and up to the date of the Concert Party Deed: (a) they had acted in concert and collectively for all material management affairs and had reached unanimous consensus among themselves before the execution (or giving direction for the execution) of all commercial decisions, including but not limited to financial, operating policies and other material matters of the Relevant Companies collectively as a single business venture; (b) they had given (or directed to give) unanimous consent, approval or rejection on any other material issues and decisions in relation to the business of the Relevant Companies collectively as a single business venture; (c) they had cooperated with each other to obtain and maintain the consolidated control and the management of the Relevant Companies; and (d) they had collectively approved (or directed to approve) all agreements, contracts, banking facilities and notices or internal circulars to staff of the Relevant Companies.

With respect to the Relevant Companies, each Party confirmed with the other Party that, for the entire duration when they were/are contemporaneously the shareholders (either as legal owners and/or ultimate beneficial owners) of the Relevant Companies: (a) they have agreed to, and shall continue until the termination of the Concert Party Deed to, consult each other and reach an unanimous consensus among themselves on any resolutions passed or proposed to be passed at any meetings of the board of directors and the shareholders of the Relevant Companies, and to (or direct their nominees to) vote unanimously to approve, reject, or to abstain from voting in relation to motions that need to be resolved at the meetings of the board of directors and the shareholders of the Relevant Companies upon reaching an unanimous consensus among themselves, and have historically voted on such resolution in the same way; (b) they have agreed to, and shall continue until the termination of the Concert Party Deed to, (or give such directions to) manage and control the Relevant Companies on a collective basis and make collective decisions in respect of the financial and operating policies and other material matters of the Relevant Companies; (c) they have centralised, and shall continue to centralise until termination of the Concert Party Deed, the ultimate control and right to make final decisions with respect to their interests in the businesses and projects of each of the Relevant Companies; and (d) they have operated, and shall continue to operate until the termination of the Concert Party Deed, the Relevant Companies as a single business venture.

Pursuant to the Concert Party Deed, Dato' Ng, Datin Ngooi, JBB Jade and JBB Berlian are a group of Controlling Shareholders.

PRE-IPO INVESTMENTS

Overview of the Pre-IPO Investments

In order to raise fundings for the payment of professional fees and other expenses in preparation of the Listing, JBB Builders Investment invited the Pre-IPO Investors to subscribe for the Exchangeable Bonds.

Unless any of the Pre-IPO Investors exercises the right to exchange the entire principal amount of the Exchangeable Bonds, the entire principal amount of the Exchangeable Bonds will be automatically and mandatorily exchanged into our Shares immediately after the official listing approval is granted by the Stock Exchange to us and whereupon the guarantees given by Dato' Ng and Datin Ngooi will forthwith be released. After full exchange of the Exchangeable Bonds, the Pre-IPO Investors will be interested in an aggregate of approximately 8.52% of the entire issued share capital of our Company immediately before the completion of the Global Offering and the Shares will rank *pari passu* with the Shares in issue on the exchange date.

The Pre-IPO Investors will not have any special rights which are not generally available to other Shareholders upon Listing. Background of the Pre-IPO Investors and details of the respective terms of Exchangeable Bonds are set out below.

Background of the Pre-IPO Investors

The First Pre-IPO Investor

The First Pre-IPO Investor is a company incorporated in BVI and is an investment holding company. The First Pre-IPO Investor is wholly-owned by UBA Investments Limited (a company listed on the Stock Exchange under stock code: 768) whose principal business includes investment in listed and unlisted companies. According to UBA Investments Limited's annual report for the year ended 31 March 2018, their investment includes listed securities of 34 companies listed on Hong Kong with an aggregate fair value as at 31 March 2018 of approximately HK\$123.2 million, and 7 unlisted securities of carrying amount of approximately HK\$8.9 million. To the best knowledge and belief of our Directors, the First Pre-IPO Investor decided to invest in our Company as it is confident in our business prospects and growth potential, and believes its extensive experience from investment in various industries including construction-related industry, as well as the knowledge of capital market in Hong Kong, can bring in different perspective to our Group and shape us for better corporate governance. Both the First Pre-IPO Investor and its beneficial owner confirmed that the source of funding to subscribe for the Exchangeable Bonds was from their internal resources and was not financed directly or indirectly by connected persons of our Company. To the best knowledge of our Directors, the First Pre-IPO Investor and its beneficial owner are Independent Third Parties.

The Second Pre-IPO Investor

The Second Pre-IPO Investor is a company incorporated in Samoa and is an investment holding company. The Second Pre-IPO Investor is beneficially owned by Mr. Leung Kai Pui Mickey (“**Mr. Leung**”). Mr. Leung is a private investor who looks for different investment opportunities including investment in private companies. For example, he invested in Gemilang International Limited (a company listed on the Stock Exchange under stock code: 6163) as one of the pre-IPO investors. To the best knowledge and belief of our Directors, the Second Pre-IPO Investor decided to invest in our Company as Mr. Leung is confident in our business prospects and growth potential, and believe his extensive experience from investment in various industries including construction-related industry, as well as the knowledge of capital market in Hong Kong, can bring in different perspective to our Group and shape us for better corporate governance. Both the Second Pre-IPO Investor and its beneficial owner confirmed that the source of funding to subscribe for the Exchangeable Bonds was from their internal resources and was not financed directly or indirectly by connected persons of our Company. To the best knowledge of our Directors, the Second Pre-IPO Investor and its beneficial owner are Independent Third Parties.

The Third Pre-IPO Investor

Mr. Ng Shee Jan is the Third Pre-IPO Investor, a private investor who looks for different investment opportunities. To the best knowledge and belief of our Directors, the Third Pre-IPO Investor has invested in shares in certain other companies in Malaysia in other industries, and decided to invest in our Company as he is confident in our business prospects and growth potential and at the same time diversify his investment portfolio. The Third Pre-IPO Investor confirmed that the source of funding to subscribe for the Exchangeable Bonds was from his own resources and was not financed directly or indirectly by connected persons of our Company. To the best knowledge of our Directors, the Third Pre-IPO Investor is an Independent Third Party.

To the best knowledge of our Directors, the Pre-IPO Investors and their respective beneficial owners (as the case may be) did not have any past or present relationship (including but not limited to, family, business, employment relationship) or any other agreements, arrangements or understanding with our Group, Directors, senior management, or Shareholders or any of their respective associates.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Summary of the Pre-IPO Investments

	The First Pre-IPO Investor	The Second Pre-IPO Investor	The Third Pre-IPO Investor
Date of subscription agreement	14 May 2018	14 May 2018	14 May 2018
Date of payment of final consideration	15 May 2018	16 May 2018	14 May 2018
Consideration paid	HK\$5,000,000	HK\$5,000,000	HK\$5,000,000
Principal amount of the Exchangeable Bonds	HK\$5,000,000	HK\$5,000,000	HK\$5,000,000
Number of Shares to be exchanged upon full exchange of the Exchangeable Bonds	1,065,000	1,065,000	1,065,000
Number of Shares held immediately after completion of the Global Offering and the Capitalisation Issue	10,650,000	10,650,000	10,650,000
Cost per Share paid	HK\$0.47	HK\$0.47	HK\$0.47
Discount to mid-point of the offer range ^(Note 1)	63.3%	63.3%	63.3%
Approximate percentage of shareholding held in our Company upon full exchange of the Exchangeable Bonds immediately after completion of the Global Offering ^(Note 2)	2.13%	2.13%	2.13%
Benefits from the Pre-IPO Investments	<p>As the Pre-IPO Investors are experienced in capital markets, their investment in our Group would widen the shareholder base of our Company and provide additional funds for our Company to meet the Listing expenses and minimise the disruption of the use of our Group's internal resources in normal daily operation, as well as further improve our Group's knowledge in the capital markets including Hong Kong.</p>		

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Note:

1. For illustration purpose only. Calculated based on the Offer Price of HK\$1.28, being the midpoint of the indicative Offer Price range of HK\$1.18 to HK\$1.38 per Offer Share.
2. Calculated based on 10,650,000 Shares to be held by each of the First Pre-IPO Investor, Second Pre-IPO Investor and Third Pre-IPO Investor upon completion of the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or any options granted under the Share Option Scheme).

The terms of the Exchangeable Bonds were arrived at after arm's length negotiation between each of the respective Pre-IPO Investors and JBB Builders Investment. The principal terms of the Exchangeable Bonds issued to each of the respective Pre-IPO Investors are generally the same and as follows:

Terms of the Exchangeable Bonds

Aggregate principal amount:	HK\$15,000,000
Issuer:	JBB Builders Investment
Name of the Pre-IPO Investors:	(i) Blaze Light Investment Limited (ii) Pioneer Luck Holdings Limited (iii) Ng Shee Jan
Interest Rate:	Zero coupon bond, interest-free
Maturity Date:	14 May 2019 (or 14 July 2019 (“ Extended Maturity Date ”) as extended pursuant to the Subscription Agreements)
Basis of determination of the consideration:	Based on arm's length negotiation between each of our Pre-IPO Investors and JBB Builders Investment with reference to the then audited profit after tax of our Group for the year ended 30 June 2017 multiplied by a price-earning ratio

Transferability:

The Pre-IPO Investors shall have the right to transfer the Exchangeable Bond to a third party on or before 16 May 2018 and shall notify JBB Builders Investment in writing not less than two business days before the Exchangeable Bond is transferred to a third party, provided that JBB Builders Investment shall have the right to redeem the said Exchangeable Bond and notify the Pre-IPO Investors within two business days upon receipt of the said written notice served by the Pre-IPO Investors. As at the Latest Practicable Date, the right to transfer the Exchangeable Bonds has not been exercised by any of the Pre-IPO Investors

Exchange:

Each of the Pre-IPO Investors shall have the right to exchange the entire outstanding principal into Exchange Shares at any time during the Exchange Period at the Exchange Ratio such that the number of Exchange Shares to be issued or transferred upon full exchange of entire principal of the Exchangeable Bonds shall represent 2.84% of the issued and enlarged share capital of our Company

Immediately after the official listing approval is granted by the Stock Exchange, the then outstanding principal shall automatically be exchanged for our Company's Shares at the Exchange Ratio such that the number of Exchange Shares to be issued or transferred upon full exchange of entire principal of the Exchangeable Bonds shall represent 2.84% of the issued and enlarged share capital of our Company before the Listing

Redemption:

No Exchangeable Bonds will be repaid or redeemed before the Maturity Date unless the Pre-IPO Investor or Bondholder intends to transfer the Exchangeable Bond to a third party or an event of default as stated below occurs and the Pre-IPO Investor or Bondholder gives notice to our Company that the Exchangeable Bond is due and payable

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Events of default:

- (i) JBB Builders Investment defaults in performance of any of its material obligations contained in the Subscription Agreements;
- (ii) There being any material breach of any representations, warranties or undertakings by JBB Builders Investment;
- (iii) The Listing has not taken place on or before the 10th business day before the Maturity Date or the Extended Maturity Date (as the case may be); or
- (iv) JBB Builders Investment decides not to proceed with the Listing.

Upon occurrence of any event of default as set out above, any of the Pre-IPO Investors may give notice to JBB Builders Investment to request that the relevant Exchangeable Bond be due and payable at its principal then outstanding together with 5% return, within 10 business days from the notice given

Use of Proceeds

The issuance of Exchangeable Bonds is for raising additional funds for the payment of professional fees and other expenses in preparation of the Listing in order to minimise the disruption of the use of our Group's internal resources in normal daily operation. As at 28 February 2019, approximately HK\$14.1 million out of the net proceeds from the issue of the Exchangeable Bonds has been utilised.

Compliance with requirements

Since the subscription money for the Exchangeable Bonds have been irrevocably settled on 15 May 2018, 16 May 2018 and 14 May 2018 respectively, having reviewed the relevant information and documentation in relation to the Pre-IPO Investments, the Sole Sponsor is of the view that the issue of the Exchangeable Bonds is in compliance with the guidance letters (HKEx-GL29-12, HKEx-GL43-12 and HKEx-GL44-12), to the extent applicable, on pre-IPO investments issued by the Stock Exchange.

REORGANISATION

In preparation for the Listing, our Group underwent the Reorganisation through the following major steps:

1. Incorporation of holding companies

(a) JBB Jade

On 17 April 2018, JBB Jade was incorporated in BVI with limited liability and was authorised to issue a maximum of 50,000 shares of a par value of US\$1 each, of which one (1) share was allotted and issued fully paid to Dato' Ng on the same date. Dato' Ng was the sole director of JBB Jade. JBB Jade principally engages in investment holding.

(b) JBB Berlian

On 17 April 2018, JBB Berlian was incorporated in BVI with limited liability and was authorised to issue a maximum of 50,000 shares of a par value of US\$1 each, of which one (1) share was allotted and issued fully paid to Datin Ngooi on the same date. Datin Ngooi was the sole director of JBB Berlian. JBB Berlian principally engages in investment holding.

(c) JBB Builders Investment

On 17 April 2018, JBB Builders Investment was incorporated in BVI with limited liability and was authorised to issue a maximum of 50,000 shares of a par value of US\$1 each, of which 53 shares were allotted and issued fully paid to JBB Jade and 47 shares were allotted and issued fully paid to JBB Berlian respectively on the same date. Dato' Ng and Datin Ngooi were the directors of JBB Builders Investment. JBB Builders Investment principally engages in investment holding.

2. Issuance of Exchangeable Bonds to Pre-IPO Investors

JBB Builders Investment entered into the Subscription Agreements with the Pre-IPO Investors on 14 May 2018, 14 May 2018 and 14 May 2018 respectively. Pursuant to the Subscription Agreements, each of the Pre-IPO Investors has agreed to subscribe for the Exchangeable Bond in the principal amount of HK\$5,000,000 and JBB Builders Investment has on 16 May 2018 issued the Exchangeable Bonds in aggregate principal amount of HK\$15,000,000 to the Pre-IPO Investors. Each of the Pre-IPO Investors shall have the right to exchange the Exchangeable Bond into Shares equivalent to 2.84% of the issued and enlarged share capital of our Company during the Exchange Period. Please refer to the paragraph headed "Pre-IPO Investments" in this section for further details.

3. Incorporation of our Company

On 30 April 2018, our Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of a par value of HK\$0.01 each, of which one (1) Share was allotted and issued fully paid to the initial subscriber, which was transferred to JBB Builders Investment on the same date. Further 9,999 Shares were allotted and issued fully paid to JBB Builders Investment on the same date. Following the above share allotment and transfer, the entire issued share capital of our Company (represented by 10,000 Shares) was owned by JBB Builders Investment. The first Director resigned and Dato' Ng and Datin Ngooi were appointed Directors on the same date. On 10 May 2018, Mr. Brian Lam and Mr. C. B. Ng were appointed Directors.

4. Incorporation of JBB Delima

On 30 April 2018, JBB Delima was incorporated in BVI with limited liability and was authorised to issue a maximum of 50,000 shares of a par value of US\$1 each, of which one (1) share was allotted and issued fully paid to our Company on the same date. Dato' Ng and Datin Ngooi were appointed directors of JBB Delima on the same date. JBB Delima is principally engaged in investment holding.

5. Acquisition of JBB Builders by JBB Delima

On 23 October 2018, JBB Delima (as purchaser) entered into a share sale and purchase agreement with Dato' Ng and Datin Ngooi (as vendors), pursuant to which Dato' Ng transferred 2,666,667 shares and Datin Ngooi transferred 2,333,333 shares respectively in JBB Builders, which represented the entire issued share capital of JBB Builders to JBB Delima for the consideration of RM11,050,507.74 and RM9,799,506.87 respectively based on the net asset value of JBB Builders as at 28 February 2018. The consideration was satisfied by JBB Delima procuring our Company to allot and issue 12,405,710 Shares and 11,001,290 Shares, credited as fully paid, at the direction of Dato' Ng and Datin Ngooi, to JBB Builders Investment.

The aforesaid acquisition was legally completed on 5 December 2018, and JBB Builders became a wholly-owned subsidiary of JBB Delima.

6. Acquisition of Gabungan by JBB Delima

On 23 October 2018, JBB Delima (as purchaser) entered into a share sale and purchase agreement with Mr. C. B. Ng (as vendor) and Dato' Ng (as first beneficiary) and Datin Ngooi (as second beneficiary), pursuant to which Mr. C. B. Ng, at the direction of Dato' Ng and Datin Ngooi, transferred 250,000 shares in Gabungan held by Mr. C. B. Ng (on trust for Dato' Ng in respect of 132,500 shares and Datin Ngooi in respect of 117,500 shares) to JBB Delima at a total consideration of RM3,689,764.75 based on the net asset value of Gabungan as at 28 February 2018. The consideration was satisfied by JBB Delima procuring our Company:

- (a) to allot and issue 2,195,525 Shares, credited as fully paid, at the direction of Dato' Ng, to JBB Builders Investment; and

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

- (b) to allot and issue 1,946,975 Shares, credited as fully paid, at the direction of Datin Ngooi, to JBB Builders Investment.

On 23 October 2018, JBB Delima (as purchaser) entered into a share sale and purchase agreement with Mr. Brian Lam (as vendor) and Dato' Ng (as first beneficiary) and Datin Ngooi (as second beneficiary), pursuant to which Mr. Brian Lam, at the direction of Dato' Ng and Datin Ngooi, transferred 250,000 shares in Gabungan held by Mr. Brian Lam (on trust for Dato' Ng in respect of 132,500 shares and Datin Ngooi in respect of 117,500 shares) to JBB Delima at a total consideration of RM3,689,764.75 based on the net asset value of Gabungan as at 28 February 2018. The consideration was satisfied by JBB Delima procuring our Company:

- (a) to allot and issue 2,195,525 Shares, credited as fully paid, at the direction of Dato' Ng, to JBB Builders Investment; and
- (b) to allot and issue 1,946,975 Shares, credited as fully paid, at the direction of Datin Ngooi, to JBB Builders Investment.

The aforesaid acquisitions were legally completed on 5 December 2018, and Gabungan became a 50% non-wholly-owned subsidiary of JBB Delima.

7. Acquisition of Pavilion by JBB Delima

On 23 October 2018, JBB Delima (as purchaser) entered into a share sale and purchase agreement with Mr. C. B. Ng (as vendor) and Dato' Ng (as first beneficiary) and Datin Ngooi (as second beneficiary), pursuant to which Mr. C. B. Ng, at the direction of Dato' Ng and Datin Ngooi, transferred 250,000 shares in Pavilion held by Mr. C. B. Ng (on trust for Dato' Ng in respect of 15,000 shares and Datin Ngooi in respect of 235,000 shares) to JBB Delima at a total consideration of RM579,749.25 based on the net asset value of Pavilion as at 28 February 2018. The consideration was satisfied by JBB Delima procuring our Company:

- (a) to allot and issue 39,045 Shares, credited as fully paid, at the direction of Dato' Ng, to JBB Builders Investment; and
- (b) to allot and issue 611,705 Shares, credited as fully paid, at the direction of Datin Ngooi, to JBB Builders Investment.

On 23 October 2018, JBB Delima (as purchaser) entered into a share sale and purchase agreement with Mr. Brian Lam (as vendor) and Dato' Ng (as first beneficiary) and Datin Ngooi (as second beneficiary), pursuant to which Mr. Brian Lam, at the direction of Dato' Ng and Datin Ngooi, transferred 250,000 shares in Pavilion held by Mr. Brian Lam (on trust for Dato' Ng in respect of 15,000 shares and Datin Ngooi in respect of 235,000 shares) to JBB Delima at a total consideration of RM579,749.25 based on the net asset value of Pavilion as at 28 February 2018. The consideration was satisfied by JBB Delima procuring our Company:

- (a) to allot and issue 39,045 Shares, credited as fully paid, at the direction of Dato' Ng, to JBB Builders Investment; and
- (b) to allot and issue 611,705 Shares, credited as fully paid, at the direction of Datin Ngooi, to JBB Builders Investment.

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On 23 October 2018, JBB Delima (as purchaser) entered into a share sale and purchase agreement with Dato' Ng (as vendor), pursuant to which Dato' Ng transferred 500,000 shares in Pavilion to JBB Delima at the consideration of RM1,159,498.5 based on the net asset value of Pavilion as at 28 February 2018. The consideration was satisfied by JBB Delima procuring our Company to allot and issue 1,301,500 Shares, credited as fully paid, at the direction of Dato' Ng, to JBB Builders Investment.

The aforesaid acquisitions were legally completed on 13 December 2018, and Pavilion became a wholly-owned subsidiary of JBB Delima.

8. Capitalisation of the loan of HK\$15,000,000

On 11 April 2019, JBB Builders Investment entered into a loan capitalisation agreement with our Company, pursuant to which our Company allotted and issued 3,195,000 new Shares, credited as fully paid to JBB Builders Investment by way of capitalisation of the loan in the amount of HK\$15,000,000 owing by our Company to JBB Builders Investment.

After the said capitalisation of loan, JBB Builders Investment holds 37,500,000 Shares in our Company representing the entire issued share capital of our Company.

9. Increase of Share Capital of our Company

By ordinary resolution of the sole shareholder of our Company passed on 11 April 2019, the authorised share capital of our Company was increased to HK\$20,000,000 divided into 2,000,000,000 Shares of HK\$0.01 each by creation of an additional 1,962,000,000 Shares of HK\$0.01 each.

10. Automatic exchange of the Exchangeable Bonds

Immediately after the official listing approval is granted by the Stock Exchange but before the completion of Global Offering, the principal amount owed to each of the Pre-IPO Investors will be automatically and mandatorily exchanged into 1,065,000, 1,065,000 and 1,065,000 Shares respectively, represented 2.84%, 2.84% and 2.84% of the entire issued share capital of our Company before the completion of the Global Offering respectively. The shareholding of our Company after the aforesaid exchange will be as follows:

Shareholder	Number of Shares	Percentage of shareholding
JBB Builders Investment	34,305,000	91.48%
First Pre-IPO Investor	1,065,000	2.84%
Second Pre-IPO Investor	1,065,000	2.84%
Third Pre-IPO Investor	<u>1,065,000</u>	<u>2.84%</u>
Total	<u><u>37,500,000</u></u>	<u><u>100.00%</u></u>

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

11. Distribution in specie by JBB Builders Investment of Shares

Immediately following the automatic exchange of the Exchangeable Bonds, JBB Builders Investment will declare a distribution in specie of all Shares then held by JBB Builders Investment to its shareholders on a pro-rata basis. Following the said distribution in specie, the shareholding of our Company will be as follows:

Shareholder	Number of Shares	Percentage of shareholding
JBB Jade ⁽¹⁾	18,181,650	48.4844%
JBB Berlian ⁽²⁾	16,123,350	42.9956%
First Pre-IPO Investor ⁽³⁾	1,065,000	2.8400%
Second Pre-IPO Investor ⁽⁴⁾	1,065,000	2.8400%
Third Pre-IPO Investor ⁽⁵⁾	<u>1,065,000</u>	<u>2.8400%</u>
Total	<u><u>37,500,000</u></u>	<u><u>100.00%</u></u>

Notes:

- (1) JBB Jade is beneficially owned by Dato' Ng.
- (2) JBB Berlian is beneficially owned by Datin Ngooi.
- (3) Blaze Light Investment Limited, a company incorporated in the BVI with limited liability, which in turn is wholly-owned by UBA Investments Limited (a company listed on the Stock Exchange under stock code: 768), both Independent Third Parties.
- (4) Pioneer Luck Holdings Limited, a company incorporated in Samoa with limited liability, which in turn is wholly-owned by Mr. Leung Kai Pui Mickey, both Independent Third Parties.
- (5) Ng Shee Jan, an Independent Third Party.

12. Capitalisation Issue and the Global Offering

Our Company will (i) allot and issue 125,000,000 Offer Shares under the Global Offering representing 25% of our Company's enlarged issued share capital upon completion of the Global Offering; and (ii) conditional upon the share premium account of our Company being credited with the proceeds from the Global Offering, allot and issue a further 337,500,000 new Shares to the existing Shareholders, being 163,634,850, 145,110,150, 9,585,000, 9,585,000 and 9,585,000 new Shares to JBB Jade, JBB Berlian, the First Pre-IPO Investor, the Second Pre-IPO Investor and the Third Pre-IPO Investor, respectively.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Conditional upon, among other things, the official listing approval granted by the Stock Exchange to our Company, and under the structure of the Global Offering, our Company and our Shareholders will conditionally offer (i) a total of 62,500,000 new Shares as the Hong Kong Public Offer Shares representing 50% of the Offer Shares (subject to reallocation); and (ii) a total of 62,500,000 new Shares as the International Placing Shares representing 50% of the Offer Shares (subject to reallocation and the Over-allotment Option).

The shareholding of our Company after the aforesaid Capitalisation Issue and Global Offering (assuming no exercise of the Over-allotment Option) will be as follows:

Shareholder	Number of Shares	Percentage of shareholding
JBB Jade ⁽¹⁾	181,816,500	36.3633%
JBB Berlian ⁽²⁾	161,233,500	32.2467%
First Pre-IPO Investor ⁽³⁾	10,650,000	2.1300%
Second Pre-IPO Investor ⁽⁴⁾	10,650,000	2.1300%
Third Pre-IPO Investor ⁽⁵⁾	10,650,000	2.1300%
Public	<u>125,000,000</u>	<u>25.0000%</u>
Total	<u><u>500,000,000</u></u>	<u><u>100.00%</u></u>

Notes:

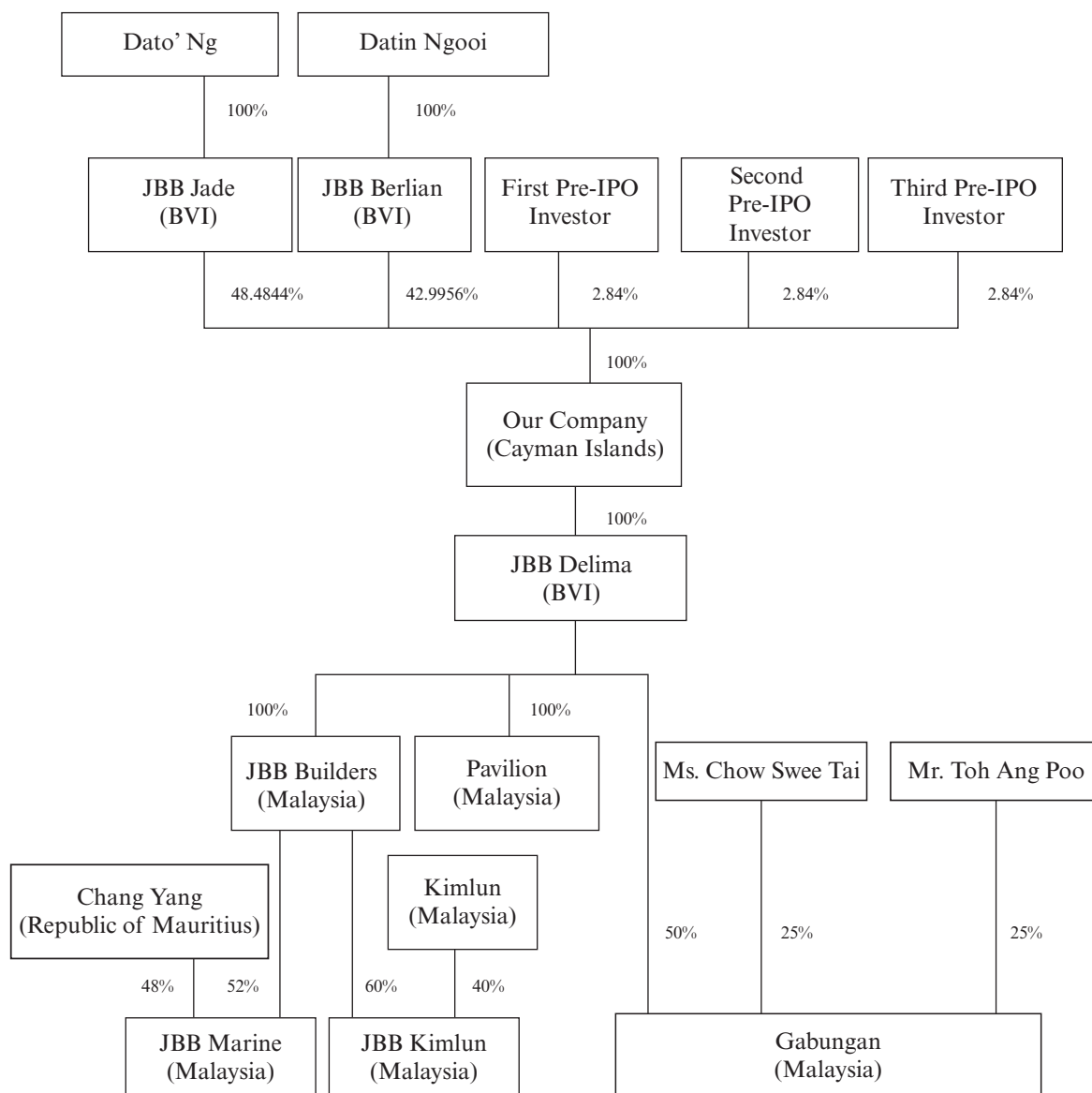
- (1) JBB Jade is beneficially owned by Dato' Ng.
- (2) JBB Berlian is beneficially owned by Datin Ngooi.
- (3) Blaze Light Investment Limited, a company incorporated in the BVI with limited liability, which in turn is wholly-owned by UBA Investments Limited (a company listed on the Stock Exchange under stock code: 768), both Independent Third Parties.
- (4) Pioneer Luck Holdings Limited, a company incorporated in Samoa with limited liability, which in turn is wholly-owned by Mr. Leung Kai Pui Mickey, both Independent Third Parties.
- (5) Ng Shee Jan, an Independent Third Party.

As at the Latest Practicable Date, our Malaysian legal advisers confirmed that all the relevant regulatory approvals necessary in effecting the Reorganisation in Malaysia have been obtained and the Reorganisation has complied with the relevant laws and regulations of Malaysia and would not require any approval or permit from any government authorities in Malaysia.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

GROUP STRUCTURE AFTER REORGANISATION AND BEFORE COMPLETION OF THE GLOBAL OFFERING

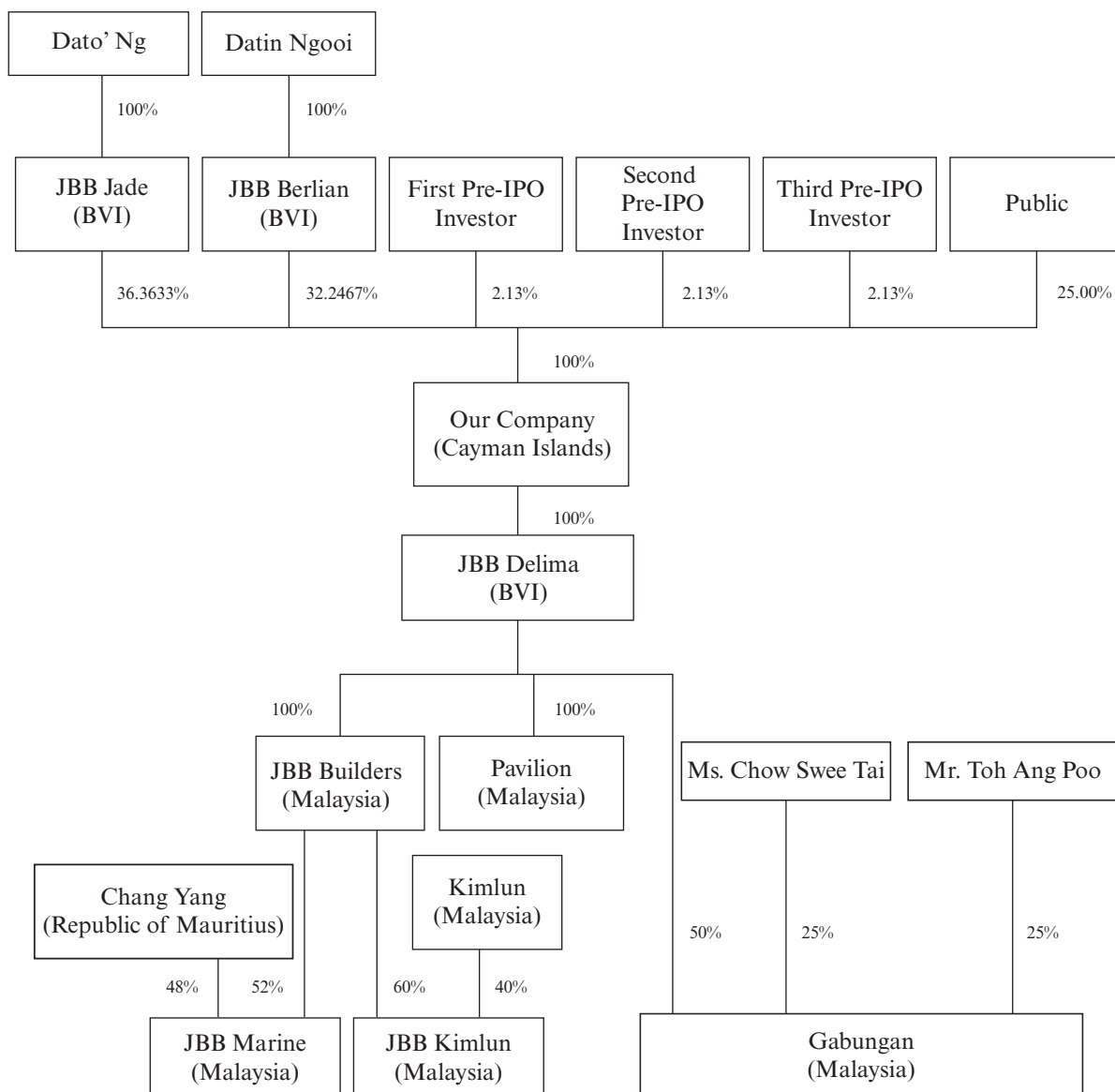
The shareholding and corporate structure of our Group immediately after completion of the Reorganisation but before the completion of the Global Offering is set out in the chart below:



HISTORY, REORGANISATION AND CORPORATE STRUCTURE

THE SHAREHOLDING AND CORPORATE STRUCTURE OF OUR GROUP IMMEDIATELY AFTER COMPLETION OF THE REORGANISATION AND THE GLOBAL OFFERING

The shareholding and corporate structure of our Group immediately after completion of the Reorganisation and the Global Offering (assuming no exercise of the Over-allotment Option) is set out in the chart below:



OVERVIEW

Our Group is an established engineering contractor based in Malaysia. Our business is divided into two major types of services:

- Marine construction services — our core business, which can be categorised into:
 - (a) reclamation and related works, which include land reclamation and other marine civil works. Reclamation may involve soil investigation, hydrographic survey, pre-reclamation design, sand handling/filling, ground treatment, sand surcharge removal work and other related works. Marine civil works generally include construction of jetty, channel-crossing works, maintenance dredging and river diversion; and
 - (b) marine transportation, which involves transportation of marine sand, the filling material normally used in land reclamation, including the loading of marine sand extracted from the approved sand source onto sand carriers, carriage and delivery of marine sand to designated sites where the marine sand is unloaded to be used for land reclamation.

During the Track Record Period and up to the Latest Practicable Date, our Group had completed a total of 29 marine construction contracts, which comprised of 19 reclamation and related works contracts and 10 marine transportation contracts with an aggregate original contract sum of approximately RM1,334.7 million (excluding certain marine transportation contracts which were of a unit-rate basis). As at the Latest Practicable Date, we had 9 ongoing marine construction contracts comprising 5 reclamation and related works contracts, 3 marine transportation contracts and 1 reclamation and related works and marine transportation contract with an aggregate original contract sum of approximately RM687.2 million.

- Building and infrastructure services — our services include general building works in construction of properties and infrastructure works.

During the Track Record Period and up to the Latest Practicable Date, our Group had completed a total of 10 building and infrastructure contracts with an aggregate original contract sum of approximately RM63.9 million. As at the Latest Practicable Date, we had 12 ongoing building and infrastructure contracts with an aggregate original contract sum of approximately RM457.4 million.

BUSINESS

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

	30 June 2016		For the year ended 30 June 2017		30 June 2018		For the four months ended 31 October 2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Marine construction services								
Reclamation and related works	156,395	55.5	222,002	43.2	98,186	18.3	8,084	6.7
Marine transportation	116,687	41.4	264,573	51.5	360,647	67.0	68,026	56.6
Subtotal	273,082	96.9	486,575	94.7	458,833	85.3	76,110	63.3
Building and infrastructure services	8,614	3.1	27,496	5.3	78,983	14.7	44,152	36.7
Total	281,696	100.0	514,071	100.0	537,816	100.0	120,262	100.0

According to the Ipsos Report, we are one of the key active players (i.e. industry players that are actively participating in the works of reclamation in Malaysia with over 10% market share based on the provision of land reclamation services in 2016) in the marine construction industry in Johor, Malaysia.

We believe that one of our competitive advantages lies in our ability to manage and execute marine construction projects, including larger scale projects, on a timely and reliable basis. Through our engineering, procurement, construction and completion experience and capability in particular in scaleable marine construction works, we are able to provide integrated solutions with strong execution capabilities to our customers throughout different stages of a project to ensure the execution of marine construction projects to be efficient and organised. This, together with our established track record, experienced management team and in-house technical staff as well as our ability to provide pre-reclamation design for design and build reclamation projects, are key factors that have allowed us to build up our strong reputation in the marine construction industry in Malaysia.

Our customers include both private developers and government-linked company and we undertook most of the contracts during the Track Record Period as a main contractor. Our major projects include:

- Tanjung Senibong Water Front Project — reclamation and related works and marine transportation — our first design and build reclamation project which involves the reclamation of water front land with a total coverage of 60 acres for Unibase Corporation Sdn. Bhd., a wholly-owned subsidiary of a company listed on Bursa Malaysia.
- Forest City Project — reclamation and related works and marine transportation — we were engaged to undertake reclamation and related works and marine transportation works for part of Island 3 of the Forest City Project developed by Country Garden off the coast of Johor at the southernmost point of peninsular Malaysia, a property development project which is estimated to house 700,000 people in the Johor Strait across Singapore upon completion.

BUSINESS

- R&F Princess Cove Project — reclamation and related works — we were engaged to undertake deep water reclamation and related works for the R&F Princess Cove Project developed by R&F Development Sdn. Bhd. The development encompasses a total area of 116 acres with the reclamation of an area of 78 acres and the whole R&F Princess Cove Project includes office buildings, serviced apartments, a hotel, clubhouse and shopping mall at the border of Malaysia in Johor, facing Singapore across the border.
- Lido Waterfront Project — reclamation and related works and marine transportation — we were engaged to undertake reclamation and related works and marine transportation works in relation to the Lido Waterfront Project, a residential and commercial waterfront development which encompasses a coastal sea reclamation area covering approximately 163 acres plus 4.6 acres broadwalk located in Johor overlooking the Straits of Johor.

All the above projects were awarded to us after a tendering process or submission of a quotation.

We have Grade G7 qualification and are registered with CIDB for Category B, Category CE and Category ME, which is the highest grade registrable under CIDB and allows us to undertake reclamation and all other associated engineering works as well as other building construction and infrastructure works of unlimited tender/contract value. For our reclamation and related contracts, we leverage on our expertise and know-how in managing and coordinating works of different subcontractors, with ourselves focusing on sand handling/filling, which we believe to be a critical part of the reclamation process. To carry out our marine transportation works, we chartered sand carriers to obtain and transport marine sand to the designated site. During the Track Record Period, we managed and mobilised a maximum of 47 sand carriers with total maximum cargo capacity of more than 222,000 m³ of marine sand.

For our building and infrastructure works, we were involved in the construction of residential property, commercial property and public mosque and also sewerage reticulation works, drainage, mechanical and electrical infrastructure works and road works.

Our operations are mostly based in Johor, the second-most populous state in Malaysia. Johor is the southernmost state in peninsular Malaysia, located adjacent to Singapore. Economic development in Johor has been continuous and sustainable in recent years, in which between 2012 and 2017, Johor's GDP grew at a CAGR of 5.92%, compared with the Malaysian national GDP at a CAGR of 5.18%. According to the Ipsos Report, various nationwide construction development projects are in the pipeline under the 11th Malaysia Plan for the 5 years from 2018 to 2022. Demand for marine construction activities is expected to increase accordingly. The total value of construction work done including the marine construction industry is projected to grow at a CAGR of approximately 12.4% from a projected RM154.7 billion in 2018 to approximately RM246.6 billion by the end of 2022. According to the Ipsos Report, coastal regions like Johor, Penang and Melaka, are widely practising land reclamations. From 2013 to 2017, Johor alone had approved or alienated land areas for reclamation works of more than 7,400 acres of land with 1,912.0 acres in land

successfully reclaimed. The remaining 5,507.4 acres in land is expected to be reclaimed over the next 10–30 years with approximately 1,600 acres to be done from 2018 to 2022. For details, please refer to the section headed “Industry Overview” in this prospectus.

COMPETITIVE STRENGTHS

We believe the following competitive strengths contribute to our success and enable our Group to compete effectively in the marine construction and building and infrastructure services industries in Malaysia:

We are one of the key marine construction players in Johor, Malaysia with a track record in undertaking large-scale marine construction contracts

According to the Ipsos Report, we are one of the key active marine construction players in Johor, Malaysia. From 2013 to 2017, our Company had reclaimed land estimated to be approximately 41.5% in terms of total land areas reclaimed for the state of Johor. We are well-established with a proven track record as a contractor in the marine construction industry in Malaysia.

According to the Ipsos Report, there are high natural barriers for new entrants to enter into the marine construction industry in Malaysia, which would require the new entrants to have sufficient capital investment, know-how and management to build up the experience, relationship with customers and proven track record of being able to provide efficient, safe and reliable execution of marine construction works as well as competing with existing industry players. It would take longer for new entrants to establish a track record and they may face difficulties convincing customers to choose them over the existing industry players.

Over the years, we have completed major marine construction works for customers from the private sector. We were engaged to undertake marine transportation works and design and build reclamation works for part of Island 3 of the Forest City Project, a development by Country Garden off the coast of Johor, which involved the transportation of marine sand from the sand source to the reclamation site, the creation of a design and development plan as well as reclamation of land to create three artificial islands with a total area of approximately 4,000 acres. We were also involved in marine transportation works and reclamation and related works for phase 1 of the golf course of the Forest City Project. Our other significant project is the R&F Princess Cove Project which was a design and build reclamation and related works project involving marine transportation of a volume of approximately 6.0 million m³ of marine sand and deep water reclamation of land to create approximately 78 acres of land. For the contracts completed by our Group and our ongoing contracts, please also refer to the paragraph headed “Our contracts” in this section.

We believe our customers selected us because of our ability to effectively manage and coordinate reclamation works and marine transportation works in large scale marine construction projects and to provide integrated solutions for the efficient and organised execution of a marine construction project. Our track record of key large-scale projects and extensive experience in marine construction have enabled us to build a strong reputation in the marine construction industry in Malaysia which in turn provides an edge for us to tender for and secure new and large-scale business.

We believe that our successful track record, leading market position and established reputation have positioned us well to capture attractive and emerging business opportunities in the fast-growing marine construction industry in Malaysia. As at the Latest Practicable Date, we have built a strong project pipeline in marine transportation projects and we are in advanced negotiation stage on the terms and conditions of the relevant contracts of several new tenders involving reclamation and related works as well as marine transportation works.

We have an experienced management team with in-depth background and knowledge in the industry

The expertise and experience of our key management personnel contributed to our Group's performance and success. Our core management team is led by our executive Directors. Dato' Ng, our executive Director and chairman of our Board, who has been a director of JBB Builders since incorporation, has over 38 years of experience in the construction industry in both public and private sectors. Dato' Ng has previously worked at the public works department and has accumulated experience in liaising with local authorities in Johor to understand their requirements. He is responsible for the overall business planning, corporate strategies and overall management of our Group. Mr. Brian Lam, our executive Director, has over 18 years of experience in contract management in the construction industry. He is responsible for the overall corporate strategies and policies formulation, business development and general management of our Group. Mr. C. B. Ng, our executive Director, has over 23 years of experience in project management in the construction industry. He is responsible for the overall management of our business operation as well as project management and supervision. Each of Dato' Ng, Mr. Brian Lam and Mr. C. B. Ng has graduated with a degree in quantity surveying, and they are supported by a professional technical team having strong academic background and industry experience including 9 quantity surveyors, 14 engineers, 4 marine surveyors and 4 land surveyors, which allow us to derive suitable solutions and methodology for our clients within their budget effectively. For the biographical details of our management team, please refer to the section headed "Directors, Senior Management and Staff" in this prospectus.

Our marine construction works require expertise in planning, management and execution of projects. This involves knowledge in the function of vessels, assessment and analysis of site conditions, weather conditions, types and quantities of raw materials and labour, location of shipyards and decision-making on the type of vessels, equipment, engineers and surveyors to be deployed. We also need to monitor and coordinate the sand carriers to ensure the smooth and efficient unloading of marine

sand at the designated project sites. For example, if unsuitable vessels and equipment are selected for a task, substantial delay to our projects may occur as the equipment may have to be adjusted in order to carry out the works, albeit in a less efficient manner, or require new equipment and vessels to be moved to the site. This may also result in higher project costs due to longer completion time and the deployment of additional vessels and equipment.

Leveraging on the specialised technical background and expertise and extensive industry experience and know-how of our management team, we believe we are capable of effectively executing different types of construction works in different working environments efficiently to meet timelines and our customers' demands. We also believe that the extensive experience and in-depth knowledge of our management team in the construction industry, as well as their ability to execute projects that are profitable and profile-enhancing, have enabled us and will enable us to continue to expand our business.

We have the ability to provide suitable solutions with strong execution capabilities to our customers

Through our engineering, procurement, construction and completion experience and capability, in particular, in scaleable marine construction works, we are able to provide integrated solutions with strong execution capabilities to our customers throughout different stages of a project. For our marine construction works, we have in-house land and marine surveying teams and engineering expertise which enable us to provide quick response, tailored solution and design proposal when customers approach us for quotation. In our marine construction projects, apart from assuming the management and supervisory role of the project which includes coordinating with our customers, consultants, suppliers, subcontractors and other parties involved in the project and on-site inspections to ensure efficient execution of the project, we were also responsible for undertaking pre-construction design and development plan of the project. That would involve our in-house technical team and external consultants such as geotechnical consultants undertaking various works such as soil investigation, hydrographic survey as well as the actual engineering design of the reclamation before we undertake the reclamation works. In addition, the experience in liaising with the local authorities that we have accumulated through our track record has enabled us to understand and become familiar with their requirements, thereby allowing us to obtain the relevant approvals from such authorities in a more timely and efficient manner. For our marine transportation works, we would monitor and coordinate the sand carriers to ensure the smooth and efficient unloading of marine sand at the designated project sites according to the schedule of the relevant contract.

Our Directors believe that our ability to provide integrated solutions for a project, our flexible approach and expertise in managing marine construction works and our strong execution capability have reinforced our ability to be awarded with contracts for large-scale and complex marine construction projects.

We have stable relationships with our key customers

We have built a solid base of customers with whom we have maintained stable business relationships. Our key customers include property developers based in Malaysia and overseas as well as the preferred transportation agent of the sole authorised agent of sand concession owners in Johor and government-linked company. We have been providing services to our top five customers during the Track Record Period for a period of up to 6 years and we have been providing services to a majority of them for over 3 years. Some of them are returning customers who have awarded us with new contracts:

Customers	Type of work undertaken by our Group
Country Garden	Reclamation and related works
Sharikat Sukma Kemajuan	Marine transportation
Astaka Padu	Building and infrastructure works
Bukit Pelali Properties Sdn. Bhd.	Building and infrastructure works

Our Directors are of the view that our operating history, together with the long-term relationships with our customers, would have enhanced our ability to further strengthen our pipeline. For further details regarding the relationship between our Group and our major customers, please refer to the paragraph headed “Our customers” in this section below.

Our extensive network of major suppliers and subcontractors

Our Group has established and maintained a stable working relationship with a network of suppliers and subcontractors. In particular, we have entered into master framework agreements with 19 vessel owners of sand carriers to exclusively make available their vessels to us whenever requested and directed by us. During the Track Record Period, these vessel owners supplied us with an aggregate of 47 sand carriers for our marine transportation works. Please refer to the paragraph headed “Equipment and machinery — Chartered vessels” in this section for further details. Our major suppliers and subcontractors have known or worked with us for a period ranging from around 1 to 5 years. Our Directors believe that our Group’s network of suppliers and subcontractors enables us to have flexibility in pricing and selection. Our Directors consider that our relationship with our suppliers and subcontractors could reduce the risk of shortage or delay in delivery causing material disruption to project execution.

BUSINESS STRATEGIES

We plan to leverage on our proven track record and execution capability to capture the promising growth potential of the construction industry in Malaysia, particularly in Johor. As most of our marine construction services are targeting private property developers, we believe the recent change of the federal government in Malaysia will not have significant effects on our potential marine construction works and will not materially and adversely affect our business. To continue to grow our business, we intend to utilise the following business strategies:

We plan to expand and invest in procuring our own vessel and new machineries

To maintain our status as a competitive integrated solutions provider in the marine construction industry, our Directors believe that we need to constantly review and refine our existing business strategies and profit model. During the Track Record Period, as we were still at developing stage of our marine transportation services, and in view of the long term capital investment in nature, our Directors had not considered purchasing vessels in earlier years. Instead, we chartered sand carriers from vessel owners to undertake our marine transportation works while at the same time accumulating relevant industry experience. Having considered (i) that our income from conducting marine transportation works has become one of our Group's main sources of revenue, comprising over 65% of our Group's revenue for the year ended 30 June 2018; (ii) our in-depth understanding of the marine transportation profit structure accumulated over the years since 2013; (iii) our ability to manage the marine fleet and the process flow in marine transportation; and (iv) our stable and established business relationship with our key customers of marine transportation business, including entering into strategic alliance with Sharikat Sukma Kemajuan, our Directors believe that it is now the suitable time to start purchasing our own sand carrier. We believe that owning and operating our own sand carrier will be our next strategic endeavour to further enhance our control over a major component along the value chain of marine construction works and enhance our profit margin.

We intend to utilise approximately HK\$80.0 million or RM40.0 million (or approximately 57.9% of the total net proceeds of the Global Offering) for the full settlement of consideration for the acquisition of one rebuilt sand carrier from one of our existing subcontractors for marine transportation services, which is an Independent Third Party. According to Ipsos, the consideration of RM40 million is fair and reasonable for a rebuilt sand carrier with an expected useful life of 15 years, based on primary sources by Independent Third Party sand carrier providers that (i) the price associated with a rebuilt sand carrier generally ranges between RM35 million to RM41 million, which typically includes the cost of the vessel (before rebuilding), equipment demolition fees, equipment installation/replacement, vessel reconstruction fees, inspection fees etc.; and (ii) the typical useful life of a rebuilt sand carrier ranges between 15 to 20 years. Given that the estimated costs saving of the sand carrier is approximately RM24.5 million as disclosed below, our Directors estimate that the payback period of the sand carrier is around 1.6 years.

BUSINESS

In view of the number of sand carrier that our Group intends to purchase, our Directors believe that it will not jeopardise our business relationship with our existing marine transportation subcontractors, as the number of sand carrier that our Group intends to purchase constitutes only a small fraction of the entire fleet of sand carriers that our Group has chartered during the Track Record Period.

As our business focus is on planning, coordinating and managing the reclamation process to ensure its execution and implementation to be efficient and organised, we intend to employ our own crew members to be responsible for the day-to-day operation and engage the original owner of the rebuilt sand carrier (the “**Management Consultant**”), an Independent Third Party, to assist and coach our Group’s existing staff for the management and operation of the rebuilt sand carrier, for an initial term of one-year. We believe that with the assistance of the Management Consultant, and knowledge obtained through our discussions with and experience in cooperating with other subcontractors who are also vessel owners regarding the operation and licensing requirements of sand carriers, we will be able to manage and operate our own sand carrier efficiently.

For illustrative purpose only, based on (i) the capacity of 12,500 m³ of the target sand carrier, and (ii) the total volume of marine sand transportation handled by our Group for the year ended 30 June 2018, we set out below an analysis on the financial benefits and costs savings over a 12-month period in utilising and operating one self-owned sand carrier:

	Marine transportation conducted by utilising and operating one self-owned sand carrier together with subcontracting vessels <i>(RM'000)</i> <i>(Note 1)</i>	Marine transportation conducted entirely by subcontracting vessels <i>(RM'000)</i>	Costs saving <i>(RM'000)</i>
Costs of operation of self-owned sand carrier <i>(Note 2)</i>	30,983	—	(30,983)
Subcontracting fees	259,118 ^{<i>(Note 3)</i>}	314,705 ^{<i>(Note 4)</i>}	55,517
Total:	290,171	314,705	24,534
Revenue generated	360,647	360,647	
Gross profit margin <i>(Note 5)</i>	19.5%	12.7%	

BUSINESS

Notes:

1. The analysis is based on the assumption that the self-owned sand carrier will be able to complete one trip in one day and that 3 months are allowed for maintenance and rest each year, and that one sand carrier would be able to complete approximately 23 trips per month. Therefore, the estimated utilisation rate (calculated by multiplying the trips completed per month by 12 and then divided by the number of days of the year, which is 365 days) for the target sand carrier is approximately 75.6%. Based on the aforesaid assumptions, it is estimated that the target sand carrier will be able to transport approximately 12,500 m³ of sand per day, 287,500 m³ of sand per month and 3,450,000 m³ of sand per year, which represents approximately 17.6% of the total volume of marine sand transportation handled by our Group for the year ended 30 June 2018.
2. Such costs include (a) fee for engaging the Management Consultant to provide on-ship coaching and assistance; (b) diesel; (c) lubricant and maintenance fees (including docking fees and costs of dry dock); (d) food and fresh water supply and waste disposal; (e) other expenses including licence fees, insurance fees, inspection fees and miscellaneous costs; and (f) depreciation assuming an expected useful life of the sand carrier of 15 years.
3. The subcontracting fees are calculated by multiplying RM16.09, being the average unit cost charged by our subcontractors for the transportation of marine sand during the year ended 30 June 2018, by the volume of marine sand that is required to be transported by our subcontractors, assuming a utilisation rate of approximately 75.6% of the target sand carrier (i.e. transporting approximately 3,450,000 m³ of sand per year).
4. The subcontracting fees are calculated by multiplying RM16.09, being the average unit cost charged by our subcontractors for the transportation of marine sand during the year ended 30 June 2018, by the total volume of marine sand transportation handled by our Group for the year ended 30 June 2018.
5. The gross profit margin is calculated by subtracting the sum of (a) the estimated costs of operation of self-owned sand carrier; and (b) subcontracting fees from the revenue generated, and then divided by the revenue generated.

Our Directors estimate that the breakeven sand volume of the rebuilt sand carrier to be approximately 3,912,500 m³. Based on the estimated breakeven sand volume of the rebuilt sand carrier to be acquired and the average unit revenue of RM18.4 per cubic metre of sand transported for the year ended 30 June 2018, the unit cost per cubic metre of sand at the breakeven point is estimated to be approximately RM9.0 which is lower than the unit subcontracting cost per cubic metre at approximately RM16.1.

Our Directors believe that through owning and operating our own sand carrier, we will be able to achieve a higher profit margin as shown in the cost saving analysis above. Our Sponsor concurs with us that our cost saving analysis is reasonable after performing due diligence on the cost items in the analysis above.

Further, less reliance will be placed on our subcontractors through the utilisation of our own sand carrier and our Group can be more flexible in meeting customers' request or change in project schedule by utilising our Group's own sand carrier first, pending mobilisation of sand carriers owned by our subcontractors which may take up to six to seven weeks typically. Our Directors also realised that our Group's administrative workload and incidents requiring key operational decisions increased

BUSINESS

when we had to coordinate a number of different third party subcontractors for sand carriers for various contracts simultaneously, in particular, when we urgently need to deploy a sand carrier for a particular marine transportation contract. Given a much shorter mobilisation time is required to mobilise our own sand carrier, our Directors expect owning a rebuilt sand carrier can help alleviating such intense administrative workload (such as liaison with third party sand carrier operator, and preparation of relevant documentation) and facilitating timely key operational decisions when there is tight time constrain to deploy a sand carrier. Our competitiveness in the market will therefore be improved, thereby strengthening our market position. According to the Ipsos Report, it is not uncommon for industry players within the marine construction industry to own sand carriers as part of their vessel fleets. Our Directors therefore believe that such significant capital investment would demonstrate our Group's commitment in further development and accordingly enhance our reputation and trustworthiness in the market.

In addition to procuring our own sand carrier, we plan to purchase new land-based machineries to supplement our existing machineries and equipment with an aim to solidify our competitiveness in the market by further reducing our reliance on subcontractors, lowering our maintenance costs for our existing machineries and equipment, improving our operating efficiency as new machineries generally require maintenance or repairs less frequently than reconditioned or old ones, and allowing us to have more flexibility in managing our work schedules.

For illustrative purpose only, please see below an analysis on the financial benefits and costs savings over a 12-month period in purchasing new land-based machineries, in respect of one excavator:

	Purchasing a new unit	Purchasing a new unit by finance leasing	Purchasing a reconditioned unit	Renting a new unit from supplier	Renting an old unit from supplier
Purchase price (RM)	1,100,000	1,100,000 ^(Note 1)	569,000	—	—
Annual operating costs ^(Note 2) (RM)	136,789	136,789	224,829	—	—
Rental (RM)	—	—	—	288,000	222,000
Interest payable ^(Note 3) (RM)	—	53,900	—	—	—
Total annual cost (RM):	<u>136,789</u>	<u>190,689</u>	<u>224,829</u>	<u>288,000</u>	<u>222,000</u>

Notes:

1. The initial capital outlay of our Group for purchasing a new unit by way of finance leasing will be around 30% of RM1,100,000, which is RM330,000 whereas the remaining 70% in the amount of RM770,000 will be financed by the lessor.
2. The annual operating costs include depreciation (assuming an expected useful life of 10 and 5 years for new units and reconditioned units respectively) and costs of repair and maintenance.
3. The estimated interest rate is 7% with reference to our Group's finance lease interest rates during the Track Record Period which range from 4.6% to 6.9%.

We intend to utilise approximately HK\$10.1 million or RM5.05 million (or approximately 7.3% of the total net proceeds of the Global Offering) for purchasing new land-based machineries being four new excavators with unit costs ranging from RM1.1 million to RM1.3 million.

Please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus for further details.

We plan to continue to strengthen our presence and market position in marine construction industry in Malaysia, in particular in Johor

Our Directors believe that the construction industry in Malaysia has significant potential and promising prospects and we will continue our focus on the marine construction industry in Malaysia. We intend to diversify our customer base by obtaining contracts from local and international customers. As at the Latest Practicable Date, we were involved in projects in Johor such as the Forest City Project, the golf course of the Forest City Project and the Lido Waterfront Project. We intend to make use of our competitive strengths by continuing to improve our quality of services and competitiveness to capitalise on the trend of increasing number of construction projects in Johor/Malaysia to further strengthen our Group’s business growth.

With the ongoing commencement of public infrastructure projects and development of new townships and infrastructure extension under the 11th Malaysia Plan, we also plan to actively source new marine construction projects and strengthen our presence in Malaysia. In the construction industry, it is common that customers would require contractors to arrange for the payment of performance bond as a pre-requisite for awarding contracts, in particular, for those scalable projects. We therefore consider it important to further strengthen our financial position so as to maintain flexibility in arranging for payment of performance bond when necessary.

As at 30 June 2016, 30 June 2017, 30 June 2018 and 31 October 2018, the amount of performance bonds provided by our Group were approximately RM0.4 million, RM1.0 million, RM0.8 million and RM0.8 million, respectively. Notwithstanding that our customers of certain contracts require our Group to issue guarantees for the performance of contract works in the form of performance bonds, sometimes such requirements may be waived or the amount of performance bond may be reduced at the discretion of customers who are recurring customers of our Group and have a stable and good business relationship with our Group.

However, as we plan to actively source new projects in Malaysia, we may enter into contracts with new customers. We believe that such new customers will be more likely to require us to provide performance security in the form of performance bond. Therefore, we need to maintain and strengthen our liquidity position to ensure we have sufficient working capital for our business operations.

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The following table sets out information, including performance bond that may be required, regarding the tenders or quotations submitted by our Group while the relevant results are still pending as at the Latest Practicable Date:

Customer	Estimated contract sum (RM'000)	Estimated contract sum of new customers (RM'000)	Estimated performance bond ^(Note c) (RM'000)	Expected commencement date
<i>Marine construction — Reclamation and related works</i>				
1. Potential Customer J ^(Note a)	95,596	95,596	4,780	April 2019
2. Potential Customer P ^(Note b)	2,000	N/A	—	April 2019
3. Potential Customer P ^(Note b)	1,911	N/A	—	May 2019
4. Potential Customer C ^(Note b)	10,194	N/A	—	April 2019
5. Potential Customer P ^(Notes b and d)	<u>2,072</u>	<u>N/A</u>	<u>—</u>	May 2019
Subtotal	<u>111,773</u>	<u>95,596</u>	<u>4,780</u>	
<i>Marine construction — Marine transportation</i>				
1. Potential Customer K ^(Note b)	85,000	N/A	—	April 2019
2. Potential Customer B ^(Notes a and e)	<u>11,340</u>	<u>11,340</u>	<u>—</u>	April 2019
Subtotal	<u>96,340</u>	<u>11,340</u>	<u>—</u>	
<i>Building and infrastructure</i>				
1. Potential Customer M ^(Note a)	23,808	23,808	1,190	April 2019
2. Potential Customer S ^(Notes a and d)	30,542	30,542	1,527	April to June 2019
3. Potential Customer G ^(Notes a and d)	199,923	199,923	9,996	May 2019
4. Potential Customer T ^(Notes a and d)	<u>2,850</u>	<u>2,850</u>	<u>143</u>	July 2019
Subtotal	<u>257,123</u>	<u>257,123</u>	<u>12,856</u>	
Total	<u>465,236</u>	<u>364,059</u>	<u>17,636</u>	

Notes:

- a. Not an existing customer of our Group during the Track Record Period.
- b. An existing customer of our Group during the Track Record Period.
- c. Our Group is required to provide to the customers a banker's guarantee as performance bond at approximately 5% of contract sum based on historical experience, and our Group has to deposit the corresponding amount of cash in the said bank as pledged deposits.
- d. Not in advanced negotiation stage.
- e. Up to the Latest Practicable Date, there is no term on performance bond included in the discussion between Potential Customer B and our Directors.

BUSINESS

As at the Latest Practicable Date, we had submitted tenders or quotations for 11 contracts with a total original contract sum of approximately RM465.2 million which are still pending results. 7 of such tenders or quotations were in advanced negotiation stage of the terms and conditions of the relevant contracts. Among the 11 potential contracts that we had submitted tenders or quotations which are still pending results, 6 of them with a total estimated contract sum of approximately RM364.1 million, if being awarded, are not by any existing customers of our Group during the Track Record Period. 5 of such contracts required performance bonds in the total estimated amount of approximately RM17.6 million.

In addition to the abovementioned potential contracts, our Group has been awarded certain new contracts with actual work recently commenced or expected to commence, and performance bonds are required. The following table sets out information, including performance bonds to be issued, regarding such new contracts awarded to our Group:

Customer	Contract sum (RM'000)	Performance bond (RM'000)	Commencement date/Expected commencement date
<i>Marine construction — Reclamation and related works and/or marine transportation</i>			
1. Gerakan Samudera Sdn. Bhd. <i>(Note i)</i>	42,307	2,115	February 2019
2. Front Concept Sdn. Bhd. <i>(Notes ii and iii)</i>	<u>323,869</u>	<u>16,193</u>	April 2019
Subtotal	<u><u>366,176</u></u>	<u><u>18,308</u></u>	
<i>Building and infrastructure</i>			
1. Johor Corporation <i>(Note ii)</i>	79,981	3,999	January 2019
2. Bukit Pelali Properties Sdn. Bhd. <i>(Note i)</i>	<u>143,103</u>	<u>7,155</u>	May 2019
Subtotal	<u><u>223,084</u></u>	<u><u>11,154</u></u>	
Total	<u><u><u>589,260</u></u></u>	<u><u><u>29,462</u></u></u>	

Notes:

- i. Customer controlled by Individual M.
- ii. Not an exiting customer of our Group during the Track Record Period.
- iii. Front Concept Sdn. Bhd. is a company incorporated in Malaysia and a subsidiary of a large private and diversified development company in Australia with projects located in Australia and other parts of the world. This contract with an aggregate original contract sum of approximately RM323.9 million is the largest in terms of original contract sum that our Group has tendered for and been awarded.

The total performance bonds that are required to be issued or may be required to be issued include the performance bond required under (i) tenders or quotations submitted; and (ii) contracts awarded. The total performance bonds to be issued after the successful bids for the abovementioned 5 potential contracts which amounted to approximately RM17.6 million, together with the performance bonds to be issued for contracts awarded which amounted to approximately RM29.5 million, are estimated at an aggregate of approximately RM47.1 million. Our Directors confirm that (1) it is, in practice, feasible to arrange for payment of performance bond after the contracts have been awarded to our Group and before the relevant customer arranges for settlement of the progress payment; and (2) it is also possible for our existing customers to request for performance bond for new contracts, based on their own independent assessment in respect of each contract.

We therefore intend to utilise approximately HK\$32.4 million or RM16.2 million (or approximately 23.4% of the total net proceeds of the Global Offering) for satisfying performance bond requirement of the abovementioned potential contracts, awarded contracts or, if we fail to obtain the abovementioned potential contracts, any other future new contracts which we may enter into with any existing or other potential customers that require performance bonds, as we plan to actively source new projects in Malaysia. Please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus for further details.

We aim to enhance our operational efficiency

Our management regularly monitors and reviews our operational performance, and considers methods for maximising the efficiency of our Group’s operations. Our Directors believe that having in-house land and marine surveying teams and engineering expertise has enabled us to provide quick response when customers approach us for quotation and/or solutions. It has thereby allowed us to facilitate the process of obtaining relevant approvals by our customers from local authorities taking into account the limitations and geological conditions of the site, the loading capacity of the superstructure and other specific requirements from the customers.

We plan to develop and upgrade our information technology and project management systems to further improve the cost efficiency and streamline the project implementation progress of our Group’s operations. Our Directors believe that the upgraded information technology and project management systems will optimise our operation and increase our overall operational efficiency in managing, designing and planning of works under our contracts. The upgraded systems will allow us to gain access to precise operational and financial data in a timely manner, which will allow us to formulate more accurate cost estimation for preparation of tender or quotation documents, as well as enhancing our Group’s staff deployment and management and document filing systems. Our staff will be able to focus on handling other aspects of works under a contract and thereby allowing us to undertake larger and more complicated works.

We intend to utilise approximately HK\$0.8 million or RM0.4 million (or approximately 0.6% of the total net proceeds of the Global Offering) for upgrading our information technology and project management systems. For further details, please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus.

We plan to expand our capacity to capture attractive growth opportunities in building and infrastructure works

During the Track Record Period, our revenue was mainly generated from the provision of marine construction works, contributing approximately RM273.1 million, RM486.6 million, RM458.8 million and RM76.1 million of our revenue, representing approximately 96.9%, 94.7%, 85.3% and 63.3% of our total revenue for each of the three years ended 30 June 2018 and the four months ended 31 October 2018 respectively. Recognising the need to balance and diversify our client base and construction segments to ensure continual profitable growth, we have been expanding our provision of building and infrastructure works. For the year ended 30 June 2018 and the four months ended 31 October 2018, building and infrastructure works have contributed approximately RM79.0 million and RM44.2 million of our revenue respectively, representing approximately 14.7% and 36.7% of our revenue respectively.

Leveraging on (i) our expertise and proven record working in marine construction projects and building and infrastructure projects; (ii) our established project management capability to ensure delivery of the projects according to schedule; (iii) our ability to provide one-stop integrated solution to our customers; (iv) our long-term and stable relationship with our suppliers and subcontractors; (v) our experience in liaising with the local authorities and understanding of their requirements for approvals; and (vi) our expertise and skills which we have accumulated from managing large scale marine construction projects, all of which could similarly be applied to building and infrastructure projects, we believe we are able to step up our operations to undertake building and infrastructure works of a larger scale. We further believe that our continued pursuit of business opportunities in building and infrastructure works can diversify our sources of revenue, while at the same time, we can accumulate more experience and project track record to boost our reputation in the industry and among customers.

BUSINESS

We intend to utilise approximately HK\$4.7 million or RM2.35 million (or approximately 3.4% of the total net proceeds of the Global Offering) for recruiting following staff members to expand the management team for our building and infrastructure works:

Role	Position	Experience and qualifications	Number of staff to be recruited	Annual salary range up to RM
Project management	Senior project manager	Degree or above in building with relevant experience of at least 10–15 years	1	360,000
	Project manager	Degree or above in building with relevant experience of at least 5 years	2	360,000
Site and operations	Qualified engineer	Degree or above in civil engineering with relevant experience of at least 10 years	1	240,000
Safety and occupational health	Safety manager	Holding safety and health certificate with green book	1	120,000
Contract and planning	Senior quantity surveyor	Degree or above in building or quantity surveying with relevant experience of at least 8 years	1	120,000
				<u>1,200,000</u>

For further details, please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus.

OUR BUSINESS MODEL

Our principal business activities

Our principal business activities are primarily the provision of marine construction services as well as building and infrastructure services.

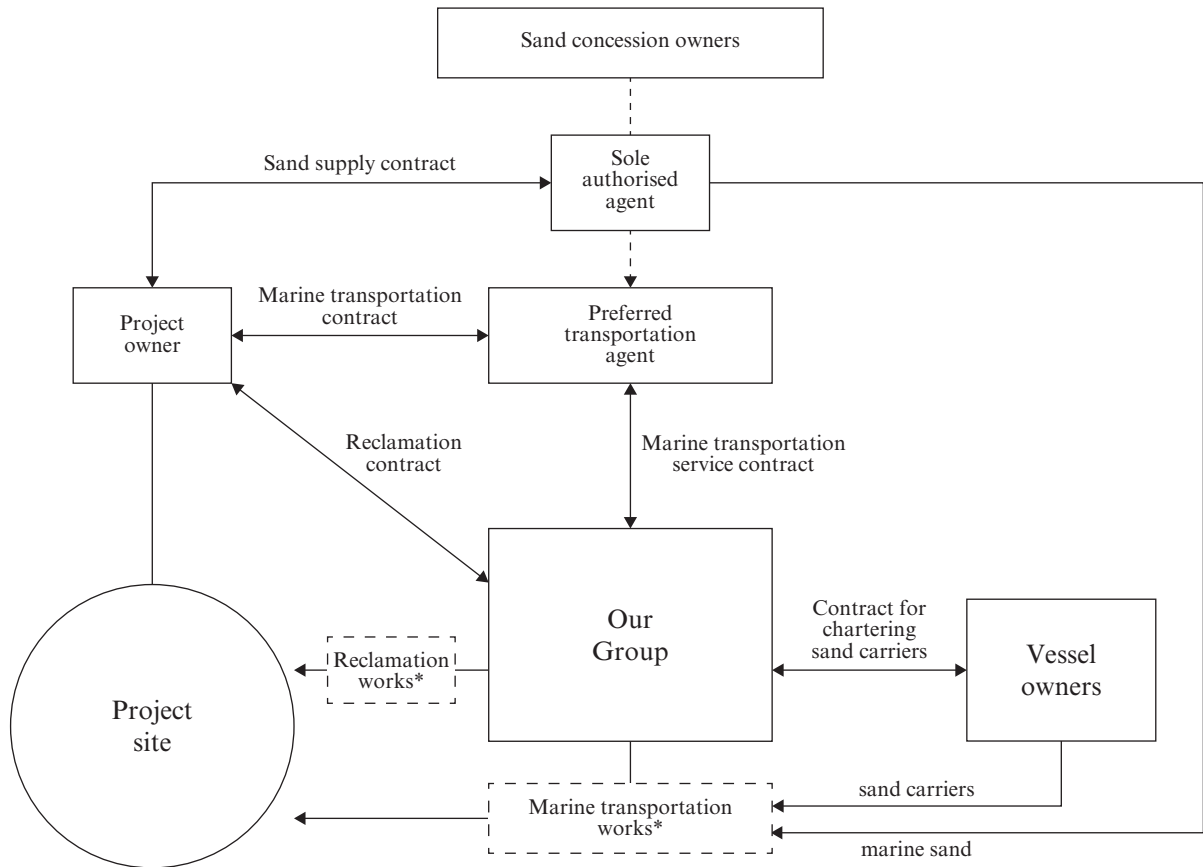
Marine construction services

Marine construction services, our core business, can be categorised into:

- (a) reclamation and related works, which include land reclamation and other marine civil works. Reclamation may involve soil investigation, hydrographic survey, pre-reclamation design, sand handling/filling, ground treatment, sand surcharge removal work and other related works. Marine civil works generally include construction of jetty, channel-crossing works, maintenance dredging and river diversion; and
- (b) marine transportation, which involves transportation of marine sand, the filling material normally used in land reclamation, including the loading of marine sand extracted from the approved sand source onto sand carriers, carriage and delivery of marine sand to designated sites where the marine sand is unloaded to be used for land reclamation.

BUSINESS

The following diagram provides a brief illustration of our roles in a typical marine construction project involving reclamation:

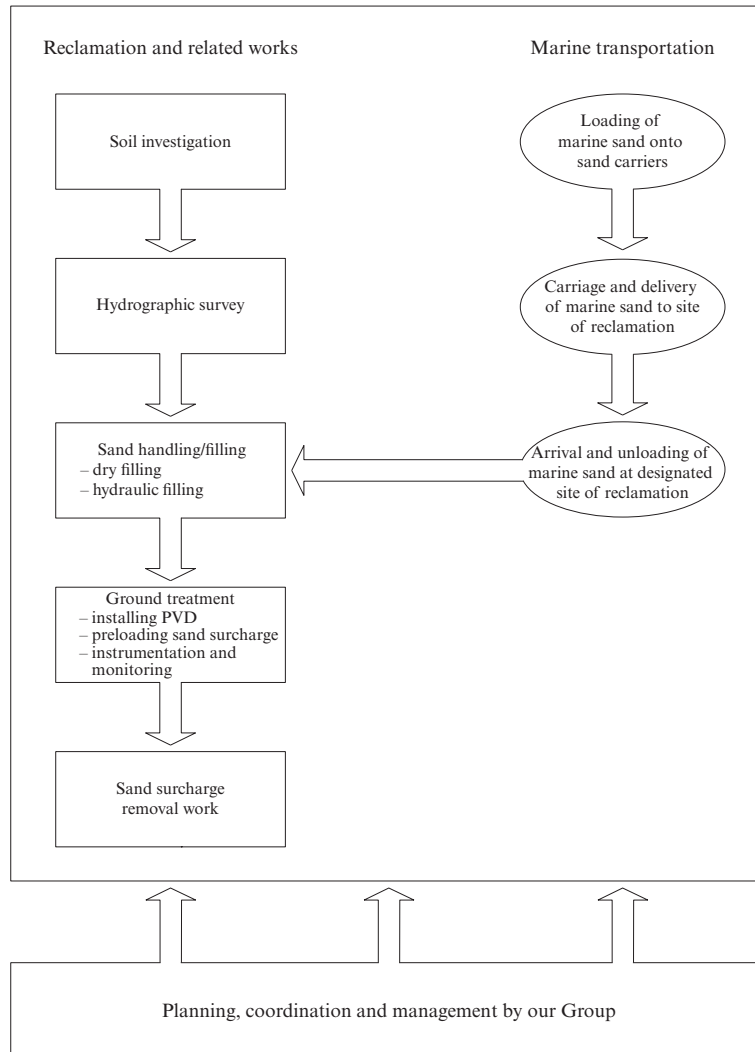


* through our planning, coordination and management of various subcontractors

In a typical marine construction project involving reclamation in Johor, the project owner (e.g. property developer) would enter into individual contracts with (i) a sand supplier for the supply of marine sand, which would normally be the sole authorised agent of sand concession owners in Johor; (ii) a contractor for marine transportation works, which would normally be the preferred transportation agent of the said sole authorised agent of the sand concession owners; and (iii) a contractor for reclamation works, which would normally be selected through open tender.

BUSINESS

The following flowchart depicts a brief illustration of the technical works involved in a typical land reclamation project, which involves planning, coordination and management of reclamation and related works and marine transportation works:



Our focus is on planning, coordinating and managing the whole land reclamation process to ensure its execution and implementation to be efficient and organised. Save for certain parts of the sand handling/filling works which we believe to be a critical part of the reclamation process and are done by us, we engage and monitor subcontractors to perform different components of the contract works.

In undertaking marine construction projects, it is critical to (i) mobilise sufficient sand carriers to ensure sufficient and consistent supply of sand to meet the project schedule; (ii) put in place effective discharge planning at the project site that requires in-depth understanding of the movement of sand carrier, vessel capacity, vessel draft and site condition such as water depth; (iii) coordinate between different components of the reclamation works, for example, to ensure the sand discharge output and location are in line with the land-based machinery movement in the sand handling/filling process; and (iv) manage round-the-clock operation of the sand carriers to ensure smooth and efficient unloading of marine sand.

In view of the above challenges and our Group's proven track record in the efficient management of reclamation works, the preferred transportation agent would also engage our Group to undertake marine transportation works. By doing so, we would be able to provide an integrated solution in terms of managing and monitoring the progress of on-site reclamation works against the sand supply schedule. For reclamation and related works, we secure contracts following an open tender process, invitation from customers/consultant to submit tender/quotation or direct contact from customers.

It is one of our main strategies to subcontract components of works to subcontractors on a fixed price basis to have a better control over our project costs. Subcontracting enables us to retain more flexibility as we do not directly employ workers and at the same time allows us to save the related administration costs and expenses. It also enables us to focus more on project management and ensure effective implementation of the projects.

During the Track Record Period and up to the Latest Practicable Date, we completed 29 marine construction contracts with an aggregate original contract sum of approximately RM1,334.7 million (excluding certain marine transportation contracts which were of a unit-rate basis). We had 9 ongoing marine construction contracts with an aggregate original contract sum of approximately RM687.2 million as at the Latest Practicable Date.

For an illustration of the our general workflow, please refer to the paragraph headed "Our workflow" in this section below.

Reclamation and related works

Land reclamation is the process of filling in areas submerged under sea level with suitable filling materials to form new land so that development or construction of buildings can take place on such new land. Besides landfilling, reclamation also involves the construction of rock revetment to protect the reclamation area or other areas from the sea current.

BUSINESS

Our reclamation works normally involve the following general steps:

- (1) Soil investigation — to assess the soil profile at the site of reclamation to assist in planning the work methodology and technical design.

We engage third party geotechnical specialists to carry out soil investigation works and we coordinate the investigation works to ensure they are being carried out in accordance with the geotechnical consultant's specification and requirement.

- (2) Hydrographic survey — a hydrographic survey of the reclamation site would be undertaken to determine the water depth for estimation of sand quantity and planning of the reclamation process.

We utilise our own hydrographic survey equipment and marine surveyors to carry out the survey work and data processing to enable us to promptly respond to any technical inquiry.

- (3) Sand handling/filling — the sand for reclamation loaded and transported to the site of reclamation. Please refer to the paragraph headed "Our business model — Marine construction services — Marine transportation" in this section below for further details of the marine transportation process. After the sand has been transported to the reclamation site, the sand is filled on the site of reclamation through cutter suction dredger (hydraulic filling) and/or our articulated dump trucks (dry filling) and levelled using our bulldozers and excavators.

Our project management team together with our own land surveying team organise the movement of the machineries used to transfer the sand from the designated unloading area to the designated filling area in accordance with the schedule and designed level.

- (4) Ground treatment — consists of installation of PVD and preloading surcharge on the area with sand in order to accelerate the ground consolidation process. At the same time, geotechnical instrumentation works would also be required to monitor the behaviour of existing seabed/riverbed by taking the reading of settlement and water pore pressure during the project period.

Our project management team plans for the mobilisation of the PVD rig and material delivery schedule based on the project schedule, and supervises the installation work in accordance with the geotechnical consultant's specification and the layout plan.

- (5) Sand surcharge removal work — when the desired degree of ground consolidation of the reclamation site had been achieved, the sand surcharge will be removed.

Through our own surveyor team, we monitor the readings of the instrumentation and plot the settlement monitoring curve which, based on this information, we plan ahead the sand surcharge removal work in order to meet the project schedule.

BUSINESS

Our reclamation works may also involve other related project components, including site clearance, dredging, construction of temporary marine working platforms and the installation and maintenance of silt curtain systems to reduce seawater pollution.

Marine transportation

Our marine transportation business involves the transportation of marine sand, the filling material which is normally used in land reclamation, from the sand source to the designated unloading area to be used for land reclamation.

The marine transportation works undertaken by our Group normally involve the following general steps:

- (1) Loading of marine sand onto sand carriers — we would arrange for sand carriers for the loading of marine sand extracted from the approved sand source by way of dredging. The loading of marine sand by the sand carriers are managed via a monitoring system which reflects their actual position in order to ensure they are dredging in authorised locations at the approved sand source;
- (2) carriage and delivery of the marine sand by the sand carriers to designated reclamation sites — sand carriers are required to follow the sailing route provided by us, which consists of directions describing the route to be taken between the loading site to the designated unloading area; and
- (3) unloading of marine sand on the designated unloading area to be used for land reclamation — upon arrival at the designated unloading area, the relevant sand carrier would be stationed at the area to await surveying work to be conducted. After the survey is completed, the marine sand is unloaded at the designated unloading area.

The loading, carriage and unloading of marine sand are normally performed via sand carriers we chartered from third parties. We designate the dredging area for the sand carriers chartered by us and monitor the real time position of such sand carriers. We also require a deck log to be submitted by such sand carriers for us to analyse with the aim to improve our operational efficiency. Upon the sand carriers' arrival at the designated unloading area, we coordinate the sand carriers to ensure the smooth and efficient unloading of marine sand, taking into account various factors such as the size of the designated unloading area, timing, capacity of the sand carriers, weather, sea current conditions and water depth and the project schedule. For our reclamation and related works contracts, we were often required to coordinate multiple sand carriers at the designated unloading area at the same time.

Our marine transportation business is mostly based in Johor save for the one marine transportation contract in Singapore completed in May 2018. We have entered into master framework agreements with 19 vessel owners of sand carriers. Pursuant to such agreements, the owners shall exclusively make available their vessels to us whenever requested and directed by us. During the Track Record Period, these vessel owners supplied us with an aggregate of 47 sand carriers. Please refer to the paragraph headed "Equipment and machinery — Chartered vessels" in this section for further details.

Building and infrastructure services

Our building and infrastructure services focus primarily on general building works and infrastructure works. During the Track Record Period and up to the Latest Practicable Date, we completed 10 building and infrastructure contracts with an aggregate original contract sum of approximately RM63.9 million. We had 12 ongoing building and infrastructure contracts with an aggregate original contract sum of approximately RM457.4 million as at the Latest Practicable Date. During the Track Record Period, our Group's customers in building and infrastructure services were primarily property developers.

The scope of work for our general building works varies depending on customers' requirements. During the Track Record Period, we were engaged by our customers as main contractor for the construction of residential property, commercial property and public mosque. In addition, through JBB Kimlun, our joint venture with Kimlun, we were engaged as the main contractor in the MBB Tower Project, a project for the construction of the new 15-storey Grade A office tower headquarters for the Johor Bahru City Council.

Our infrastructure works include sewerage reticulation works, drainage, mechanical and electrical infrastructure works and road works. During the Track Record Period, we were engaged by our customers as main contractor for infrastructure works including earthworks and associated works.

As main contractor for building and infrastructure works, we provide project management services in which our main responsibilities include project implementation and resources planning, selection of subcontractors, managing and coordinating with other parties involved for efficient project execution, supervision and inspection of works carried out at the site and overall coordination of the day-to-day work of the project.

OUR CONTRACTS**Overview**

We have completed a total of 29 and 10 marine construction contracts and building and infrastructure contracts respectively during the Track Record Period and up to the Latest Practicable Date. As at the Latest Practicable Date, we had 9 and 12 ongoing marine construction contracts and building and infrastructure contracts respectively. We divide our contracts into two categories based on the stage of the contract:

- completed contracts — referring to contracts for works for which the relevant completion certificates have been issued; and
- ongoing contracts — referring to contracts for works awarded to us for which we have commenced work but have recognised only part of the revenue for accounting purpose as of a point in time and contracts that have engagement confirmed but not yet commenced.

BUSINESS

Completed contracts

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

Marine construction contracts (completed)

No.	Description of contract (Note 5)	Customer	Contract period (Note 1)	Original contract sum (Note 2) (RM'000)	Adjustment/ Variation order received by the Latest Practicable Date (RM'000)	Revenue recognised before the Track Record Period 30 June 2016 (RM'000)	Revenue recognised during the year ended 30 June 2017 (RM'000)	Revenue recognised during the year ended 30 June 2018 (RM'000)	Revenue recognised during the four months ended 31 October 2018 (RM'000)	Revenue recognised after the Track Record Period (RM'000)	Type of works
1.	Reclamation and related works in the R&F Princess Cove Project (JBB 11/13) (as main contractor)	Customer A	December 2013 to April 2018	300,000	(20,000)	138,043	22,259	41,556	—	—	Reclamation and related works
2.	Reclamation and related works at Tanjung Senibung, Johor Bahru, Johor (JBB 07/13) (as main contractor)	Unibase Corporation Sdn. Bhd.	January 2014 to April 2016	8,900	1,091	7,301	—	—	—	—	Reclamation and related works
3.	Soil investigation works for the Berjaya Waterfront development project in Johor (JBB 08/14) (as main contractor)	Jauhari Maksima Sdn. Bhd.	November 2014 to July 2015	391	(43)	391	—	(43) ^(Note 4)	—	—	Reclamation and related works
4.	Marine transportation of sand for phase 1 Island 3 of the Forest City Project (JBB 08/13A) (as subcontractor)	Sharikat Sukma Kemajuan	January 2015 to December 2015	132,300	(2,567)	74,481	—	—	—	—	Marine transportation
5.	Marine transportation of sand for Island 3 of the Forest City Project (JBB 10/14A) (as subcontractor)	Sharikat Sukma Kemajuan	January 2016 to July 2016	72,280	(952)	—	12,649	—	—	—	Marine transportation

BUSINESS

Marine construction contracts (completed) — cont'd

No.	Description of contract (Note 5)	Customer	Contract period (Note 1)	Original contract sum (Note 2) (RM'000)	Adjustment/ Variation order received by the Latest Practicable Date (RM'000)	Revenue recognised before the Track Record Period (RM'000)	Revenue recognised during the year ended 30 June 2016 (RM'000)	Revenue recognised during the year ended 30 June 2017 (RM'000)	Revenue recognised during the year ended 30 June 2018 (RM'000)	Revenue recognised during the four months ended 31 October 2018 (RM'000)	Revenue recognised after the Track Record Period (RM'000)	Type of works
6.	Reclamation and related works for Island 3 of the Forest City Project (JBB 10/14) (as subcontractor)	Chang Da Road and Bridge Construction Sdn. Bhd.	March 2015 to August 2016	152,085	(28,429)	40,824	51,941	29,441	1,450	—	—	Reclamation and related works
7.	Marine transportation of sand for the Forest City Project (JBB 03/15) (as main contractor)	Southern Diggers Enterprise Sdn. Bhd.	June 2015 to December 2015	2,765	(293)	—	2,472	—	—	—	—	Marine transportation
8.	Reclamation and related works for Island 3 of the Forest City Project (JBB 10/14) (as main contractor)	Country Garden	November 2015 to March 2018	44,267	(105)	—	17,114	26,525	523	—	—	Reclamation and related works
9.	Marine transportation of sand for phase 3 of Island 3 of the Forest City Project (JBB 04/16A) (as subcontractor)	Sharikat Sukma Kemajuan	August 2016 to October 2017	247,188	(28,492)	—	—	209,716	8,980	—	—	Marine transportation
10.	Reclamation and related works for phase 3 of Island 3 of the Forest City Project (JBB 04/16) (as main contractor)	Country Garden	October 2016 to March 2018	151,330	895	—	—	141,766	10,459	—	—	Reclamation and related works
11.	Excavation and related works for the inner lake water system of the Forest City Project (JBB 04/17) (as main contractor)	Country Garden	April 2017 to August 2017	621	(247)	—	—	374	—	—	—	Reclamation and related works

BUSINESS

Marine construction contracts (completed) — cont'd

No.	Description of contract (Note 5)	Customer	Contract period (Note 1)	Original contract sum (Note 2) (RM'000)	Adjustment/ Variation order received by the Latest Practicable Date (RM'000)	Revenue recognised before the Track Record Period (RM'000)	Revenue recognised during the year ended 30 June 2016 (RM'000)	Revenue recognised during the year ended 30 June 2017 (RM'000)	Revenue recognised during the year ended 30 June 2018 (RM'000)	Revenue recognised during the four months ended 31 October 2018 (RM'000)	Revenue recognised after the Track Record Period (RM'000)	Type of works
12.	Marine transportation of sand for the golf course of the Forest City Project (JBB 05/17A) (as subcontractor)	Sharikat Sukma Kemajuan	June 2017 to March 2018	71,190	(802)	—	—	1,617	68,771	—	—	Marine transportation
13.	Reclamation and related works for the golf course main road of the Forest City Project (JBB 05/17) (as subcontractor)	Country Garden Logistics Management Sdn. Bhd.	August 2017 to December 2017	3,460	987	—	—	152	4,295	—	—	Reclamation and related works
14.	Reclamation and related works for the golf course phase 1 of the Forest City Project (JBB 05/17) (as subcontractor)	Country Garden Logistics Management Sdn. Bhd.	June 2017 to January 2018	10,168	7,005	—	—	446	16,727	—	—	Reclamation and related works
15.	Installation of PVD for the golf course of the Forest City Project (JBB 05/17) (as subcontractor)	Chang Da Road and Bridge Construction Sdn. Bhd.	September 2017 to November 2017	2,765	(534)	—	—	—	2,231	—	—	Reclamation and related works
16.	Reclamation and related works for the golf course of the Forest City Project (JBB 05/17) (as main contractor)	Country Garden	September 2017 to October 2017	821	438	—	—	—	1,259	—	—	Reclamation and related works
17.	Reclamation and related works for sewage treatment plant 4 of the Forest City Project (JBB 06/17) (as main contractor)	Country Garden	August 2017 to March 2018	1,930	(697)	—	—	—	1,233	—	—	Reclamation and related works

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Marine construction contracts (completed) — cont'd

No.	Description of contract (<i>Note 5</i>)	Customer	Contract period (<i>Note 1</i>)	Original contract sum (<i>Note 2</i>) (RM'000)	Adjustment/ Variation order received by the Latest Practicable Date (RM'000)	Revenue recognised before the Track Record Period (RM'000)	Revenue recognised during the year ended 30 June 2016 (RM'000)	Revenue recognised during the year ended 30 June 2017 (RM'000)	Revenue recognised during the year ended 30 June 2018 (RM'000)	Revenue recognised during the four months ended 31 October 2018 (RM'000)	Revenue recognised after the Track Record Period (RM'000)	Type of works
18.	Marine transportation of sand to Tua, Singapore (JBBM) (<i>as main contractor</i>)	Xinsha Holding Pte Ltd	August 2016 to May 2018	N/A (<i>Note 3</i>)	—	—	39,993	121,180	—	—	—	Marine transportation
19.	Installation of PVD for the Forest City Project (JBB 02/15) (<i>as subcontractor</i>)	Chang Da Road and Bridge Construction Sdn. Bhd.	July 2015 to May 2016	6,993	503	—	6,506	652	338	—	—	Reclamation and related works
20.	Maintenance dredging at the material offloading facility at Tanjung Setapa Pengerang, Johor (JBB 09/17) (<i>as main contractor</i>)	Customer H	December 2017 to June 2018	15,722	(904)	—	—	—	14,818	—	—	Reclamation and related works
21.	Marine transportation of sand for back of house and commercial project in Johor (JBB 02/18) (<i>as subcontractor</i>)	Sharikat Sukma Kemajuan Sdn. Bhd.	March 2018 to August 2018	55,568	(8,993)	—	—	—	26,834	19,741	—	Marine transportation
22.	Reclamation and related works for back of house and commercial project in Johor (JBB03/18) (<i>as subcontractor</i>)	Country Garden Logistics Management Sdn. Bhd.	April 2018 to August 2018	6,530	(2,570)	—	—	—	2,542	1,418	—	Reclamation and related works
23.	Marine transportation of sand for Phase 2 of the golf course of the Forest City Project (JBB 09/18) (<i>as subcontractor</i>)	Sharikat Sukma Kemajuan	May 2018 to November 2018	36,584	(8,753)	—	—	—	2,056	24,376	1,399	Marine transportation

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Marine construction contracts (completed) — cont'd

No.	Description of contract (Note 5)	Customer	Contract period (Note 1)	Original contract sum (Note 2) (RM'000)	Adjustment/ Variation order received by the Latest Practicable Date (RM'000)	Revenue recognised before the Track Record Period (RM'000)	Revenue recognised during the year ended 30 June 2017 (RM'000)	Revenue recognised during the year ended 30 June 2018 (RM'000)	Revenue recognised during the four months ended 31 October 2018 (RM'000)	Revenue recognised after the Track Record Period (RM'000)	Type of works
24.	Sand handling at golf 2 area for Phase 1 of the golf course of the Forest City Project (JBB 10/18) (as subcontractor)	Country Garden Logistics Management Sdn. Bhd.	June 2018 to October 2018	5,540	410	—	—	—	5,950	—	Reclamation and related works
25.	Marine transportation of sand at Puteri Harbour, Iskandar Puteri, Johor (JBB 11/18) (as main contractor)	Pembinaan Yeng Tong Sdn. Bhd.	August 2018 to September 2018	1,800	(409)	—	—	—	1,391	—	Marine transportation
26.	Sand handling at Customs, Immigration and Quarantine and Ferry Terminal Building, Desaru, Johor (JBB 20/18) (as subcontractor)	Benzmark Global (M) Sdn. Bhd.	November 2018 to December 2018	1,700	(31)	—	—	—	—	1,669	Reclamation and related works
27.	Excavation and related works for the inner lake water system of the Forest City Project (JBB 05/18) (as main contractor)	Country Garden	June 2018 to September 2018	552	(254)	—	—	114	184	—	Reclamation and related works
28.	Sand handling for main road reclamation works, Mukim Tanjung Kupang, Johor (JBB 15/18) (as main contractor)	Country Garden	October 2018 to December 2018	819	(392)	—	—	—	—	427	Reclamation and related works

Marine construction contracts (completed) — cont'd

No.	Description of contract (Note 5)	Customer	Contract period (Note 1)	Original contract sum (Note 2)	Adjustment/ Variation order received by the Latest Practicable Date	Revenue recognised before the Track Record Period	Revenue recognised during the year ended 30 June 2016	Revenue recognised during the year ended 30 June 2017	Revenue recognised during the year ended 30 June 2018	Revenue recognised during the four months ended 31 October 2018	Revenue recognised after the Track Record Period	Type of works
				(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
29.	Procurement and delivery of sand for earth cofferdam, Pasir Gudang, Johor (JBB 19/18) (as main contractor)	CHEC Construction (M) Sdn. Bhd.	December 2018 to December 2018	456	(30)	—	—	—	—	—	426	Marine transportation
				1,334,725	(94,168)	261,040	272,796	485,590	325,323	53,060	3,921	
	Total											
	Other non-contract items					819	286	387	684	532	—	
						261,859	273,082	485,977	326,007	53,592	3,921	

BUSINESS

Building and infrastructure contracts (completed)

No.	Description of contract (Note 5)	Customer	Contract period (Note 1)	Original contract sum (Note 2) (RM'000)	Adjustment/ Variation order received by the Latest Practicable Date (RM'000)	Revenue recognised before the Track Record Period (RM'000)	Revenue recognised during the year ended 30 June 2016 (RM'000)	Revenue recognised during the year ended 30 June 2017 (RM'000)	Revenue recognised during the year ended 30 June 2018 (RM'000)	Revenue recognised during the four months ended 31 October 2018 (RM'000)	Revenue recognised after the Track Record Period (RM'000)	Type of works
1.	Construction of mosque and 7 units quarters at the Johor State Police Headquarters, Johor Bahru, Johor (JBB 06/14) (as main contractor)	Astaka Padu	July 2014 to July 2015	18,000	(520)	10,854	5,660	147	699	120	—	General building
2.	Renovation works at Jalan Pertiwi, Stulang, Johor (JBB 01/14) (as main contractor)	Customer T	December 2014 to January 2017	1,802	204	—	1,063	855	88	—	—	General building
3.	Renovation works for the new office of Astaka Padu at Bandar Baru Uda, Johor (JBB 11/14) (as main contractor)	Astaka Padu	December 2014 to June 2016	2,827	76	1,346	1,481	18	58	—	—	General building
4.	Demolition and other related works of the existing MBJB Indoor Stadium in Johor (JBB 02/16) (as main contractor)	Astaka Padu	April 2016 to July 2016	430	200	—	354	—	276	—	—	General building
5.	Earthwork for the proposed government officer residence at Putrajaya (JBB 06/15) (as main contractor)	Damansara Realty (Johor) Sdn. Bhd.	May 2016 to September 2017	7,830	(1,194)	—	45	6,716	(125) ^(Note 4)	—	—	Infrastructure

BUSINESS

Building and infrastructure contracts (completed) — cont'd

No.	Description of contract (Note 5)	Customer	Contract period (Note 1)	Original contract sum (Note 2) (RM'000)	Adjustment/ Variation order received by the Latest Practicable Date (RM'000)	Revenue recognised before the Track Record Period (RM'000)	Revenue recognised during the year ended 30 June 2016 (RM'000)	Revenue recognised during the year ended 30 June 2017 (RM'000)	Revenue recognised during the year ended 30 June 2018 (RM'000)	Revenue recognised during the four months ended 31 October 2018 (RM'000)	Revenue recognised after the Track Record Period (RM'000)	Type of works	
6.	External sewerage reticulation at Jalan Linggaran Dalam and Jalan Tebrau, Plaentong, Johor (JBB 05/16) (as main contractor)	Astaka Padu	November 2016 to February 2018	9,375	(1,935)	—	—	1,655	5,416	280	89	Infrastructure	
7.	Construction of temporary steel structure support system for the MJB Tower Project (JBB 02/17 TS) (as subcontractor)	Kimlun (Note 6)	July 2017 to July 2018	21,243	1,043	—	—	—	13,983	8,303	—	General building	
8.	Site clearing works to area of road rerouting for golf course access and network piping, Mukim Tanjung Kupang, Johor (JBB 14/18) (as main contractor)	Country Garden	September 2018 to October 2018	504	(61)	—	—	—	—	442	1	General building	
9.	Rental of articulated dump truck in Sarawak (JBB 12/18) (as subcontractor)	Kimlun	September 2018 to December 2018	586	370	—	—	—	—	476	480	General building	
10.	Rental of machineries (JBB 05/19) (as subcontractor)	Himark Builder Sdn. Bhd.	January 2019 to March 2019	1,326	142	—	—	—	—	—	1,468	General building	
Total:						63,923	(1,675)	12,200	8,603	9,391	20,395	9,621	2,038

Notes:

- (1) Contract period refers to the period from the commencement date of our contract works as instructed by our customer in the contract to the date of actual completion of our contract works.
- (2) The original contract sum is exclusive of goods and services tax.
- (3) This contract was of a unit-rate basis with no estimated sand volume specified and no original contract sum is provided in the contract.
- (4) This represents the final discount provided to the customer.
- (5) We acted as main contractor when the ultimate customer directly engaged us.
- (6) Please refer to the paragraph headed “The MBJB Tower Project and our joint venture — JBB Kimlun” in this section below.

Ongoing contracts

As at the Latest Practicable Date, we have a total of 21 ongoing contracts of which 9 are marine construction contracts and 12 are building and infrastructure contracts with a total original contract sum of approximately RM1,144.6 million, of which approximately RM267.2 million had been recognised as revenue during the Track Record Period.

The following table sets out information regarding our ongoing contracts as at the Latest Practicable Date:

Marine construction contracts (ongoing)

No.	Description of contract (Note 5)	Customer	Commencement date (Note 1)	Estimated completion time (Note 2)	Original contract sum (Note 3) (RM'000)	Adjustment/ Variation order received by the Latest Practicable Date (RM'000)	Revenue recognised during the Track Record Period				Approximate percentage of work completed by the Latest Practicable Date (Note 4) (RM'000)	
							Revenue recognised during the year ended 30 June 2016 (RM'000)	Revenue recognised during the year ended 30 June 2017 (RM'000)	Revenue recognised during the year ended 30 June 2018 (RM'000)	Revenue recognised during the four months ended 31 October 2018 (RM'000)		Revenue to be recognised after the Track Record Period (RM'000)
1.	Marine transportation of sand for the Lido Waterfront Project (JBB 09/14) (as subcontractor)	Sharikat Sukma Kemajuan	June 2017	June 2019	189,000	25,333	—	598	132,826	22,383	58,526	N/A (Note 6)
2.	Supply and delivery of sand to Bridge Project Linking PTP and Tanjung Bin, Johor, Malaysia (JBB 13/18) (as main contractor)	China Communications Construction Company (M) Sdn. Bhd.	September 2018	December 2019	27,700	—	—	—	—	135	27,565	N/A (Note 6)
3.	Shore protection works at Deepwater Terminal Phase 3, at Pengerang, Johor (JBB 16/18) (as subcontractor)	Customer P	October 2018	September 2019	6,761	52	—	—	—	—	6,813	23.7
4.	Surcharge removal works at Deepwater Terminal Phase 3, at Pengerang, Johor (JBB 17/18) (as subcontractor)	Customer P	January 2019	July 2019	6,970	—	—	—	—	—	6,970	41.1

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Marine construction contracts (ongoing) — cont'd

No.	Description of contract (Note 5)	Customer	Commencement date (Note 1)	Estimated completion time (Note 2)	Original contract sum (RM'000) (Note 3)	Adjustment/ Variation order received by the Latest Practicable Date (RM'000)	Revenue recognised during the Track Record Period				Approximate percentage of work completed by the Latest Practicable Date (Note 4)	
							Revenue recognised during the year ended 30 June 2016 (RM'000)	Revenue recognised during the year ended 30 June 2017 (RM'000)	Revenue recognised during the year ended 30 June 2018 (RM'000)	Revenue recognised during the four months ended 31 October 2018 (RM'000)		Revenue to be recognised after the Track Record Period (RM'000)
5.	Reclamation work at Tanjung Puteri, Pasir Gudang, Johor (JBB 02/19) (as main contractor)	Gerakan Samudera Sdn. Bhd.	February 2019	February 2020	42,307	—	—	—	—	42,307	0.0	
6.	Marine transportation of sand for Phase 2 and Phase 3 of the golf course of the Forest City Project (JBB 04/19) (as subcontractor)	Sharikat Sukma Kemajuan	February 2019	December 2019	89,779	—	—	—	—	89,779	N/A (Note 6)	
7.	Reclamation work at and marine transportation of sand for Phase 1, Phase 2 and Phase 3 at Mukim Plentong, Johor Bahru (JBB 07/19) (as main contractor)	Front Concept Sdn. Bhd.	April 2019	April 2021	323,869	—	—	—	—	323,869	0.0	
8.	Supply, delivery and installation of rock bund at Deepwater Terminal Phase 3, at Pengerang, Johor (JBB 08/19) (as subcontractor)	Customer P	March 2019	April 2019	488	—	—	—	—	488	0.0	
9.	Excavation and related works for connection of sewerage treatment plants 1 and 2 at Mukim Tanjung Kupang, Johor Bahru (JBB 09/19) (as main contractor)	Country Garden	April 2019	April 2019	352	—	—	—	—	352	0.0	
Total:						687,226	25,385	598	132,826	22,518	556,669	

BUSINESS

Building and infrastructure contracts (ongoing)

No.	Description of contract (Note 5)	Customer	Commencement date (Note 1)	Estimated completion time (Note 2)	Original contract sum (Note 3)	Revenue recognised during the Track Record Period				Approximate percentage of work completed by the Latest Practicable Date (Note 4)	
						Adjustment/ Variation order received by the Latest Practicable Date (RM'000)	Revenue recognised during the year ended 30 June 2016 (RM'000)	Revenue recognised during the year ended 30 June 2017 (RM'000)	Revenue recognised during the year ended 30 June 2018 (RM'000)		Revenue recognised during the four months ended 31 October 2018 (RM'000)
1.	Site clearing, earthwork and retaining structure work for mixed housing development, Kota Tinggi, Johor (JBB 03/16) (as main contractor)	Bukit Pelali Properties Sdn. Bhd. (Note 7)	June 2016	December 2019	76,000	19,029	16,337	21,422	7,059	50,200	58.4
2.	Road, drainage, sewerage, and water reticulation construction — infrastructure work for phase 1A of mixed housing and commercial buildings in Kota Tinggi, Johor (JBB 06/16) (as main contractor)	Bukit Pelali Properties Sdn. Bhd.	December 2016	March 2019	8,200	2,956	1,732	3,326	2,306	3,792	100.0 (Note 8)
3.	Construction of mixed housing and commercial buildings for phase 1B in Kota Tinggi, Johor (JBB 03/17) (as main contractor)	Bukit Pelali Properties Sdn. Bhd.	May 2017	August 2019	61,900	4,253	36	21,542	10,273	34,302	64.5
4.	Provision of project management services for the MBB Tower Project (JBB 02/17 PM) (as subcontractor)	Kimlun (Note 9)	July 2017	October 2019	6,420	(49)	—	3,395	308	2,668	66.3

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Building and infrastructure contracts (ongoing) — cont'd

No.	Description of contract (Note 5)	Customer	Commencement date (Note 1)	Estimated completion time (Note 2)	Original contract sum (Note 3) (RM'000)	Revenue recognised during the Track Record Period				Approximate percentage of work completed by the Latest Practicable Date (Note 4)	
						Adjustment/ Variation order received by the Latest Practicable Date (RM'000)	Revenue recognised during the year ended 30 June 2016 (RM'000)	Revenue recognised during the year ended 30 June 2017 (RM'000)	Revenue recognised during the year ended 30 June 2018 (RM'000)		Revenue recognised during the four months ended 31 October 2018 (RM'000)
5.	Infrastructure works for phase 1B of mixed housing and commercial buildings in Kota Tinggi, Johor (JBB 08/17) (as main contractor)	Bukit Pelali Properties Sdn. Bhd.	November 2017	September 2019	13,300	25	—	431	1,754	11,140	34.9
6.	Building works for phase 2A and 2B in Kota Tinggi, Johor (JBB 07/17) (as main contractor)	Bukit Pelali Properties Sdn. Bhd.	November 2017	July 2019	37,494	3,417	—	7,466	10,257	23,188	74.4
7.	Infrastructure works for phase 2A and 2B at Pengerang, Kota Tinggi, Johor (JBB 10/17) (as main contractor)	Bukit Pelali Properties Sdn. Bhd.	January 2018	July 2019	22,000	193	—	1,006	1,777	19,410	27.5
8.	Completion of road to sewerage treatment plant at mixed development in Kota Tinggi, Johor (JBB 07/18) (as main contractor)	Bukit Pelali Properties Sdn. Bhd.	June 2018	April 2019	1,343	689	—	—	178	1,854	46.5
9.	Overall falling main and temporary suction tank of phase 1A mixed development in Kota Tinggi, Johor (JBB 08/18) (as main contractor)	Bukit Pelali Properties Sdn. Bhd.	June 2018	May 2019	3,583	171	—	—	619	3,135	40.5

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Building and infrastructure contracts (ongoing) — cont'd

No.	Description of contract (Note 5)	Customer	Commencement date (Note 1)	Estimated completion time (Note 2)	Original contract sum (Note 3) (RM'000)	Adjustment/ Variation order received by the Latest Practicable Date (RM'000)	Revenue recognised during the Track Record Period				Approximate percentage of work completed by the Latest Practicable Date (Note 4)	
							Revenue recognised during the year ended 30 June 2016 (RM'000)	Revenue recognised during the year ended 30 June 2017 (RM'000)	Revenue recognised during the year ended 30 June 2018 (RM'000)	Revenue recognised during the four months ended 31 October 2018 (RM'000)		Revenue to be recognised after the Track Record Period
10.	Earthwork, main drainage system and detention pond, Mukim Pengerang, Johor (JBB 18/18) (as main contractor)	Johor Corporation	January 2019	July 2020	79,981	—	—	—	—	79,981	8.3	
11.	Construction of 1 unit of 33/11KV main intake power station and 1 unit of security post at Bukit Pelali, Pengerang (JBB 01/19) (as main contractor)	Bukit Pelali Properties Sdn. Bhd.	January 2019	October 2019	4,090	—	—	—	—	4,090	0.0	
12.	Construction of 2 blocks of flats for phase 1C in Kota Tinggi, Johor (JBB 06/19) (as main contractor)	Bukit Pelali Properties Sdn. Bhd.	May 2019	May 2021	143,103	—	—	—	—	143,103	0.0	
Total:						457,414	11	18,105	58,588	34,531	376,863	

Notes:

- (1) Commencement date refers to the commencement date of our contract works as instructed by our customer in the contract.
- (2) The estimated completion time is based on the estimation of our management with regard to provisions in the contract and the progress of the contract works, but is subject to changes by our customer and/or extension of time granted from time to time.
- (3) The original contract sum is exclusive of goods and services tax.
- (4) As set out in the Accountant's Report in Appendix I to this prospectus, for reclamation and related works contracts and building and infrastructure contracts, our Group uses the "percentage-of-completion method" to determine the appropriate amount of revenue to recognise in a given period, as measured by the proportion of contract costs incurred for work performed to date relative to the estimated total contract cost.
- (5) We acted as main contractor when the ultimate customer directly engaged us.
- (6) For marine transportation contracts, revenue is recognised upon the delivery of marine sand to the designated areas based on volume of sand delivered and is not determined by the "percentage-of-completion" method and hence percentage of work completed is not applicable.
- (7) The contract was originally awarded by Saling Syabas Sdn. Bhd. to our Group. By a letter of novation entered into between our Group, Saling Syabas Sdn. Bhd. and Bukit Pelali Properties Sdn. Bhd. dated 13 November 2016, Saling Syabas Sdn. Bhd. made a novation of its interest in the contract to Bukit Pelali Properties Sdn. Bhd.
- (8) Pending receipt of certificate of practical completion.
- (9) Please refer to the paragraph headed "The MBBJ Tower Project and our joint venture — JBB Kimlun" in this section below.

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Movement of our backlog

The following table sets forth the movement of backlog of our reclamation and related works contracts and building and infrastructure contracts, representing the total aggregate contract sum of works which yet to be completed pursuant to the terms of the outstanding contracts as at the date indicated below and assuming due performance in accordance with terms of the contract, during the Track Record Period and up to the Latest Practicable Date:

	30 June 2016		For the year ended 30 June 2017		30 June 2018		For the four months ended 31 October 2018		For the period from 1 November 2018 up to the Latest Practicable Date	
	Approximately RM'000	Number of contracts attributed	Approximately RM'000	Number of contracts attributed	Approximately RM'000	Number of contracts attributed	Approximately RM'000	Number of contracts attributed	Approximately RM'000	Number of contracts attributed
Opening backlog	216,016	7	219,543	8	215,585	11	197,730	15	237,871	15
Aggregate contract sum of new contracts commenced/additional variation orders of existing contracts ⁽¹⁾	168,534	6	245,153	6	158,630	16	91,845	6	523,926	8
Non-contract items	2		387		684		532		—	
Aggregate revenue recognised	(165,007)		(249,111)		(176,485)		(51,704)		(61,175)	
Aggregate revenue recognised for non-contract items	(2)		(387)		(684)		(532)		—	
Total revenue recognised	(165,009)		(249,498)		(177,169)		(52,236)		(61,175)	
Number of contracts completed		(5)		(3)		(12)		(6)		(5)
Closing backlog	219,543	8	215,585	11	197,730	15	237,871	15	700,622 ⁽²⁾	18

Notes:

- Contract sum of new contracts commenced represents the contract sum of new contracts including any variation orders issued by our customers during the contract period.
- Inclusive of approximately RM2.1 million relating to the MJB Tower Project to be recognised in future.
- Marine transportation contracts are not included in the above movement of backlog analysis. As at the Latest Practicable Date, there are 3 on-going marine transportation contracts expected to contribute approximately RM117.2 million.

Recent tendering

As at the Latest Practicable Date, we have submitted tenders or quotations for 11 contracts which are still pending results. These contracts comprise of 7 marine construction contracts and 4 building and infrastructure contracts, with a total original contract sum of approximately RM465.2 million, 7 of them are in advanced negotiation stage of the terms and conditions of the relevant contract. However, there is no guarantee that such contracts would be awarded to us eventually.

Given the positive trends and opportunities in the Malaysian marine construction and building and infrastructure industries as set out in the section headed “Industry Overview” in this prospectus, our track record and experience, and our continuous efforts to seek new tenders and projects, our Directors are of the view that we will continue to grasp new opportunities for works in the marine construction and building and infrastructure industries in Malaysia.

The MBBJ Tower Project and our joint venture — JBB Kimlun

During the Track Record Period, JBB Builders and Kimlun established a joint venture, namely JBB Kimlun, to tender for the MBBJ Tower Project, a project for the construction of the new Grade A office tower of 15-storey which will become the headquarters for the Johor Bahru City Council.

The joint venture agreement for JBB Kimlun dated 3 May 2017 was entered into in the form of a shareholders’ agreement (as supplemented by three supplemental shareholders’ agreements dated 9 May 2017, 16 May 2017 and 31 March 2019 respectively) between (i) JBB Builders; (ii) Kimlun; and (iii) JBB Kimlun.

We believe that by forming such joint venture, both parties may be able to increase the chances of being awarded the contract works of the MBBJ Tower Project by combining our credentials and experience, capabilities and technical expertise to facilitate the performance of works and provide more flexibility in capacity management. In addition, we were able to leverage on the synergy arising from the cooperation with Kimlun to accumulate more experience in undertaking larger scale and more complex building and infrastructure projects, broaden our customer base and expand our existing market in the building and infrastructure business.

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Pursuant to the said joint venture agreement, it was agreed that (1) all the works in the MBB Tower Project undertaken by JBB Kimlun shall be subcontracted to Kimlun; and (2) JBB Builders shall undertake the project management role. Kimlun shall be entitled to the full contract sum of the relevant main contract whereas JBB Builders shall be paid 2.5% for the project management services. The respective rights, interests, obligations and liabilities of JBB Builders, Kimlun and JBB Kimlun in relation to the MBB Tower Project are set out below.

Parties' interest Each of JBB Builders and Kimlun has 60% and 40% financial interest, respectively in JBB Kimlun.

Both parties agreed that Kimlun shall be the nominated subcontractor to undertake all the contract works awarded to JBB Kimlun under the main contract of the MBB Tower Project and Kimlun shall appoint JBB Builders to provide project management services in relation to the contract works awarded to JBB Kimlun. Kimlun shall be entitled to the full contract sum of the relevant main contract whereas JBB Builders shall be paid 2.5% for the project management services.

Performance of works All the main contract works awarded to JBB Kimlun have been subcontracted to and shall be performed by Kimlun.

Management, supervision and control JBB Kimlun is managed by its board of directors which consists of two directors. JBB Builders and Kimlun each shall have the right to appoint, remove or replace one director. Quorum for meetings of the board of directors of Kimlun shall be two directors with at least one JBB Builders appointed director and one Kimlun appointed director. All resolutions by the board of directors of JBB Kimlun shall be carried by a majority of votes with at least a vote from one JBB Builders appointed director and one Kimlun appointed director.

Bank accounts and working capital JBB Kimlun shall set up bank account(s) with licensed financial institutions which shall be operated by the board of directors of JBB Kimlun. The bank account(s) shall be operated jointly by two authorised signatories, one from the authorised signatory nominated by JBB Builders and the other from one of the three authorised signatories nominated by Kimlun.

The board of directors of JBB Kimlun shall determine the amount of working capital which is necessary for JBB Kimlun to perform the contract works based on the arrangement set out in the joint venture agreement.

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Default

In the event of a failure by a shareholder of JBB Kimlun to perform its obligation required to be carried out by a shareholder of JBB Kimlun for the purposes of the contract works awarded, the other shareholder may, but is not required to, take all steps necessary to fulfil the defaulting shareholder's obligations under the contract works awarded, and JBB Builders and Kimlun agree that all sums incurred by the non-defaulting shareholder in doing so shall be a debt owing from the defaulting shareholder to the non-defaulting shareholder and in settlement thereof, the defaulting shareholder assigns its right to payments from JBB Kimlun under the joint venture agreement, in favour of the non-defaulting shareholder up to the amount of all sums incurred by the non-defaulting shareholder in fulfilling such obligations, and JBB Kimlun shall make payment to the non-defaulting shareholder accordingly.

During the Track Record Period, JBB Builders had also been awarded the subcontract for the construction of temporary steel structure support system for the MBBJ Tower Project by Kimlun as part of the joint venture arrangement. For details of such contract, please refer to the paragraph headed "Our contracts — Completed contracts" in this section. For details of the accounting treatment of JBB Kimlun, please refer to the section headed "History, Reorganisation and Corporate Structure — Corporate structure and development — (e) JBB Kimlun — Accounting treatment of JBB Kimlun and under the Listing Rules and Companies Ordinance" in this prospectus.

OUR WORKFLOW

For illustration purposes, the general workflow of our marine construction and building and infrastructure projects is as follows:

Steps	Work	Timeline
1	Project identification ↓	
2	Tendering and quotation ↓	Approximately 1 to 6 months
3	Contract award and acceptance ↓	
4	Pre-construction design and development (<i>Note</i>) ↓	Approximately 1 to 2 months
5	Execution and implementation ↓	Approximately 6 to 30 months
6	Completion ↓	
7	Defect liability period	Up to 27 months after completion

Note: Only applicable to contracts which are of a design and build basis such as certain contracts for reclamation works

(1) Project identification

We generally identify potential projects through open tenders for contracts on newspapers, letters of invitation from customers/consultants or direct contact from customers to our management. Our manager for the contracts division shall identify prospective contracts. Depending on the nature of the works, information on open tenders is generally obtained from tender notices as advertised in newspapers and letters of invitation from customers. Based on our track record and reputation, some of our customers who have engaged us in previously completed or ongoing contracts may refer new or potential customers to us.

When a tender opportunity or a potential contract is identified, we will make an assessment on whether to proceed with such opportunity or potential contract. In our assessment, we consider, among other things: (i) background of the customer and business relationship with us; (ii) suitability of the contract in view of the services to be provided by us; (iii) profitability of the contract; (iv) workload requirements of our

current contracts; and (v) whether we have enough resources to maintain our standard of quality for new contracts. Based on such assessment, we consider whether to bid for the tender or accept the request for a quotation.

(2) Tendering and quotation

When our Group decides to pursue a particular potential contract, our contracts division team will commence the preparation of the proposal or relevant tender documents in accordance with the requirements of the potential customers. We will assess the technical requirements, proposed schedule, quality expectation, quantity expectation, allocation of resources and costs for the works under the contract to determine the details of a tender proposal or quotation.

For reclamation works which are of a design and build basis, our contracts division staff will come up with a preliminary design proposal, with the assistance of our technical team and/or advice by external consultants such as geotechnical consultants which we have engaged, to best suit our customer's requirements and specifications. The preliminary design proposal generally includes the assessment of slope radiance, estimation of the volume of sand required and work flow in order to determine suitable work methodology for completing the reclamation work. Once the customer has accepted the preliminary design proposal, a quotation will be submitted. Depending on the type of projects, we may need to put up a fixed sum of tender deposit when submitting our tender.

Subsequent to the submission of quotation or tender, we will answer queries on the submitted documents or attend tender interview. Based on the customer's feedback, we will refine the preliminary design proposal until the customer is satisfied with the preliminary design proposal. Our contracts division staff are responsible for negotiating the scope of services and contract terms with our customer.

For marine transportation works, initial study and hydrographic survey will be conducted on the sand concession area to check for depth of water. This information, together with the information on the distance between the sand source and the designated reclamation site will be used to assess and determine the number and type of vessels and equipment required to execute the relevant job. We normally obtain our marine transportation work through bilateral discussions with our customers who sign marine transportation contracts directly with project owners.

Pricing strategy

We generally take into account a number of factors in deciding our price. Such factors include (i) complexity, methodology and construction period of the contract; (ii) our business relationship with the customer; (iii) prevailing market rates, market trends and recent quotations; (iv) our available resources, such as the availability of subcontractors, materials and equipment; (v) our costs; and (vi) tender or quotation requirements and specifications. Our senior management will review and endorse our proposal for submission.

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Tender and quotation success rate

The following table sets out the number of contracts we have submitted tender or quotation for, the number of contracts we have been awarded and our success rate during the Track Record Period:

	2016			Year ended 30 June 2017			2018			Four months ended 31 October 2018		
	No. of tender or quotation submitted	No. of contracts awarded	Success rate (%)	No. of tender or quotation submitted	No. of contracts awarded	Success rate (%)	No. of tender or quotation submitted	No. of contracts awarded	Success rate (%)	No. of tender or quotation submitted	No. of contracts awarded	Success rate (%)
Marine construction	2	1	50.0	11	7	63.6 <i>(Note 1)</i>	15	14	93.3 <i>(Note 2)</i>	6	5	83.3
Building and infrastructure	3	3	100.0	3	3	100.0	8	5	62.5 <i>(Note 3)</i>	4	4	100.0
Total	<u>5</u>	<u>4</u>	<u>80.0</u>	<u>14</u>	<u>10</u>	<u>71.4</u>	<u>23</u>	<u>19</u>	<u>82.6</u>	<u>10</u>	<u>9</u>	<u>90.0</u>

Notes:

- Of the 11 tenders or quotations submitted, 3 were unsuccessful, 7 contracts were awarded and the result of the remaining tender is still pending as at the Latest Practicable Date.
- Of the 15 tenders or quotations submitted, 14 contracts have been awarded to us and the result for the remaining quotation is still pending as at the Latest Practicable Date.
- Of the 8 tenders or quotations submitted, 2 were unsuccessful, 5 contracts were awarded and the result of the remaining tender is still pending as at the Latest Practicable Date.

Our success rate in relation to tender or quotation submitted depends on the type of contract work to be undertaken and our relationship with the relevant potential customer. We believe that our success rate for the year ended 30 June 2016 was not indicative due to the small number of tenders and quotations submitted. Our success rate increased from approximately 71.4% for the year ended 30 June 2017 to approximately 82.6% for the year ended 30 June 2018, and it further increased to 90.0% for the four months ended 31 October 2018.

(3) Contract award and acceptance

Letter of award will be issued to us after a successful tender or after our customer has accepted our quotation, which is a binding contract, and we will enter into a formal contract with our customer. Depending on the nature of our contracts, we may be requested by customers to arrange for the payment of performance bonds, normally at 5% of the original contract sum or in fixed sum. During the Track Record Period, an aggregate of 5 contracts with approximately RM155.3 million original contract sum required us to arrange for the payment of performance bond. For details of the general terms of our contracts with our customers, please refer to the paragraph headed “Our customers — General terms of contracts with customers” in this section.

(4) Pre-construction design and development

For reclamation works which are of a design and build basis, after the award of the contract and before proceeding to the execution and implementation stage, we will work with our technical staff and/or external consultants such as geotechnical consultants which we have engaged to prepare a detailed design document for the project. The detailed design document generally includes design criteria, technical analyses and detailed design drawing for implementation of the project. We will liaise with the customer and refine the detailed design document and we will submit the finalised document for the customer's assessment and approval. Once the customer has accepted the detailed design document, we will proceed to the execution and implementation stage.

(5) Execution and implementation

Generally, the execution and implementation stage will involve the following steps:

Project management team

Depending on the nature of the work involved, such as the complexity and type of the relevant contract, we will form a project management team for each contract and the team generally comprises a project manager, site manager, project engineer, site supervisor, site safety supervisor and a number of technical staff who are responsible for the supervision and the day-to-day operations of works under the contract. Our execution process includes devising a detailed execution plan, supervising the subcontractors, the overall execution, monitoring costs and budgets, preparing and submitting progress reports and ensuring execution is in accordance with the contract requirements and specifications.

After the award of the contract by our customer, our contracts division will carry out procurement of subcontractors, including the selection of subcontractors, negotiation with the subcontractors and award of works to subcontractors. Our contracts division will coordinate with the project team to ensure that subcontracted works required for the contract are delivered and executed as per the contract schedule and requirements. Our contracts division will negotiate on the contract terms with the subcontractors, and once the subcontracting arrangements have been formalised, the subcontractors are obligated to fulfil the supply requirements and the subcontracted works in accordance with the contract schedule.

For further details of our subcontracting arrangements, please refer to the paragraphs headed "Our suppliers — Subcontracting — Major terms of subcontracting arrangements" and "Our suppliers — Subcontracting — Selection and management of subcontractors" in this section.

Monitoring and quality management

Members of the project management team will closely monitor and supervise our works to ensure they conform to the design drawing and specifications. We will conduct periodic progress meetings to address specific issues and the project management team will prepare reports on the site progress.

Variation orders

Our customers may require additional services or changes in the specifications during the course of the performance of a contract, which will cause extra works and extra costs to be charged by us to our customers. The works under such variation orders are generally to be agreed upon between our Group and our customers and such cost amount varies and will be charged in addition to the original contract sum. Instructions may also be given by our customers to vary the contract works that can be modifications and/or cancellations of certain part of the works. As less work would be performed under such circumstances, the actual payments we receive for the relevant contract may be less than the original contract sum.

Application for payment and certification

We normally receive progress payments during the contract period on a monthly basis. Please refer to the paragraph headed “Our customers — Credit terms with our customers” in this section below for details.

Similarly, our suppliers are entitled to receive payments for materials and equipment delivered to the site according to the payment terms set out in the supply contract and our subcontractors are entitled to receive progress payments with similar terms as us. Our subcontractors will also make an application for interim payment and we will inspect the completed works before issuing a payment certificate. We will then make payment to our subcontractors.

(6) Completion

In general, there is a practical completion date when our contract works are completed and our customers are satisfied with our work. This date is signified by the issue of a certificate of practical completion or other similar document by our customer certifying that the work under the contract can be handed over to the customer. Upon issuance of the certificate of practical completion or other similar document, generally 50% of the retention money will be released to us and the remaining 50% will be released to us upon expiry of the defect liability period.

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(7) Defect liability period

The entire contract period normally includes a defect liability period during which we remain responsible for rectifying any defects identified by our customers or their consultants without additional charge. The defect liability period of our contracts is generally 3 to 27 months after the practical completion date of the contract.

We were not subject to any claims for material defects by our customers during the Track Record Period.

EQUIPMENT AND MACHINERY

Owned equipment, machines and motor vehicles

We possess our own equipment and machinery for performing different types of marine construction works and building works. The following table sets out the useful life and average age of our major types of equipment, machines and motor vehicles as at the Latest Practicable Date:

Type of equipment, machines and motor vehicles	Major type of works	Number of equipment, machines and motor vehicles	Expected useful life	Average age
Excavators	Reclamation works	7	5	9
Articulated dump trucks	Reclamation works	38	5	10
Bulldozers	Reclamation works	3	5	18

After considering the conditions of the equipment, machines and motor vehicles, we determine the expected useful life of our major types of equipment, machines and motor vehicles to be 5 years from the date of purchase, for accounting purposes. This is consistent with the general rates of capital allowances for tax rulings and the rates adopted in the construction industry in general.

The age of our equipment, machines and motor vehicles is calculated from the year of manufacturing of the relevant equipment, machine or motor vehicle. As some of our equipment, machines and motor vehicles are not purchased directly from the manufacturer but are reconditioned ones purchased from the previous owners, the average age of such equipment, machines and motor vehicles would exceed their expected useful life.

During the Track Record Period, our Group acquired equipment and machinery in the aggregate sum of approximately RM13.8 million. As at 31 October 2018, the aggregate net book value of our equipment and machinery was approximately RM9.9 million.

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Due to the nature of our operations, it is not feasible nor practicable to accurately quantify the utilisation rates of our equipment for the following reasons:

- (i) we have no right to take exclusive continuous possession of the sites where we carry out our works and we are often required to carry out our works concurrently or in stages with the works of other parties on the site in accordance with the instructions of our customers regarding the sequence and timing of our works. Accordingly, our equipment may from time to time be left unused at active construction sites, pending completion of other construction steps. Accordingly, the utilisation rate of each individual equipment cannot be accurately determined as it is not practicable to record the time at which a particular equipment is used or left unused at an active construction site; and
- (ii) our Group worked on a range of marine construction works during the Track Record Period which involved a number of construction steps. A construction step may involve several procedures, and each procedure may require the use of various types of equipment. Accordingly, it would be difficult to reliably measure the actual utilisation rate of each individual equipment on a daily or hourly basis as these procedures may vary depending on, among other factors, the complexity of the work and condition of the construction site.

In view of the above, the collection of reliable and accurate data, including the hourly usage rate of each individual equipment as required for the calculation of the utilisation rates is therefore not feasible in practice.

Chartered vessels

During the Track Record Period, as part of our subcontracting arrangements, our Group chartered on average around 16, 21, 29 and 35 sand carriers per month from third parties for each of the three years ended 30 June 2018 and the four months ended 31 October 2018 respectively. We have entered into master framework agreements with 19 vessel owners of sand carriers to ensure we can mobilise a stable supply of vessels for our marine construction works. During the Track Record Period, these vessel owners supplied us with an aggregate of 47 sand carriers. Each of the master framework agreements has a term of five years, and until terminated in accordance with the terms of such master framework agreements, the term shall be automatically extended by further periods of five years upon its expiry.

Pursuant to such master framework agreements, the vessel owners shall exclusively make available vessels to us whenever requested and directed by us. To charter vessels, we are required to complete and submit or cause to be completed and submitted to the vessel owner a purchase order and all other forms and documents as may be required by the vessel owner. There is no minimum quantity of vessels to be hired or chartered by us as contained in the agreements, and the terms and fees for the hire and charter of each vessel shall be determined on an order-by-order basis for the purpose of hiring and chartering each individual vessel. Under the terms of such master framework agreements, the vessel owners

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shall ensure that the vessel provided shall be suitable for such purposes and delivered to the mutually agreed location fully tanked with fuel, hydraulic fluid, lubricated, manned, provisioned and ready in all respects for us as requested and directed by us.

We believe that the reasons for the vessel owners to enter into the master framework agreement with us include (i) our market position and reputation; (ii) our stable business relationship with such owners; (iii) our track record in handling scalable reclamation works; and (iv) their past experience in dealing with us.

OUR CUSTOMERS

Over the years, we have established a diversified customer base. During the Track Record Period, our customers include contractors and developers from Malaysia, Japan and the PRC.

Major customers

The following tables set out the details of our five largest customers during the Track Record Period:

For the year ended 30 June 2016

Rank	Name of customer	Types of services provided	Year in which the customer first started to have business relationship with our Group	Approximate amount of revenue attributable (RM'000)	Approximate percentage of revenue of our Group (%)
1.	Customers controlled by Individual M ⁽¹⁾	Various	Various	121,482	43.1
2.	Customer A ⁽²⁾	Reclamation and related works	2013	78,142	27.7
3.	Changda Road & Bridge Construction Sdn. Bhd. ⁽³⁾	Reclamation and related works ⁽⁴⁾	2015	58,447	20.7
4.	Country Garden ⁽⁵⁾	Reclamation and related works ⁽⁴⁾	2014	17,114	6.1
5.	Unibase Corporation Sdn. Bhd. ⁽⁶⁾	Reclamation and related works	2013	2,690	1.0
Total				277,875	98.6

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For the year ended 30 June 2017

Rank	Name of customer	Types of services provided	Year in which the customer first started to have business relationship with our Group	Approximate amount of revenue attributable (RM'000)	Approximate percentage of revenue of our Group (%)
1.	Customers controlled by Individual M ⁽¹⁾	Various	Various	251,221	48.9
2.	Country Garden and Country Garden Logistic Management Sdn. Bhd. ⁽⁵⁾⁽⁷⁾	Reclamation and related works ⁽⁴⁾	2014	169,263	32.9
3.	Xinsha Holding Pte Ltd ⁽⁸⁾	Marine transportation of sand	2016	39,993	7.8
4.	Changda Road & Bridge Construction Sdn. Bhd. ⁽³⁾	Reclamation and related works ⁽⁴⁾	2015	30,093	5.9
5.	Customer A ⁽²⁾	Reclamation and related works	2013	22,259	4.3
Total				512,829	99.8

For the year ended 30 June 2018

Rank	Customer	Types of services provided	Year in which the customer first started to have business relationship with our Group	Approximate amount of revenue attributable (RM'000)	Approximate percentage of revenue of our Group (%)
1.	Customers controlled by Individual M ⁽¹⁾	Various	Various	300,984	56.0
2.	Xinsha Holding Pte Ltd ⁽⁸⁾	Marine transportation of sand	2016	121,180	22.6
3.	Customer A ⁽²⁾	Reclamation and related works	2013	41,556	7.7
4.	Country Garden and Country Garden Logistic Management Sdn. Bhd. ⁽⁵⁾⁽⁷⁾	Reclamation and related works ⁽⁴⁾	2014	37,152	6.9
5.	Kimlun ⁽⁹⁾	Building and infrastructure	2017	17,378	3.2
Total				518,250	96.4

For the four months ended 31 October 2018

Rank	Customer	Types of services provided	Year in which the customer first started to have business relationship with our Group	Approximate amount of revenue attributable (RM'000)	Approximate percentage of revenue of our Group (%)
1.	Customers controlled by Individual M ⁽¹⁾	Various	Various	101,123	84.1
2.	Kimlun ⁽⁹⁾	Building and infrastructure	2017	9,087	7.6
3.	Country Garden and Country Garden Logistic Management Sdn. Bhd. ⁽⁵⁾⁽⁷⁾	Reclamation and related works ⁽⁴⁾	2014	7,994	6.6
4.	Pembinaan Yeng Tong Sdn. Bhd. ⁽¹⁰⁾	Marine transportation of sand	2018	1,391	1.2
5.	Tropical City (M) Sdn. Bhd. ⁽¹¹⁾	Reclamation and related works	2015	533	0.4
Total				120,128	99.9

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Notes:

- (1) Please refer to the paragraph headed “Concentration of customers controlled by Individual M” in this section below.
- (2) Customer A is an individual who is the head of one of the states of Malaysia.
- (3) Changda Road & Bridge Construction Sdn. Bhd. is a company incorporated in Malaysia which engages in road construction services and is an indirect wholly-owned subsidiary of Guangdong Provincial Communication Group Co., Ltd* (廣東省交通集團有限公司), a PRC state-owned enterprise.
- (4) Works undertaken for contracts in relation to the Forest City Project.
- (5) Country Garden is a company incorporated in Malaysia which engages in property development, and is a company owned indirectly as to 60% by Country Garden Holdings Company Limited, a company whose shares are listed on the Main Board of the Stock Exchange. Country Garden Holdings Company Limited is incorporated in the Cayman Islands. It is an investment holding company and its subsidiaries are principally engaged in property development, construction, property management, property investment and hotel operation. Country Garden Holdings Company Limited recorded revenue and net profit of approximately RMB379.1 billion and RMB48.5 billion respectively for the year ended 31 December 2018 according to its 2018 annual report.
- (6) Unibase Corporation Sdn. Bhd. is a company incorporated in Malaysia which principally engages in the business of building and general contractors, civil engineering works and investment holding. It is an indirect wholly-owned subsidiary of Crescendo Corporation Berhad, an investment holding company incorporated in Malaysia and listed on Bursa Malaysia whose subsidiaries are principally engaged in property development, investment holding, construction, property investment and management, trading and manufacturing of concrete products, trading in building materials and providing educational services. According to its 2018 annual report, the group of Crescendo Corporation Berhad recorded revenue and net profit of approximately RM277.2 million and RM37.1 million respectively for the year ended 31 January 2018.
- (7) Country Garden Logistics Management Sdn. Bhd. is a company incorporated in Malaysia which engages in logistic services and earthworks. It is an associate company of Country Garden Holdings Company Limited.
- (8) Xinsha Holdings Pte Ltd is a company incorporated in Singapore which engages in commodity trading, shipping, marine, mining and brokering etc.
- (9) Kimlun is a company incorporated in Malaysia principally which engages in the business of building and infrastructure contractors. It is a wholly-owned subsidiary of Kimlun Corporation Berhad, an investment holding company incorporated in Malaysia and listed on Bursa Malaysia. Principal activities of its subsidiaries include the business of building and infrastructure contractors, property development and investment, manufacturing and trading of all kinds of building and construction materials, provision of quarry services and machinery rental services. According to its 2017 annual report, Kimlun Corporation Berhad recorded consolidated revenue and net profit of approximately RM985.2 million and RM68.3 million respectively for the year ended 31 December 2017.
- (10) Pembinaan Yeng Tong Sdn. Bhd. is a company incorporated in Malaysia which engages in marine construction works. It was also our shore protection works subcontractor during the Track Record Period. For further details, please refer to the paragraph headed “Our Suppliers” in this section below.

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- (11) Tropical City (M) Sdn. Bhd. is a company incorporated in Malaysia which principally engages in processing and trading of processed river and mining sand. It is owned as to 50% by Dato' Ng and is a connected person of our Company. For further details, please refer to the sections headed "Relationship with Controlling Shareholders" and "Continuing Connected Transactions" in this prospectus.

All of our Group's five largest customers during the Track Record Period were Independent Third Parties. None of our Directors, their close associates or our Shareholders (whom to the knowledge of our Directors own more than 5% of the issued Shares) had any interest in any of our Group's five largest customers during the Track Record Period. We have maintained a good business relationship with our five largest customers for an average of over three years.

For each of the three years ended 30 June 2018 and the four months ended 31 October 2018, the aggregate revenue generated from our five largest customers represented approximately 98.6%, 99.8%, 96.4% and 99.9% respectively of our total revenue, while the revenue generated from our largest customer represented approximately 43.1%, 48.9%, 56.0% and 84.1% respectively of our total revenue.

Despite the fact that aforesaid figures during the Track Record Period exhibit a certain degree of revenue concentration from major customers, our Directors consider that we do not overly rely on our top five customers or any single project because:

- (1) according to the Ipsos Report, in 2016, our Group was one of the key active industry players (i.e. industry players that are actively participating in the works of reclamation in Malaysia with over 10% market share based on the provision of land reclamation services in 2016) in the marine construction works segment based on the provision of land reclamation services in Johor, with the largest estimated market share of approximately 33.0%. There were three other key active industry players with estimated market shares of approximately 24.0%, 24.0% and 14.0% respectively;
- (2) according to the Ipsos Report, land reclamation works may sometimes need a longer period for preparation and planning before construction work is commenced. As land reclamation projects typically span for many years and necessitate large amounts of capital from initiation to completion, the projects are inherently associated with high element of risks, leading to developers to take extra precaution in planning before the execution of such works. Due to this high-risk nature, not many developers have the financial capacity and resources to carry out land reclamation works in Malaysia/Johor, which is illustrated by the presence of small numbers of developers that are engaged in land reclamation works in Johor. Consequently, this results in the presence of a few large-scale land reclamation projects which span for prolonged periods of time. As such, according to the Ipsos Report, it is relatively common and is perceived as an industry norm for marine construction or land reclamation companies in Malaysia/Johor to experience customer concentration (i.e. developers), especially when a land reclamation contract spans for many years and requires a significant amount of time, resources and capacity for completion. This is illustrated by the limited number of land reclamation projects and developers that

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have been present in Johor since 2013. Please refer to the section headed “Industry Overview” in this prospectus for further details of the market landscape of the industry;

- (3) the marine construction works we have undertaken during the Track Record Period were mainly related to property development projects in Johor. Our Directors believe that the property development market requiring involvement of marine construction works in Johor, is characterised by the presence of a small number of sizeable developers as discussed above. Together with the considerable size and scale of the works which we have undertaken during the Track Record Period, the potential customer base of our Group is limited and our Directors consider that this situation is a general phenomenon of the industry and is not specific to our Group;
- (4) the contracts that we have obtained from our customers were secured by reference to each customer’s own criteria in a competitive process. For reclamation and related works, we generally secure contracts following an open tender process;
- (5) our Group undertakes project works of considerably different scales. Due to the considerable size of the relevant project, some of the durations of our contracts typically spread over periods longer than one year. A sizeable project for which we undertake works may contribute to a significant portion of our revenue over that particular period, which would result in the relevant customer becoming one of our top customers in that particular period. Accordingly, some of our major customers were among our top five customers in terms of revenue for consecutive years during the Track Record Period. Our Directors consider this as a common occurrence in our industry and is not specific to our Group;
- (6) we have been the preferred transportation agent engaged by Sharikat Sukma Kemajuan to manage its marine transportation works since 2014. As further explained in the paragraph headed “Relationships among certain top customers of our Group” in this section below, due to the established business relationship and mutual trust, and understanding of the ability of and need for each other, we are able to execute works under contracts smoothly and facilitate Sharikat Sukma Kemajuan to manage its projects efficiently. On this basis, there is a mutual and complementary business benefit between us, and it would be difficult for Sharikat Sukma Kemajuan to replace us with another contractor with similar track record and ability, without spending time and effort to achieve the level of efficiency that we currently offer. Our Directors also believe that our relationship with Sharikat Sukma Kemajuan is unlikely to be materially adversely changed or terminated;
- (7) according to the Ipsos Report, there are high natural barriers for new entrants to enter into the marine construction industry in Malaysia. New entrants lack the experience, relationship with customers and proven track record of being able to provide efficient, safe and reliable execution of marine construction works. Significant capital investment and management over a number of years are necessary to develop such experience, networks and track record. We have

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maintained stable business relationships with our major customers and our Directors believe that due to the sizes of the project works that we have undertaken during the Track Record Period, it would be difficult and not commercially viable for them to replace us with other players in the marine construction industry;

- (8) we have actively tendered for new projects in Malaysia. As at the Latest Practicable Date, we have submitted tenders or quotations for 11 contracts with a total original contract sum of approximately RM465.2 million which are still pending results. Of such tenders or quotations, 7 of them were in advanced negotiation stage of the terms and conditions of the relevant contract. Out of these contracts which were in advanced negotiation stage, (i) 5 of these contracts with a total original contract sum of RM134.7 million (which represents approximately 58.6% of the total original contract value of the 7 prospective contracts), if being awarded, are not by any of our top five customers during the Track Record Period; and (ii) 3 of such contracts, if being awarded, are not by any existing customers of our Group during the Track Record Period. Further, we have also been actively trying to expand our customer base. For the year ended 30 June 2018 and the four months ended 31 October 2018, we had 3 new customers and subsequent to the Track Record Period, we had secured contracts with 5 new customers, including a marine construction contract (inclusive of reclamation and related works, and marine transportation) by a new customer, which is an Independent Third Party, with an original contract sum of approximately RM323.9 million; and
- (9) our Group will continue to expand our customer base and intends to use the net proceeds from the Global Offering to purchase our own sand carrier and new machineries in the near future and to enhance our financial position to bid and undertake more and larger scale projects. We also intend to hire additional personnel for our management team for building and infrastructure works for the purpose of supporting the development of our Group's building and infrastructure works business. When a contract awarded by a major customer has been completed and in the event that such major customer does not give us new business shortly thereafter, our Directors believe that we will have extra capacity to handle other potential contracts from other customers in view of the expected growth in the marine construction industry in Malaysia in the near future according to the Ipsos Report.

For details of the risk on revenue concentration, please refer to the section headed "Risk Factors — Risks relating to our business — Our Group's top five customers accounted for approximately 98.6%, 99.8%, 96.4% and 99.9% of our Group's total revenue for the Track Record Period. Failure to retain our business relationships with them or secure new business may affect our Group's operations and financial performance" in this prospectus.

Relationships among certain top customers of our Group

To the best knowledge of our Directors, the relationships among certain top customers of our Group are set out below:

(i) Sharikat Sukma Kemajuan

Sharikat Sukma Kemajuan is owned as to 70% by Individual M, 15% by Individual A and 15% by Individual R. Individual M, Individual A and Individual R are brothers. Each of Individual M, Individual A and Individual R is a director of Sharikat Sukma Kemajuan.

(ii) Astaka Padu (subsidiary of Astaka Holdings, a company listed on the Singapore Exchange)

Astaka Padu is a wholly-owned subsidiary of Astaka Holdings Limited (“**Astaka Holdings**”), a company whose shares are listed on the Singapore Exchange. Individual M is a controlling shareholder of Astaka Holdings indirectly owning as to approximately 66.55% of its issued share capital. Each of Individual A and Individual R is a director of Astaka Padu. None of Individual M, Individual A or Individual R is a director of Astaka Holdings. During the Track Record Period, our Group entered into sale and purchase agreements and deed of mutual covenants for the purchase of certain properties in Johor from Astaka Padu. As at the Latest Practicable Date, all such sale and purchase agreements have been terminated and revoked. For further details regarding the said transactions with Astaka Padu, please refer to the section headed “Continuing Connected Transactions — Discontinued connected transactions” in this prospectus.

(iii) Bukit Pelali Properties Sdn. Bhd. (“Bukit Pelali”)

Bukit Pelali is owned as to 51% by Astaka Padu and 49% by Saling Syabas Sdn. Bhd., a company which is controlled by Individual M. In this connection, Bukit Pelali is a company ultimately controlled by Individual M. Individual M is not a director of Bukit Pelali.

(iv) Country Garden

Country Garden, one of our top five customers for the three years ended 30 June 2018 and the four months ended 31 October 2018, is owned as to 60% indirectly by Country Garden Holdings Company Limited (“**Country Garden Holding Company**”) and 40% by Company E, a company owned as to 64% by Customer A, 20% indirectly by the Government of the State of Johor, 15.6% by Individual M and 0.4% indirectly by the Country Garden Holding Company. Individual M is a director of Country Garden.

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To the best knowledge and belief of our Directors:

- (1) each of Individual M, Individual A, Individual R, Sharikat Sukma Kemajuan, Astaka Padu, Bukit Pelali and Country Garden is an Independent Third Party. Save for Dato' Ng, who had purchased shares in Astaka Holdings from the open market representing approximately 0.2% of its issued share capital, none of our Directors, their respective close associates, or any Shareholder, to the best knowledge of our Directors, has any interest in Sharikat Sukma Kemajuan, Astaka Padu, Bukit Pelali or Country Garden during the Track Record Period or is an associate of Individual M, Individual A or Individual R;
- (2) each of the abovementioned customers is a separate party and/or business which has its own independent management team with a separate and independent decision making process:
 - Sharikat Sukma Kemajuan is a company incorporated in Malaysia with limited liability on 17 March 1972 and has a total issued share capital of RM4,000,000 and 16 employees. Sharikat Sukma Kemajuan is a sister company of the sole authorised agent of sand concession owners in Johor, both being controlled by Individual M, and its business includes managing sand extraction and transportation. The day to day operations and management of Sharikat Sukma Kemajuan are undertaken by Individual A and a separate management team. Based on the understanding of our Directors, Sharikat Sukma Kemajuan has been working closely with the sole authorised agent of sand concession owners. Since 2002, Sharikat Sukma Kemajuan would often be awarded with the contract for marine transportation works in relation to reclamation and related works projects from the project owners (e.g. property developers) that are purchasing sand from the sand supplier.

In 2014, due to the increase in scale of marine construction projects and surge in demand for marine sand in Johor, Sharikat Sukma Kemajuan's resources, equipment and expertise became insufficient and it had to subcontract the marine transportation works to one or more contractors that have the specialised technical background and expertise, extensive industry experience and know-how and the ability to provide integrated solutions in marine construction services that include both marine transportation and reclamation services on a large scale to cope with its business needs.

It happened that we have already been acquainted with Sharikat Sukma Kemajuan in 2013, after a contract was awarded to us through a competitive and arms-length process in an open tender in a reclamation and related works project by Unibase Corporation Sdn. Bhd., an Independent Third Party and to the best knowledge of our Directors, a party independent of Sharikat Sukma Kemajuan. In the same project, we also acted as a subcontractor in the marine transportation works in which Sharikat Sukma Kemajuan was the preferred transport agent of the sole authorised agent of the sand concession

owners. In such project, Sharikat Sukma Kemajuan was given the opportunity to understand our expertise and ability to provide integrated solutions in marine construction works. Such understanding has therefore led to our subsequent cooperation with Sharikat Sukma Kemajuan in the Forest City Project in 2014, in particular, during the surge in demand for marine construction related services as mentioned in the preceding paragraph, and when Sharikat Sukma Kemajuan evolved to operate its business through subcontracting the transportation works to its subcontractors while focusing on coordinating the entire business process flow by its own management team.

As we continue to undertake more large-scale marine construction works in Johor and to provide marine transportation services to customers of Sharikat Sukma Kemajuan, Sharikat Sukma Kemajuan decided to enter into a strategic alliance with our Group to undertake the related marine transportation works. Under the strategic alliance, Sharikat Sukma Kemajuan appoints us as its continuing and long term preferred contractor to provide the services of, amongst others, arranging and managing the transportation requirements of Sharikat Sukma Kemajuan by arranging the charter of vessels to deliver sand to its customers from time to time for each and every project or assignment undertaken by Sharikat Sukma Kemajuan at the instructions or request from its current and future customers. Based on the understanding of our management, our Group is currently the preferred transportation agent engaged by Sharikat Sukma Kemajuan to execute the marine transportation works awarded to it, and we have been the sole transportation agent engaged by Sharikat Sukma Kemajuan to manage its marine transportation works since 2014 due to our established business relationship and the mutual trust, and understanding of the ability of and need for each other, which enable smooth execution of works under contracts and facilitate Sharikat Sukma Kemajuan to manage its projects more efficiently;

- Each of Astaka Padu and Bukit Pelali is engaged in property development and we were engaged by them in undertaking building and infrastructure works. Astaka Padu is a wholly-owned subsidiary of Astaka Holdings. Even though Individual M is a controlling shareholder of Astaka Holdings, Astaka Holdings, whose shares are listed on the Singapore Exchange, has a separate and independent management team and corporate governance process and none of Individual M, Individual A or Individual R is a director of Astaka Holdings, or is involved in the day to day operations and management of Astaka Padu. Bukit Pelali is a joint venture formed between Astaka Padu and a company controlled by Individual M as a special purpose vehicle in one property development project located in Pengerang, Johor. Individual M is not a director of Bukit Pelali and the day to day operations and management of Bukit Pelali are undertaken by a separate management team from Astaka Padu. Our contracts with Bukit Pelali were secured following an open tender process;

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- Country Garden is engaged in property development and we were engaged by them in undertaking reclamation and related works in relation to the Forest City Project. Country Garden is owned as to 60% indirectly by the Country Garden Holding Company. The Country Garden Holding Company has a separate independent management team and corporate governance process. Although Individual M is one of the directors of Country Garden, its board of directors consists of 7 members of which 4 members were nominated by and representing the Country Garden Holding Company. The day to day operations and management of the Forest City Project are undertaken by Country Garden's own separate management team, and that overall strategic planning and overall management of the Forest City Project are controlled by the Country Garden Holding Company. The remaining 40% shareholder of Country Garden, Company E, is of a role of a passive investor in Country Garden and the Forest City Project.
- (3) contracts that we have obtained from the abovementioned customers were secured by reference to each customer's own criteria in a competitive process with no material difference as compared to our Group's other Independent Third Party customers, and in particular, in the case of each of Astaka Padu, Bukit Pelali and Country Garden, the contracts were awarded to us through an open tender process. Our Directors confirmed that negotiation of the terms of our contracts with each of the abovementioned customers were conducted separately and the contracts were neither inter-connected nor inter-conditional with each other. The terms of transactions with Sharikat Sukma Kemajuan, Astaka Padu, Bukit Pelali and Country Garden are similar to those transactions with our other customers which our Directors considered to be on normal commercial terms.

Overlapping of customer and supplier

Sharikat Sukma Kemajuan was one of our top five customers for the three years ended 30 June 2018 and the four months ended 31 October 2018 for marine transportation services, while Teratai Senandung Sdn. Bhd. was one of our top five suppliers for the three years ended 30 June 2018 and the four months ended 31 October 2018 during which we chartered vessels owned by them to provide marine transportation services. Sharikat Sukma Kemajuan is engaged in marine transportation works in relation to sand and Teratai Senandung Sdn. Bhd. is the owner of certain sand carriers, engaging in shipping transportation. Sharikat Sukma Kemajuan is owned as to 70% by Individual M, 15% by Individual A and 15% by Individual R, and Teratai Senandung Sdn. Bhd. is owned as to 50% by Individual A and 50% by Individual R.

During the Track Record Period, our services to Sharikat Sukma Kemajuan amounted to approximately RM113.9 million, RM224.6 million, RM239.5 million and RM66.5 million, representing approximately 40.4%, 43.7%, 44.5% and 55.3% of our revenue for each of the three years ended 30 June 2018 and the four months ended 31 October 2018, respectively. During the Track Record Period, we chartered sand carriers owned by Teratai Senandung Sdn. Bhd. in providing marine transportation services for our customers, and subcontracting fees paid to Teratai Senandung Sdn. Bhd. amounted to approximately

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RM17.0 million, RM32.5 million, RM49.6 million and RM17.3 million, representing approximately 6.9%, 7.0%, 10.6% and 16.1% of our total direct costs for each of the three years ended 30 June 2018 and the four months ended 31 October 2018, respectively.

Our Directors confirmed that negotiations of the salient terms of our sales to Sharikat Sukma Kemajuan and terms of subcontracting to Teratai Senandung Sdn. Bhd. were conducted separately and the sales and subcontracting were neither interconnected nor inter-conditional with each other. The terms of transactions with Sharikat Sukma Kemajuan and subcontracting to Teratai Senandung Sdn. Bhd. were similar to those transactions with our other customers and suppliers, which our Directors considered to be on normal commercial terms. Our Directors believe that Sharikat Sukma Kemajuan subcontracted us instead of Teratai Senandung Sdn. Bhd. to provide marine transportation services because of our expertise in fleet management, the number of sand carriers we can mobilise and our track record in providing large scale marine transportation services.

China Communications Construction Company (M) Sdn. Bhd., one of our top suppliers for the year ended 30 June 2017, was one of our customers for the four months ended 31 October 2018 in the provision of marine transportation services. China Communications Construction Company (M) Sdn. Bhd. awarded us with a contract with original contract sum of approximately RM27.7 million during the four months ended 31 October 2018. For the four months ended 31 October 2018, our services to China Communications Construction Company (M) Sdn. Bhd. amounted to approximately RM0.1 million, representing approximately 0.1% of our revenue for the same period.

Pembinaan Yeng Tong Sdn. Bhd. was our new customer during the Track Record Period in the provision of marine transportation services. The value of the original contract sum for the contract that Pembinaan Yeng Tong Sdn. Bhd. awarded to us was approximately RM1.8 million. For the years ended 30 June 2016 and 2018, we had also engaged Pembinaan Yeng Tong Sdn. Bhd. as our subcontractor to undertake shore protection works and the subcontracting fees paid to it amounted to approximately RM33.0 million and RM2.6 million, representing approximately 13.4% and 0.6% of our total direct costs for the same periods respectively.

Benchmark Global (M) Sdn. Bhd., an associate company of Benchmark Development (M) Sdn. Bhd. which was one of our top suppliers during the Track Record Period, was our new customer after the Track Record Period for reclamation and related works. The original contract sum of the contract that was awarded to us by Benchmark Global (M) Sdn. Bhd. was approximately RM1.7 million. During the Track Record Period, we had engaged Benchmark Development (M) Sdn. Bhd. as our subcontractor to provide marine transportation services and the subcontracting fees paid to it amounted to approximately RM47.2 million, RM66.2 million, RM44.9 million and RM19.6 million, representing approximately 19.1%, 14.4%, 9.6% and 18.3% of our total direct costs for each of the three years ended 30 June 2018 and the four months ended 31 October 2018 respectively.

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Kimlun was one of our top customers for the year ended 30 June 2018 and the four months ended 31 October 2018 in building and infrastructure works and one of our top suppliers for the four months ended 31 October 2018. Pursuant to the joint venture agreement entered into between (i) JBB Builders; (ii) Kimlun; and (iii) JBB Kimlun, we established a joint venture, namely JBB Kimlun, to tender for the MBBJ Tower Project. For further details regarding our joint venture with Kimlun, please refer to the paragraph headed “The MBBJ Tower Project and our joint venture — JBB Kimlun” in this section. For the year ended 30 June 2018 and the four months ended 31 October 2018, our services to Kimlun amounted to approximately RM17.4 million and RM9.1 million, representing approximately 3.2% and 7.6% of our revenue for the same periods, respectively. We have also engaged Kimlun as our subcontractor during the year ended 30 June 2018 and the four months ended 31 October 2018 to provide building works and the subcontracting fees paid to it amounted to approximately RM7.2 million and RM9.8 million, representing approximately 1.5% and 9.2% of our total direct costs for the same periods, respectively.

Himark Builder Sdn. Bhd. was one of our top suppliers for the four months ended 31 October 2018 in the provision of building and infrastructure services and the subcontracting fees paid to it amounted approximately RM6.9 million, representing approximately 6.4% of the total direct costs of our Group for the four months ended 31 October 2018. Himark Builder Sdn. Bhd. became our new customer after the Track Record Period for machinery rental services.

The sales and subcontracting to China Communication Construction Company (M) Sdn. Bhd. and Pembinaan Yeng Tong Sdn. Bhd. occurred in different periods. Our Directors also confirmed that negotiations of the salient terms of our sales to and terms of subcontracting to each of China Communications Construction Company (M) Sdn. Bhd., Pembinaan Yeng Tong Sdn. Bhd., Benzmark Global (M) Sdn. Bhd., Benzmark Development (M) Sdn. Bhd., Kimlun and Himark Builder Sdn. Bhd. were conducted separately and the sales and subcontracting were neither interconnected nor inter-conditional with each other. The terms of sales with China Communications Construction Company (M) Sdn. Bhd., Pembinaan Yeng Tong Sdn. Bhd., Benzmark Global (M) Sdn. Bhd., Kimlun and Himark Builder Sdn. Bhd. and subcontracting to China Communications Construction Company (M) Sdn. Bhd., Pembinaan Yeng Tong Sdn. Bhd., Benzmark Development (M) Sdn. Bhd., Kimlun and Himark Builder Sdn. Bhd. were similar to those transactions with our other customers and suppliers, which our Directors considered to be on normal commercial terms.

Save as disclosed above, to the best knowledge of our Directors, none of our suppliers were also our major customers during the Track Record Period.

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Concentration of customers controlled by Individual M

To the best knowledge of our Directors, Individual M is a Malaysian businessman who is also a member of the Johor Council Royal Court and an adviser to Customer A.

For each of the three years ended 30 June 2018 and the four months ended 31 October 2018, the aggregate revenue attributable to customers ultimately controlled by Individual M amounted to approximately RM121.5 million, RM251.2 million, RM301.0 million and RM101.1 million respectively, representing approximately 43.1%, 48.9%, 56.0% and 84.1% of our total revenue for the same period respectively. 11 of the contracts completed by our Group during the Track Record Period and up to the Latest Practicable Date were with customers controlled by Individual M, of which 4 were awarded to us after a tendering process whereas the remaining 7 contracts were awarded to us after we submitted our quotation. In relation to our ongoing contracts, 13 of them were with customers controlled by Individual M, of which 10 were awarded to us after a tendering process whereas the remaining 3 contracts were awarded to us after we submitted our quotations. For details of our completed and ongoing contracts, please refer to the paragraph headed “Our contracts” in this section above.

The following tables set forth our revenue generated by customers controlled by Individual M during the Track Record Period:

For the year ended 30 June 2016

Name of customer	Type of services provided	Year in which the customer first started to have business relationship with our Group	Approximate amount of revenue attributable (RM'000)	Approximate percentage of revenue of our Group (%)
Sharikat Sukma Kemajuan — Forest City Project — Island 3	Marine transportation of sand	2014	113,931	40.4
Astaka Padu	Building and infrastructure	2014	7,495	2.7
Damansara Realty (Johor) Sdn. Bhd.	Building and infrastructure	2016	45	0.0
Saling Syabas Sdn. Bhd.	Building and infrastructure	2016	11	0.0
Total			<u>121,482</u>	<u>43.1</u>

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For the year ended 30 June 2017

Name of customer	Type of services provided	Year in which the customer first started to have business relationship with our Group	Approximate amount of revenue attributable (RM'000)	Approximate percentage of revenue of our Group (%)
Sharikat Sukma Kemajuan	Marine transportation	2014		
— <i>Forest City Project — Island 3</i>	of sand		222,365	43.3
— <i>Forest City Project — golf course</i>			1,617	0.3
— <i>Lido Waterfront Project</i>			<u>598</u>	<u>0.1</u>
			224,580	43.7
Saling Syabas Sdn. Bhd.	Building and infrastructure	2016	16,337	3.2
Damansara Realty (Johor) Sdn. Bhd.	Building and infrastructure	2016	6,716	1.3
Astaka Padu	Building and infrastructure	2014	1,820	0.4
Bukit Pelali Properties Sdn. Bhd.	Building and infrastructure	2016	<u>1,768</u>	<u>0.3</u>
Total			<u><u>251,221</u></u>	<u><u>48.9</u></u>

For the year ended 30 June 2018

Name of customer	Type of services provided	Year in which the customer first started to have business relationship with our Group	Approximate amount of revenue attributable (RM'000)	Approximate percentage of revenue of our Group (%)
Sharikat Sukma Kemajuan	Marine transportation	2014		
— <i>Forest City Project — Island 3</i>	of sand		8,980	1.6
— <i>Forest City Project — golf course</i>			70,827	13.2
— <i>Forest City development</i>			26,834	5.0
— <i>Lido Waterfront Project</i>			<u>132,826</u>	<u>24.7</u>
			239,467	44.5
Bukit Pelali Properties Sdn. Bhd.	Building and infrastructure	2016	55,193	10.3
Astaka Padu	Building and infrastructure	2014	6,449	1.2
Damansara Realty (Johor) Sdn. Bhd.	Building and infrastructure	2016	<u>(125)^{Note}</u>	<u>0.0</u>
Total			<u><u>300,984</u></u>	<u><u>56.0</u></u>

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For the four months ended 31 October 2018

Customer	Type of services provided	Year in which the customer first started to have business relationship with our Group	Approximate amount of revenue attributable (RM'000)	Approximate percentage of revenue of our Group (%)
Sharikat Sukma Kemajuan	Marine transportation of sand	2014		
— <i>Forest City development</i>			19,741	16.4
— <i>Forest City Project — golf course</i>			24,376	20.3
— <i>Lido Waterfront Project</i>			<u>22,383</u>	<u>18.6</u>
			66,500	55.3
Bukit Pelali Properties Sdn. Bhd.	Building and infrastructure	2016	34,223	28.5
Astaka Padu	Building and infrastructure	2014	<u>400</u>	<u>0.3</u>
			<u>101,123</u>	<u>84.1</u>

Note: This represents the final discount provided to the customer.

Sharikat Sukma Kemajuan is a company incorporated in Malaysia which has been appointed as the preferred transport agent to manage sand extraction and transportation by the sole authorised agent of sand concession owners in Johor for marine transportation works.

Astaka Padu is a company incorporated in Malaysia which engages in property development and related activities and is a wholly-owned subsidiary of Astaka Holdings Limited, a company whose shares are listed on the Singapore Exchange. Astaka Holdings Limited is an investment holding company incorporated in Singapore. Its subsidiaries are principally engaged in property development. According to its 2018 annual report, Astaka Holdings Limited recorded approximately RM332.7 million of revenue and approximately RM9.4 million of net profit for the year ended 30 June 2018.

Bukit Pelali Properties Sdn. Bhd. is a company incorporated in Malaysia which is engaged in property development and is a joint venture company owned as to 51% by Astaka Padu and 49% by Saling Syabas Sdn. Bhd.

Damansara Realty (Johor) Sdn. Bhd. is a company incorporated in Malaysia principally engaged in properties and land development. It is a wholly-owned subsidiary of Damansara Realty Berhad, an investment holding company listed on Bursa Malaysia whose subsidiaries are mainly involved in properties and land development, integrated facility management and project management consultancy. According to its 2017 annual report, Damansara Realty Berhad recorded revenue and net profit of approximately RM249.74 million and RM17.86 million respectively for the year ended 31 December 2017. Individual M has an indirect interest in 49.57% of the total issued shares of Damansara Realty Berhad.

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Saling Syabas Sdn. Bhd. is a company incorporated in Malaysia. It currently owns 49% of the issued share capital of Bukit Pelali Properties Sdn. Bhd.

As illustrated above, revenue generated by customers controlled by Individual M during the Track Record Period is principally contributed by Sharikat Sukma Kemajuan. Sharikat Sukma Kemajuan is closely working with the sole authorised agent of sand concession owners in Johor and would often be awarded with the contract for marine transportation works in relation to reclamation and related work projects in Johor from the project owners (e.g. property developers) that are purchasing sand from the sand supplier. Due to the increase in scale of marine construction projects and surge in demand for marine sand in Johor, Sharikat Sukma Kemajuan's resources, equipment and expertise became insufficient and it had to subcontract the marine transportation works to one or more contractors that have the specialised technical background and expertise, extensive industry experience and know-how and the ability to provide integrated solutions in marine construction services that include both marine transportation and reclamation services on a large scale to cope with its business needs.

Given the above and as our business operations are based in Johor, during the Track Record Period, our revenue generated from marine transportation was mainly contributed by contracts under projects in Johor in which Sharikat Sukma Kemajuan had been engaged for the transportation of marine sand.

As further explained in the paragraph headed "Relationships among certain top customers of our Group" in this section above, we have established a stable and good business relationship with Sharikat Sukma Kemajuan since 2014 and continue to provide marine transportation works to customers of Sharikat Sukma Kemajuan. Sharikat Sukma Kemajuan decided to enter into a strategic alliance with our Group to undertake marine transportation works. Based on the understanding of our management, our Group is currently the preferred transportation agent engaged by Sharikat Sukma Kemajuan to manage the marine transportation works awarded to it and Sharikat Sukma Kemajuan engaged us to manage the marine transportation works for all such works awarded to it since 2014.

Notwithstanding that the proportion of our revenue contributed by customers controlled by Individual M has been increasing during the Track Record Period, we plan to reduce our revenue from customers controlled by Individual M by diversifying our client base and expanding our operations. We formed a joint venture with Kimlun, a wholly-owned subsidiary of Kimlun Corporation Berhad (which is listed on Bursa Malaysia), with a view to tender for the MBB Tower Project. To the best of our Directors' knowledge, Individual M has no shareholding or directorship in Kimlun or Kimlun Corporation Berhad. We have also actively tendered for new projects in Malaysia. Subsequent to the Track Record Period, we had been awarded with a marine construction contract (inclusive of reclamation and related works, and marine transportation) by a new customer, which is an Independent Third Party, with an original contract sum of approximately RM323.9 million. As at the Latest Practicable Date, we have submitted tenders or quotations for 11 contracts and the outcomes are still pending. These prospective contracts include 7 for marine construction services and 4 for building and infrastructure services, with a total

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original contract sum of approximately RM208.1 million and RM257.1 million respectively, totalling approximately RM465.2 million. To the best of our Directors' knowledge, apart from 1 prospective contract with an original contract sum of approximately RM85.0 million from a company controlled by Individual M, the other 10 prospective contracts with a total original contract sum of approximately RM380.2 million are not from companies controlled by Individual M. Given our efforts in diversifying our client base and tendering for new projects, as evidenced by the fact that 10 of the 11 contracts that we have submitted tenders or quotations for would not be from any company controlled by Individual M, we believe that the proportion of our revenue attributable to customers controlled by Individual M would be reduced in the future.

Our Directors are of the view that our stable and good business relationship with Sharikat Sukma Kemajuan, a company working closely with the sole authorised agent of sand concession owners in Johor, coupled with our specialised technical background and expertise, extensive industry experience and knowhow and the ability to provide integrated solutions, can be regarded as an accreditation indicating that we have the capability and propensity to grow. As such, our Directors believe that our business and growth prospects will remain positive going forward. We are confident that while revenue generated by customers controlled by Individual M will likely to remain stable over the next few years in view of the mutually reliant business relationship between us and Sharikat Sukma Kemajuan, our reliance will be gradually alleviated through the increase of revenue from other customers along with our business growth. Our Directors also believe that our relationship with Sharikat Sukma Kemajuan is unlikely to be materially adversely changed or terminated in view of the above. Therefore, we believe our relationship with customers controlled by Individual M will not affect our business prospects.

Despite a significant amount of revenue of our Group during the Track Record Period was contributed by customers controlled by Individual M, in view of the above, in particular (i) our mutual and complementary business relationship with Sharikat Sukma Kemajuan such that all of the marine transportation works awarded to Sharikat Sukma Kemajuan had been outsourced to our Group since 2014; (ii) that we are capable of maintaining our business in the near future in light of the expected growth in the marine construction industry in Malaysia according to the Ipsos Report; and (iii) our effort to further diversify our client base and reduce customer concentration, as evidenced by the conclusion of a marine construction contract with a new customer, which is an Independent Third Party, for an original contract sum of approximately RM323.9 million, our Directors consider that our Group's business model is sustainable despite such historical customer concentration. Given that our specialised technical background and expertise, extensive industry experience and know-how and the ability to provide integrated solutions are equally applicable to providing services to other customers, our Directors consider that our services are not specifically designed or catered solely for customers controlled by Individual M. As such, in the unlikely event that the number of contracts with customers controlled by Individual M substantially reduces or such customers terminate their business relationships with us, our Directors consider that we will have sufficient capacity and capability to submit tender or quotation for contracts to be awarded by and provide services to companies not controlled by Individual M.

General terms of contracts with customers

During the Track Record Period and up to the Latest Practicable Date, our customers engage us on a project-by-project basis instead of entering into any long-term contract. Our Directors consider that such arrangement is in line with the industry practice. The general terms of our contracts may vary based on negotiations with our customers, but generally follow the form set out in our tender/quotation documents. Some of the generalised terms included in most of our contracts are set out in the following table:

Major contract terms	Description
Scope of works	: The scope of services and type of works to be carried out by our Group are specified in the contract.
Contract sum	: Price agreed with our customer.
Contract period	: Completion timeline specified by our customer.
Payment terms	: We are required to submit interim payment applications to customers usually on a monthly basis or by stages after specified project milestones are completed. Our customers will issue interim payment certificate. We will then issue invoices to our customers and they will settle payment thereafter.
Performance bond	: Some of our contracts require us to arrange for the payment of performance bond either in a fixed sum or in a percentage of 5% of the contract sum in the form of banker's guarantee as security for the due performance and observance of our Group's obligations under the relevant contracts. Such performance bond will be released upon completion of the contract or as specified in the relevant contract.
Liquidated damages	: If we fail to complete our contract works before the stipulated time, we may, subject to the extension of time approved by our customers, be required to pay liquidated sum to our customers pursuant to the contracts. The amount of compensation is at a fixed amount per day.

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- Insurance : When we serve as main contractor except for marine transportation, we are generally required to purchase and maintain contractors' all risks insurance and workmen's compensation insurance to cover liabilities for personal injury of workers and damage to property at the project site.
- Defect liability period : We are generally required to provide a defect liability period ranging from 3 to 27 months after practical completion of the contract. During the defect liability period, we are responsible for, at our own expense, rectifying any defects in relation to our works.
- Retention money : Customers generally withhold 5% to 20% of each progress payment to our Group as retention money. The total amount of the retention money is usually capped at 5% of the total contract sum of each contract. In general, the retention money will be released as to 50% upon completion of our project works and as to the remaining 50% upon expiry of the defect liability period.

Credit terms with our customers

Based on the works carried out in the preceding month, we submit to our customers a payment application for an interim payment typically on a monthly basis. The payment application generally includes the estimated value of all works completed, materials delivered to the project site by us (if applicable) and other expenses during the period covered by the payment application. Once our customer has conducted a site inspection and has reviewed and agreed with our interim payment application, an interim payment certificate will be issued to us. We will then issue an invoice to our customer for settlement of the interim payment. The process from our submitting of the payment application to the issue of invoice normally takes 30 to 60 days. In respect of marine transportation contracts, the process to issue an invoice to our customer generally takes within 30 days.

During the Track Record Period, we generally grant to our customers a credit period ranging from 14 to 90 days from the date of our invoice. Our customers usually settle the payment by cheque and/or wire transfer. For details on our Group's receivables turnover days, please refer to the section headed "Financial Information — Selected items of combined statements of financial position — Trade and other receivables" in this prospectus.

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Seasonality

We have not experienced material seasonal fluctuations in our revenue given that the marine construction and building and infrastructure industries are generally not subject to seasonality.

Sales and marketing

We currently do not maintain a sales and marketing team. Due to the common use of tendering in the marine construction and building and infrastructure industries in Malaysia, we are able to rely on our existing customer base, track record and reputation, as well as awareness of public tenders to market our strengths to our customers.

OUR SUPPLIERS

During the Track Record Period, suppliers of goods and services to our Group mainly included: (1) our subcontractors; (2) suppliers of site consumables (such as diesel); and (3) suppliers for other services such as certain technical consultancy and rental and maintenance of machineries.

The following table sets forth a breakdown of our direct costs during the Track Record Period:

	For the year ended 30 June				For the four months ended 31 October 2018			
	2016		2017		2018			
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Subcontracting charges	220,442	89.4	409,017	88.5	436,539	93.5	101,088	94.3
Site consumables	4,226	1.7	23,393	5.1	6,257	1.3	1,123	1.0
Other expenses	21,845	8.9	29,548	6.4	24,025	5.2	5,027	4.7
	<u>246,513</u>	<u>100.0</u>	<u>461,958</u>	<u>100.0</u>	<u>466,821</u>	<u>100.0</u>	<u>107,238</u>	<u>100.0</u>

It is one of our main strategies to subcontract components of project works to subcontractors on a fixed price basis to have a better control over our project costs. Subcontracting enables us to retain more flexibility as we do not directly employ workers and at the same time allows us to save the related administration costs and expenses and enable us to focus more on project management and ensure effective implementation of the projects. As a result, during the Track Record Period, a relatively substantial part of our direct costs was our subcontracting charges, which include costs of our chartered vessels, while only a relatively small portion was our costs of site consumables and other expenses for services such as technical consultancy and rental and maintenance of machineries.

We select our subcontractors based on their expertise, track record and past performance. We will only select subcontractors who possess the relevant licences or required qualifications in their field of expertise for the various works they perform. During the Track Record Period, we did not experience any difficulty in procuring services from our subcontractors.

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Please refer to section headed “Financial Information — Description of selected items from combined statements of profit or loss and other comprehensive income — Direct costs” in this prospectus for a more detailed breakdown of our direct costs. Please also refer to the paragraphs headed “Major terms of subcontracting agreements” and “Selection and management of subcontractors” in this section below for further particulars on our subcontracting arrangements.

Major suppliers

For each of the three years ended 30 June 2018 and the four months ended 31 October 2018, our five largest suppliers accounted for approximately 55.4%, 51.1%, 38.4% and 59.0% respectively of our direct costs, while our largest supplier accounted for approximately 19.1%, 14.4%, 10.6% and 18.3% respectively of our direct costs.

The following tables set out the details of our five largest suppliers during the Track Record Period:

For the year ended 30 June 2016

Rank	Name of supplier	Types of services or products supplied	Year in which the supplier first started to have business relationship with our Group	Approximate direct costs incurred by the supplier (RM'000)	Approximate percentage of direct costs of our Group (%)
1.	Benzmark Development (M) Sdn. Bhd. <i>(1)(2)</i>	Marine transportation of sand	2014	47,186	19.1
2.	Pembinaan Yeng Tong Sdn. Bhd. <i>(1)(3)</i>	Revetment and shore protection works	2014	32,992	13.4
3.	YSY Marine Sdn. Bhd. <i>(4)</i>	Marine transportation of sand	2014	26,139	10.6
4.	Teratai Senandung Sdn. Bhd. <i>(5)</i>	Marine transportation of sand	2015	17,043	6.9
5.	Hall Contracting Sdn. Bhd. <i>(1)(6)</i>	Sand handling/filling works	2015	13,278	5.4
Total				136,638	55.4

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For the year ended 30 June 2017

Rank	Name of supplier	Types of services or products supplied	Year in which the supplier first started to have business relationship with our Group	Approximate direct costs incurred by the supplier (RM'000)	Approximate percentage of direct costs of our Group (%)
1.	Benzmark Development (M) Sdn. Bhd. <i>(1)(2)</i>	Marine transportation of sand	2014	66,231	14.4
2.	Sapphire Fortress Sdn. Bhd. <i>(1)(7)</i>	Marine transportation of sand	2017	59,708	12.9
3.	China Communications Construction Company (M) Sdn. Bhd. <i>(1)(8)</i>	Sand dredging works	2016	39,600	8.6
4.	YSY Marine Sdn. Bhd. <i>(4)</i>	Marine transportation of sand	2014	37,956	8.2
5.	Teratai Senandung Sdn. Bhd. <i>(5)</i>	Marine transportation of sand	2015	32,506	7.0
Total				236,001	51.1

For the year ended 30 June 2018

Rank	Name of supplier	Types of services or products supplied	Year in which the supplier first started to have business relationship with our Group	Approximate direct costs incurred by the supplier (RM'000)	Approximate percentage of direct costs of our Group (%)
1.	Teratai Senandung Sdn. Bhd. <i>(5)</i>	Marine transportation of sand	2015	49,564	10.6
2.	Benzmark Development (M) Sdn. Bhd. <i>(1)(2)</i>	Marine transportation of sand	2014	44,934	9.6
3.	Shun Man Marine Sdn. Bhd. <i>(1)(9)</i>	Marine transportation of sand	2017	32,449	7.0
4.	Zhen Xin Marine Sdn. Bhd. <i>(1)(10)</i>	Marine transportation of sand	2017	27,551	5.9
5.	Lian Fa Marine Sdn. Bhd. <i>(1)(11)</i>	Marine transportation of sand	2017	24,617	5.3
Total				179,115	38.4

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For the four months ended 31 October 2018

Rank	Name of supplier	Types of services or products supplied	Year in which the supplier first started to have business relationship with our Group	Approximate direct costs incurred by the supplier (RM'000)	Approximate percentage of direct costs of our Group (%)
1.	Benzmark Development (M) Sdn. Bhd. ⁽¹⁾⁽²⁾	Marine transportation of sand	2014	19,591	18.3
2.	Teratai Senandung Sdn. Bhd. ⁽⁵⁾	Marine transportation of sand	2015	17,310	16.1
3.	Kimlun ⁽¹²⁾	Building and infrastructure services	2018	9,841	9.2
4.	GSR Construction Sdn. Bhd. ⁽¹³⁾	Building and infrastructure services	2017	9,669	9.0
5.	Himark Builder Sdn. Bhd. ⁽¹⁴⁾	Building and infrastructure services	2018	6,908	6.4
				63,319	59.0
				63,319	59.0

Notes:

- (1) During the Track Record Period, we had contra charge arrangement with these suppliers which we purchased diesel and supplied to them by charging a handling fee. Please refer to the paragraph headed “Contra charge arrangement with our suppliers” below for details.
- (2) Benzmark Development (M) Sdn. Bhd. is a company incorporated in Malaysia which engages in trading and dredging of sands and freight forwarding services, and supplied vessels to us for marine transportation during the Track Record Period.
- (3) Pembinaan Yeng Tong Sdn. Bhd. is a company incorporated in Malaysia which engages in marine construction works, and was our shore protection works subcontractor during the Track Record Period.
- (4) YSY Marine Sdn. Bhd. is a company incorporated in Malaysia which engages in marine transportation, and supplied vessels to us for marine transportation during the Track Record Period.
- (5) Teratai Senandung Sdn. Bhd. is a company incorporated in Malaysia which engages in transportation of extracted sands, forwarding and civil and landscape contracts, and supplied vessels to us for marine transportation during the Track Record Period.
- (6) Hall Contracting Sdn. Bhd. is a company incorporated in Malaysia which engages in building, general and seawalls contracting, and was our sand handling/filling subcontractor during the Track Record Period.
- (7) Sapphire Fortress Sdn. Bhd. is a company incorporated in Malaysia which engages in import and export and leased real estate, and supplied vessels to us for marine transportation during the Track Record Period.
- (8) China Communications Construction Company (M) Sdn. Bhd. is a company incorporated in Malaysia which engages in land reclamation works, construction of sewerage pipeline and other construction, and is wholly-owned by a company whose H shares are listed on the Main Board, and was our sand handling/filling subcontractor during the Track Record Period.

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- (9) Shun Man Marine Sdn. Bhd. is a company incorporated in Malaysia which engages in sand transportation, and supplied vessels to us for marine transportation during the Track Record Period.
- (10) Zhen Xin Marine Sdn. Bhd. is a company incorporated in Malaysia which engages in import and export and building of ships, and supplied vessels to us for marine transportation during the Track Record Period.
- (11) Lian Fa Marine Sdn. Bhd. is a company incorporated in Malaysia which engages in import and export and building of ships, and supplied vessels to us for marine transportation during the Track Record Period. A 50% shareholder of Lian Fa Marine Sdn. Bhd. is also a director of both Lian Fa Marine Sdn. Bhd. and Shun Man Marine Sdn. Bhd.
- (12) Kimlun was our building and infrastructure works subcontractor during the Track Record Period. For the background of Kimlun, please refer to the paragraph headed “Our customers” in this section above.
- (13) GSR Construction Sdn. Bhd. is a company incorporated in Malaysia which engages in masonry and carpentry works, and was our building and infrastructure subcontractor during the Track Record Period.
- (14) Himark Builder Sdn. Bhd. is a company incorporated in Malaysia which engages in works as general contractor and builders for construction, and was our building and infrastructure subcontractor during the Track Record Period.

All of our Group’s five largest suppliers during the Track Record Period were Independent Third Parties. None of our Directors, their close associates or our Shareholders (whom to the knowledge of our Directors own more than 5% of the issued Shares) had any interest in any of our Group’s five largest suppliers during the Track Record Period.

Our Directors confirmed that save as disclosed in the paragraph headed “Our customers — Relationships among certain top customers of our Group — Overlapping of customer and supplier” in this section above, none of our top five customers were also our suppliers during the Track Record Period.

Subcontracting

It is one of our main strategies to subcontract components of contract works to subcontractors on a fixed price basis to have a better control over our costs. Subcontracting enables us to retain more flexibility as we do not directly employ workers and at the same time allows us to save the related administration costs and expenses and enable us to focus more on management and ensure effective implementation of the works under the contract.

Major terms of subcontracting arrangements

Save for the master framework agreements regarding chartered vessels, we do not enter into long-term agreements with our subcontractors. We engage them on a project-by-project basis. For details of the master framework agreements, please refer to the paragraph headed “Equipment and machinery — Chartered vessels” in this section.

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The terms of our subcontracting arrangements with subcontractors vary depending on the type of works to be performed and in correspondence to the requirements and terms of the contract between our customers and us, in order to ensure that our subcontractors comply with the relevant terms and perform their works in accordance with the specifications and requirements under the main contracts.

A typical subcontracting arrangement we enter into with our subcontractors usually contains the following major terms:

Scope of work : The scope of works to be provided by the subcontractor varies depending on the type of works to be performed.

For subcontracts of marine transportation works, a provisional volume of marine sand required to be loaded, delivered and unloaded is usually included.

Price : Fixed-unit-price or lump sum fees, as the case may be, of the subcontracting work.

Labour, equipment and materials : The subcontractor is responsible for the supply of labour, vessel or equipment and construction materials (if applicable) required for the subcontracting work.

Payment : Based on the works carried out in the preceding month, our subcontractors will submit to us a payment application for an interim payment typically on a monthly basis. The payment application generally includes the estimated value of all works completed, materials delivered to the project site (if applicable) and other expenses during the period covered by the payment application.

Once we have conducted a site inspection and have reviewed and agreed with the relevant subcontractor's interim payment application, an interim payment certificate will be issued to the relevant subcontractor. The relevant subcontractor will then issue an invoice to us for settlement of the interim payment. The process from the submitting of payment application to the issue of invoice by our subcontractors normally takes 30 to 60 days.

Compliance : The subcontractor is obliged to comply with all the relevant rules and regulations in connection with the works and the subcontractor's responsibilities and policies relating to quality control, work safety and environmental protection (if applicable).

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- Undertakings : There may be undertakings by the subcontractor to indemnify our Group against and from (i) any breach, non-observance or non-performance by the subcontractor; (ii) any act or omission of the subcontractor which involves our Group in any liability to our customer under the main contract; (iii) any claim, damage, loss or expense due to or resulting from any negligence or breach of duty on the part of the subcontractor; and (iv) any loss or damage resulting from any claim under any statute in force for the time being by an employee of the subcontractor in respect of personal injury arising out of or in the course of his employment.
- Retention money : We usually retain 5% of each payment as retention money for up to 5% of the total contract sum. The retention money will be released to the subcontractor after expiry of the defect liability period under the relevant contract between our Group and our customer.
- Defective liability period : We generally require a defect liability period of 12 months for reclamation and related works contracts and building and infrastructure contracts from our subcontractors, during which our subcontractors are responsible to rectify all works defects identified by us or our customers.

For our reclamation works, due to the time difference in the works done by different subcontractors, we sometimes will issue payment certificate to subcontractors before we get our interim payment certificate from our customers. Normally there is a time gap of 1 to 2 months. We have not experienced any case where we issued payment certificate to subcontractors but failed to get our interim payment certificate from our customers.

At the request of our subcontractor, we may also provide bank guarantees to our subcontractor as a form of payment security.

Pursuant to either the contracts with our customers or applicable laws, we generally remain liable to our customers for the performance of our subcontractors. We may also be liable under applicable safety regulations if our subcontractors do not ensure that their employees comply fully with our workplace safety measures. Additionally, we are generally liable for any potential workmen's compensation claims and personal injury claims made by the employees of our subcontractors arising from work injuries which may happen during the course of the contracts where we assign works to such subcontractors. For more information on the risks associated with subcontracting, please refer to the section headed "Risk Factors — Risk relating to our business — Risk associated with third party subcontractors in executing our contracts" in this prospectus.

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In accordance with common industry practice, when we are serving as the main contractor for any project except for marine transportation, we have maintained contractors' all risks insurance policies to fully cover material property damages and third party damages, and we have also maintained workmen's compensation insurance policies to cover all employees engaged in the relevant projects, normally including employees of subcontractors. As far as our Directors are aware, during the Track Record Period and up to the Latest Practicable Date, we did not receive any material workmen's compensation claims or personal injuries claims from employees of our subcontractors.

Selection and management of subcontractors

We are careful in selecting and engaging subcontractors on our list of approved subcontractors for our contracts.

To ensure the quality of our services and except when certain suppliers or subcontractors are designated by our customer for the contract, we normally consider the following factors when selecting a subcontractor for our contracts: background of the subcontractor, its management system, company track record, competitiveness of its price, financial capability, insurance level, company organisation, equipment and facilities and management system of safety, health and environmental issue.

We consider that it is important to ensure quality of work and workplace safety. We supply our subcontractors with our safety manuals on workplace safety, provide regular updates regarding safety matters and we have implemented other quality and workplace safety measures. Our relevant project management team is responsible for the quality control, monitoring progress and ensuring timely implementation of the works under the contract by our subcontractors. To ensure our subcontractors' works meet the required standards, we normally assign a site manager at each of the construction sites. Our site manager is responsible for monitoring the performance of works carried out by our subcontractors. Our on-site project management team also regularly monitors the site and has regular meetings with our Directors and senior management during the course of a contract to discuss major issues concerning work progress and ensures the quality of work and compliance with the relevant safety and environmental protection measures of our subcontractors.

We have maintained long-standing business relationships of approximately 3 years on average with our five largest subcontractors. In particular, we have established long-standing business relationship with our largest subcontractor during the Track Record Period for approximately 5 years.

Certain of our subcontractors during the Track Record Period are connected persons of our Company. For details of the subcontracting fees paid to such connected subcontractors during the Track Record Period, please refer to the section headed "Continuing Connected Transactions" in this prospectus. Except as disclosed herein and to the best knowledge of our Directors, none of our Directors, their respective close associates or any Shareholders owning more than 5% of the issued share capital of our Company as at the Latest Practicable Date had any interest in our subcontractors during the Track Record Period.

Contra charge arrangement with our suppliers

As confirmed by our Directors, it is common in the industry that a main contractor may pay on behalf of its subcontractors for certain expenses for a project. Such expenses are typically deducted from its payments to the relevant subcontractors in settling its service fees for the project. Such payment arrangement is referred to as “contra charge arrangement” and the amounts involved are referred to as “contra charge”.

During the Track Record Period, we had contra charge arrangements with some of our suppliers. In this context, we regard such suppliers as our customers as well. Such contra charge was related to purchase cost of diesel and the related handling charges. We entered into contracts of service with such suppliers (which are our subcontractors) in that upon the request of such suppliers, we may purchase diesel on their behalf with a handling charge, and the costs for purchasing the diesel and our related handling charges are settled through contra charge arrangement. For each of the three years ended 30 June 2018 and the four months ended 31 October 2018, our contra charge incurred amounted to approximately RM0.1 million, RM1.7 million, RM0.9 million and nil, respectively, representing approximately 0.05%, 0.33%, 0.17% and nil of our total revenue for the same period respectively. During the Track Record Period, as confirmed by our Directors, we had no material dispute with our customers as regards the contra charge arrangements and the amount of contra charge involved. The amount involved in the contra charge arrangements was insignificant and therefore had no material impact on our cashflow positions during the Track Record Period.

QUALITY CONTROL

We are committed to maintain a high standard of quality control during the course of project implementation. Our Directors believe that an effective quality management system will ensure the high quality of our works, reduce construction risks, thereby enhancing our customers’ confidence in our services and creating a positive corporate reputation. Our Directors believe that a proven track record of compliance and an effective management system will increase our chances in obtaining or securing future contracts.

Our relevant project management team is responsible for the quality control of each contract and monitoring progress and timely implementation of the project works. Furthermore, our project manager communicates frequently with and reports to our operations director and contracts director to ensure that the works (i) meet our customers’ requirements; (ii) are completed within the time stipulated in the contract and the budget allocated for the contract; and (iii) comply with all relevant laws and regulations applicable to the project works.

Some of the quality control measures under our quality management system include:

- ensuring sufficient planning prior to project implementation to ensure that quality standards and procedures are adhered to and that the works completed will be of satisfactory quality;
- maintaining a list of approved subcontractors and only engaging those on this list for our contracts to ensure the quality of materials and services used. We also select our subcontractors based on certain factors. Please refer to the paragraph headed “Our suppliers — Subcontracting — Selection and management of subcontractors” in this section for further details;
- assigning a site manager at each of the construction sites to ensure our works meet the required standards and specifications. Such site manager is also responsible for monitoring the performance of works carried out by our subcontractors;
- conducting an internal audit on the quality management system on an annual basis for the purpose of assessing the extent to which the quality objectives have been achieved; and
- maintaining records such as inspection and test records, submissions, approvals and certificates of practical completion.

QLASSIC and CONQUAS assessments

QLASSIC is developed by CIDB. It is a quality assessment system to assess and evaluate the quality of workmanship of a building project based on the approved standard. The QLASSIC assessments can only be undertaken by assessors certified by CIDB.

CONQUAS was introduced by the Building and Construction Authority in Singapore since 1989 and serves as a standard assessment system on the quality of building projects. The CONQUAS assessments can only be undertaken by assessors certified by the Building and Construction Authority in Singapore.

During the Track Record Period and up to the Latest Practicable Date, two of our building and infrastructure contracts are required by our customers to pass the QLASSIC assessment and one of our building and infrastructure contracts is required by our customer to pass to the CONQUAS assessment.

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LICENCES AND QUALIFICATIONS

The following table sets out the details of our major licences and qualifications as at the Latest Practicable Date:

Licence/ Certification	Granting authority	Holder	Work scope permitted	Commencement date	Expiration date	Contract value
Certificate of registration in respect of Grade G7, Category B, Category CE and Category ME	CIDB	JBB Builders	<i>Grade G7, Category B</i>	19 March 2018	18 November 2020	Unlimited tender/ contract value for Category B, Category CE and Category ME
			B04: Building construction work			
			<i>Grade G7, Category CE</i>			
			CE18: Land reclamation			
			CE21: Civil engineering construction			
			CE08: Slope protection and stabilisation system			
			CE12: Soil investigation			
			CE02: Bridge and jetty construction			
			CE18: Land reclamation			
			CE36: Earthwork			
Certificate of registration in respect of Grade G7, Category B, Category CE and Category ME	CIDB	JBB Kimlun	<i>Grade G7, Category B</i>	13 September 2017	12 September 2019	Unlimited tender/ contract value for Category B, Category CE and Category ME
			B04: Building construction work			
			<i>Grade G7, Category CE</i>			
			CE21: Civil engineering construction			
			<i>Grade G7, Category ME</i>			
			M15: Miscellaneous mechanical equipment			

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Licence/ Certification	Granting authority	Holder	Work scope permitted	Commencement date	Expiration date	Contract value
Certificate of registration in respect of Grade G5, Category B, Category CE and Category ME	CIDB	Gabungan	<p><i>Grade G5, Category B</i></p> <p>B04: Building construction work</p> <p><i>Grade G5, Category CE</i></p> <p>CE21: Civil engineering construction</p> <p><i>Grade G5, Category ME</i></p> <p>M15: Miscellaneous mechanical equipment</p>	12 October 2017	11 October 2019	Tender/contract value not exceeding RM5,000,000 for Category B, Category CE and Category ME

Except as disclosed in the paragraph headed “Legal and regulatory compliance” in this section, our Directors confirmed that our Group has obtained all relevant permits, registrations, licences for our operations in Malaysia during the Track Record Period and up to the Latest Practicable Date.

MARKET AND COMPETITION

According to the Ipsos Report, from 2012 to 2017, the construction output value or total value of construction work done in Malaysia grew at a CAGR of approximately 11.4% from approximately RM80.7 billion to approximately RM138.5 billion by the end of 2017. Following the expected positive sentiments for the construction industry and ongoing commencement of public infrastructure projects, development of new townships and infrastructure extension, the total value of construction work done is projected to grow in tandem. As such, beyond 2017, Ipsos expects the construction output to grow at a CAGR of approximately 12.4% from approximately RM154.7 billion in 2018 to approximately RM246.6 billion by the end of 2022.

During the period 2012 to 2017, the value of construction work done for marine construction works increased at a CAGR of approximately 10.5% from about RM8.5 billion to approximately RM14.0 billion in 2017. Moving forward, Ipsos forecasts the value of construction work done for marine construction works to grow at a CAGR of approximately 11.2% from an estimated RM15.6 billion in 2018 to approximately RM23.8 billion by the end of 2022, following the optimistic outlook for growth and development of the coastal regions in Malaysia.

From 2013 to 2017, approved or alienated land areas for reclamation works in Johor alone, totalled more than 7,400 acres of land, with about 1,912.0 acres in land successfully reclaimed for the same period of time. The land reclaimed was from eight ongoing projects namely from areas such as Tanjung Kupang, Danga Bay, Senibong, Lido, Gelang Patah and Pengerang. The remaining 5,507.4 acres in land are expected to be reclaimed over the next 10 to 30 years as reclamation projects tend to need a longer period for preparation and planning before construction work is actually commenced.

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For details of the competitive landscape, barriers to entry and overview of the marine construction segment and the construction industry in Malaysia/Johor in which we operate, please refer to the section headed “Industry Overview” in this prospectus.

Change in federal government in Malaysia as a result of the general election in May 2018

Our major assets and business operations are located in Malaysia. As a result of the general election in Malaysia in May 2018, there was a change in federal government in Malaysia. Although in June 2018, the new federal government has confirmed that a number of infrastructure projects as well as high-impact projects related to the transport industry will be continued, we note that a lot of policies, officials’ positions, political structures and administrative practices have since been under review and may be subject to changes. For example, in July 2018, the new federal government suspended the East Coast Rail Link project, which is a China-backed infrastructure project and involves the construction of a new rail line that was supposed to connect Malaysia’s east coast to the capital, Kuala Lumpur, and Thailand. In April 2019, the Malaysian government announced that they would proceed with the project.

Our customers for marine construction works are mainly private developers and the contracts that we secured are generally under projects in the private sector for the development of residential properties or mixed development projects. Further, during the Track Record Period, approximately 96.9%, 94.7%, 85.3% and 63.3% of our total revenue is attributable to our marine construction services for each of the three years ended 30 June 2018 and the four months ended 31 October 2018 respectively. According to the Ipsos Report, the construction industry in Malaysia is expected to benefit from the development of a wide range of infrastructure projects for the next five years following on-going commencement of public mega infrastructure, development of new townships and infrastructure extension especially under the 11th Malaysia Plan initiative, and opportunities for the marine construction industry remain positive.

As at the Latest Practicable Date, our Group had 9 marine construction contracts and 12 building and infrastructure contracts on hand, respectively, with an aggregate original contract sum of approximately RM687.2 million and RM457.4 million. Of these 21 ongoing contracts, (i) 2 contracts are related to the Forest City Project with aggregate original contract sum of approximately RM90.1 million, and the corresponding revenue to be recognised for such contracts after the Track Record Period is estimated to be RM90.1 million, representing approximately 9.7% of the total revenue to be recognised for all of these 21 ongoing contracts; and (ii) 1 contract was awarded by China Communications Construction Company (M) Sdn. Bhd. and 1 contract was awarded by CHEC Construction (M) Sdn. Bhd., which are both main contractors owned by PRC shareholders, with total original contract sum of approximately RM28.2 million. Given that such contracts are under projects which are ultimately owned by Malaysian developers, our Directors believe that such contracts would not be affected by the change in Malaysia’s policy as a result of the change in federal government. Further, of the 11 potential contracts for which tenders or quotations have been submitted by our Group but the results have yet to be released as at the Latest Practicable Date, 10 of them are not related to the Forest City Project nor

BUSINESS

Country Garden nor any other PRC developers. There has been no termination or change of contract terms of our Group's contracts as a result of the change in federal government in Malaysia.

In view of the above, we believe that the change in the federal government of Malaysia and change in government policies regarding certain national-level infrastructure projects and PRC-linked projects will not have significant effects on our potential marine construction works and will not materially and adversely affect our business. Going forward, we are cautious that we should not place undue reliance on one single customer or one single type of customers.

RESEARCH AND DEVELOPMENT

During the Track Record Period and as at the Latest Practicable Date, we did not engage in any research and development activity.

EMPLOYEES

As at the Latest Practicable Date, our Group has a total number of 77 employees. The following table sets out a breakdown of the number of our employees by their functions:

	Number of employees as at the Latest Practicable Date
Management	3
Finance and accounting	6
Operations (including 14 engineers, 4 marine surveyors and 4 land surveyors)	49
Contracts and planning (including 9 quantity surveyors)	12
Human resources and administrative	<u>7</u>
Total	<u><u>77</u></u>

Our Directors consider that we have maintained a good relationship with our employees in general. We have not experienced any significant disputes with our employees or any disruption to our operations due to labour disputes. We have not experienced any difficulties in the recruitment and retention of experienced staff or skilled personnel during the Track Record Period.

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We intend to use our best efforts to attract and retain appropriate and suitable personnel to serve our Group. We believe that continuing education and training for our staff are important in order to maintain the service quality of our Group. Our staff must familiarise themselves with our staff handbook and safety policy. We also encourage and arrange for relevant personnel to attend training courses to keep up to date with latest developments and best practices in the industry and their respective fields to enhance their work performance.

OCCUPATIONAL HEALTH AND WORK SAFETY

During the Track Record Period, there were no occupational accidents involving death, permanent disability and non-permanent disability within our Group.

We are committed to providing a safe and healthy working environment for both our employees and employees of our subcontractors. Our safety management system involves identification of risks and provision of information, instruction, training and supervision to increase awareness of hazards, safe practices and improve emergency preparedness. We have established a safety management system in place as follows:

- safety and health policy — we provide, among others, protective equipment, safety and health training and codes of practice, with a view to promote safety and health consciousness and awareness
- safe work practices — we establish safe work practices to ensure that all works are carried out in a safe manner to minimise the occurrence of incident, injury and property damage, which include, among other things, prescribed instructions for the different personnel to follow and abide with when carrying out their work in the workplace
- in-house safety and health rules and regulations — we have established general site safety and health rules and regulations, including applicable legal and other requirements, for both direct workers and subcontractors to follow and comply
- management review meeting and group meeting — the objective of management review meeting and group meetings is to assemble persons with particular responsibilities for safety and health so that they can formally address issues and take appropriate actions. The management team typically holds monthly meetings to discuss issues, including safety and health issues in the work site
- environmental, health and safety (EHS) training — the project manager, with the support of the workplace safety officer, assesses whether all personnel that are deployed and working on site are competent and plans for the relevant EHS training for the various levels based on the construction progress

According to our Malaysian legal advisers, we have been in compliance with all applicable laws, regulations and administrative rules regarding health and work safety in all material aspects in Malaysia and were not subject to any material penalties by Malaysian regulatory authorities during the Track Record Period.

INSURANCE

Our Group is required to obtain specific insurance policies depending on our contractual role in the project. When we are serving as the main contractor for any project except for marine transportation, we are required to take out a contractor's all risks insurance and a workmen's compensation insurance. In projects that we are engaged as a subcontractor, the obligation to obtain the required insurance policies is with the relevant main contractor. As at the Latest Practical Date, we had not made any material insurance claims.

Our Directors believe that our insurance coverage is sufficient and adequate and in line with the industry norm.

ENVIRONMENTAL PROTECTION

Our Group's operations are subject to various laws and regulations regarding environmental protection, health and workplace safety in Malaysia. For details of the regulatory requirements and further information on our compliance with such laws and regulations, please refer to the section headed "Regulatory Overview" in this prospectus.

For our reclamation and related works and building and infrastructure services, normally it is the project owners' responsibilities to ensure the projects are environmentally compliant. They would in turn set their requirements regarding environmental protection in the contracts awarded to us.

We are environmentally aware and we ensure that environmental compliance and protection measures are properly implemented for our contracts. Our Group has adopted measures and work procedures governing environmental protection compliance that are required to be followed under the relevant contract. Such measures and procedures include, amongst others: (i) installation of silt curtains; (ii) marine water sampling and quality monitoring; (iii) air and noise pollution control; and (iv) material and waste management.

As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, we were in compliance with the applicable laws and regulations regarding environmental protection in the relevant contracts in all material respects.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, we were the registrant of one domain name, namely, www.jbb.com.my, one trademark in Hong Kong and one trademark in Malaysia. Please refer to the section headed "Statutory and General Information — B. Further information about our Group's business — 2. Intellectual property rights of our Group" in Appendix IV to this prospectus for further details.

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PROPERTIES

Owned properties

As at the Latest Practicable Date, we owned two properties with a total built up area of 10,308.6 square feet in Johor, Malaysia.

No.	Location	Owner	Built up area (square feet)	Usage
1.	Plot 4, Nusajaya Square 2 @ SiLC, Nusajaya, Iskandar, Malaysia	Pavilion	5,166.09	Intended for rental purpose
2.	Plot 3, Nusajaya Square 2 @ SiLC, Nusajaya, Iskandar, Malaysia	Pavilion	5,142.51	Intended for rental purpose

Leased properties

As at the Latest Practicable Date, we leased the following properties for our business operations in Malaysia, all from Independent Third Parties:

No.	Address	Tenant	Lease term	Usage
1.	No. 20-01, Jalan Sri Perkasa 2/18, Taman Tampoi Utama, 81200 Johor Bahru, Johor, Malaysia	JBB Builders	Monthly rental of RM1,000 for a term of three years from 1 June 2018	Office for business operations
2.	No. 19, Jalan Idaman 8/13 Taman Nusa Idama. 79100 Johor Bahru Malaysia	JBB Builders	Monthly rental of RM1,800 for a term of one year from 9 May 2018	Staff Accommodation

We do not engage in any property activities as defined in Rule 5.01 of the Listing Rules. As at 31 October 2018, no single property owned by us had a carrying value exceeding 15% of our total assets. No property valuation report in respect of our property interests is required in reliance upon the exception provided by section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

LITIGATION AND POTENTIAL CLAIMS

We are currently not a party to any material legal, arbitral or administrative proceedings, and we are not aware of any material threatened legal, arbitral or administrative proceedings against us.

LEGAL AND REGULATORY COMPLIANCE

Non-compliance of CIDB registration by JBB Kimlun

NON-COMPLIANCE INCIDENT	MAJOR CAUSE OF NON-COMPLIANCE INCIDENT	LEGAL CONSEQUENCE, POTENTIAL MAXIMUM PENALTIES	RECTIFICATION ACTIONS	IMPACT ON OUR OPERATIONS AND FINANCIAL POSITIONS	INTERNAL CONTROL MEASURES ADOPTED TO PREVENT FUTURE NON-COMPLIANCE
<p>Section 25(1) of the Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994, when translated into English means Construction Industry Development Board Act 1994 (CIDB Act) provides that no person shall carry out or complete, undertake to carry out or complete any construction work or hold himself out as a contractor, unless he is registered with CIDB and holds a valid certificate of registration issued by CIDB under the CIDB Act.</p> <p>At the time when JBB Kimlun was awarded the scope of work as a main contractor for the MBBJ Tower Project via a letter of award dated 8 May 2017 from Astaka Padu, JBB Kimlun was not registered with CIDB to carry out construction works. The registration took place on 13 September 2017. Although JBB Kimlun may not have commenced the construction works awarded by the said letter of award and taking into account that works awarded are not specialised works prescribed by CIDB where registration can take place after award of contract or completion of construction works, JBB Kimlun had held itself out as a building contractor without valid registration as prohibited by Section 25 of the CIDB Act.</p>	<p>Pursuant to a shareholders' agreement dated 3 May 2017 made between JBB Builders and Kimlun as shareholders of JBB Kimlun, it was agreed that JBB Kimlun was incorporated as a single purpose vehicle to bid and obtain construction contracts which will then be subcontracted to Kimlun, which is duly registered with CIDB as a building contractor. At the material time, JBB Builders and Kimlun were CIDB registered contractors.</p> <p>Before incorporating JBB Kimlun, Kimlun intended to carry out the construction work. While JBB Builders would handle the management of the MBBJ Tower Project, they did not have intention to form JBB Kimlun as special purpose vehicle for tendering for the MBBJ Tower Project until at a rather late stage.</p> <p>As the CIDB registration certificates are held by the holding companies of JBB Kimlun, i.e. JBB Builders and Kimlun, JBB Kimlun did not register with CIDB at the moment of entering into contract for the MBBJ Tower Project.</p>	<p>Section 29 of the CIDB Act provides that "any person who contravenes subsection 25(1) shall be guilty of an offence and shall, on conviction, be liable to a fine not less than RM10,000 but not more than RM100,000".</p> <p>JBB Kimlun was allowed to be registered with CIDB for a two years valid period. Therefore, it is unlikely that JBB Kimlun will be charged for holding itself out as a contractor without registration with CIDB. Furthermore, as there is no reported case or judicial decision on any charge or consequence thereof against any person for holding himself out to be a contractor without being registered with CIDB. In reliance on this situation, it is unlikely that JBB Kimlun will be charged for holding itself out as a contractor without registration with CIDB. In the unlikely event that a charge is instituted, then it is likely that a monetary fine of not less than RM10,000 and not more than RM100,000 will be imposed on JBB Kimlun.</p>	<p>Registration application was made in August 2017 and approved by CIDB on 13 September 2017</p>	<p>Taking into consideration that CIDB approved the registration of JBB Kimlun for a two years valid period and in the absence of reported cases or judicial interpretation or decision on the consequence of any person holding out to be contractor without being registered with CIDB, as advised by our Malaysian legal advisers, it is unlikely that JBB Kimlun will be charged for holding itself out as a contractor without registration with CIDB.</p> <p>As advised by our Malaysian legal advisers, in the unlikely event that a charge is instituted, then it is likely that a monetary fine of not less than RM10,000 and not more than RM100,000 will be imposed on JBB Kimlun.</p> <p>Accordingly, the non-compliance is not expected to have any material impact on our Group's operations and financial positions.</p>	<p>Our Group has enhanced its internal control policy that requires designated qualified personnel with legal background to monitor and ensure the compliance with the CIDB Act as required by law. Our Group has established a policy to ensure timely registration/renewal with CIDB. Our Group has established a policy to ensure any newly formed joint venture companies or subsidiaries for the purpose of jointly tendering for projects, are registered as a contractor with CIDB. In addition, payment for CIDB levy for projects are made within the time specified in the letter of award/condition of contract to minimise the risks of violation and penalties.</p>

View of our Directors and the Sole Sponsor

Our Directors consider that the abovementioned non-compliance incident would not affect the suitability of our executive Directors under Rules 3.08 and 3.09 of the Listing Rules or the suitability of listing of our Company under Rule 8.04 of the Listing Rules having taken into account that (i) our Group has fully rectified or has taken steps to rectify all of the non-compliance incident, where appropriate; (ii) our Group has implemented (or will implement where applicable) the measures described above to avoid recurrence of the non-compliance incident; (iii) our internal control consultant has reviewed the internal control measures in relation to the abovementioned non-compliance incident, and is of the view that the controls over the non-compliance incident are in place; (iv) the non-compliance incident did not involve any dishonesty or fraudulent act on the part of our executive Directors; and (v) our executive Directors' procuring of the rectification works and measures to prevent recurrence of the non-compliance incident demonstrates that their integrity is not at risk. In view of the above, our Directors believe, and the Sole Sponsor concurs that, the internal control measures are sufficient and could effectively ensure a proper internal control system of our Group and prevent the recurrence of such non-compliance incident.

Indemnity by our Controlling Shareholders to our Group in respect of the non-compliance incident

Our Controlling Shareholders have entered into the Deed of Indemnity and undertaken to indemnify our Group against any costs, expenses, claims, liabilities, penalties, losses or damages incurred or suffered by our Group arising from any violation or non-compliance with the laws, rules or regulations applicable to us prior to the Listing Date. For details of the Deed of Indemnity, please refer to the section headed "F. Other information — 1. Estate duty, tax, and other indemnity" in Appendix IV to this prospectus.

INTERNAL CONTROL AND RISK MANAGEMENT**Internal control**

It is the responsibility of our Board to ensure that our Group maintains sound and effective internal controls to safeguard our Shareholders' investment and our Group's assets at all times. We have adopted, or expect to adopt before the Listing, a series of internal control policies, procedures and programmes designed to provide reasonable assurance in achieving our objectives including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. Highlights of our internal control system include the following:

- **Code of conduct** — Our code of conduct explicitly communicates to each employee our values, acceptable criteria for decision-making and our ground rules for behaviour. Our code of conduct also includes whistleblowing policies to encourage all employees to speak up against any sub-standard behaviour.

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- **Anti-corruption** — Our anti-corruption policies provide the tools and resources necessary to enable, monitor and enforce full compliance with the anti-bribery and anti-corruption laws of Malaysia and other countries where we conduct our business operations. Compliance with our anti-corruption policies is a condition of our employment.
- **Internal audit** — Our internal audit function regularly monitors key controls and procedures to review whether the internal control system is functioning as intended. The audit committee of our Board is responsible for supervising our internal audit function.
- **Compliance with Listing Rules** — Our various policies aim to ensure compliance with the Listing Rules, including but not limited to aspects related to corporate governance, connected transactions and securities transactions by our Directors.

Risk management

During the Track Record Period, we assessed and managed risks arising from our operations based on the experience of our Group's management and our professional and technical staff. As advised by our independent internal control consultant, in order to improve our Group's internal control and risk management systems in the future, our Group has established the following ongoing process for identifying, evaluating and managing significant risks faced by our Group. The key procedures that our Group has established and implemented are summarised as follows:

- risks will be identified by our management team and reviewed by our Board;
- action plan will be considered, so long as the risk is recognised, addressed and mitigated;
- set up of contingency plans for key risk areas;
- our Board will monitor regulatory compliance by our Group including risk of non-compliance identified through communications between the heads of different departments and from public information; and
- we have appointed Alliance Capital Partners Limited as our compliance adviser (with effect from the Listing Date) to advise our Board on regulatory compliance with the Listing Rules and the SFO.

Our Directors confirmed that during the Track Record Period, no material failure occurred and we believe that our internal control and risk management systems are sufficient and effective.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Immediately after completion of the Global Offering (without taking into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), JBB Jade will hold approximately 36.36% and JBB Berlian will hold approximately 32.25% of our enlarged issued share capital respectively. JBB Jade is wholly-owned by Dato' Ng and JBB Berlian is wholly-owned by Datin Ngooi. Accordingly, through JBB Jade and JBB Berlian, Dato' Ng and Datin Ngooi, both of our Directors, are our Controlling Shareholders.

Dato' Ng and Datin Ngooi are spouses and a group of Controlling Shareholders. In addition, Dato' Ng and Datin Ngooi have been parties acting in concert (having the meaning ascribed to it under the Takeovers Code) during the Track Record Period and in the course of the Reorganisation pursuant to the Concert Party Deed, and will continue to be parties acting in concert (having the meaning ascribed to it under the Takeovers Code) until such arrangement is terminated in writing by them. For details, please refer to the section headed "History, Reorganisation and Corporate Structure — Concert Party Deed" in this prospectus.

OUR BUSINESS

Our Group is an established engineering contractor based in Malaysia principally engaged in the provision of marine construction services and building and infrastructure services. Our marine construction services focus primarily on reclamation and related works and marine transportation. Our building and infrastructure services focus primarily on general building works and infrastructure works ("**Core Business**").

DELINEATION OF BUSINESS

Operations of our Group are independent and separate from the business operated by the companies which are excluded from our Group ("**Excluded Business**").

Tropical City (M) Sdn. Bhd.

Dato' Ng owns 50% interest in Tropical City (M) Sdn. Bhd. ("**Tropical City**"), a company incorporated in Malaysia which principally engages in processing and trading of

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

processed river and mining sand. There is clear delineation between the business of Tropical City and our Core Business for the following reasons:

	Our Core Business	Business of Tropical City
Raw materials	<p><i>Land Reclamation</i></p> <p>As identified by Ipsos, there are theoretically three types of sand that can be used in land reclamation projects, being processed river sand, processed mining sand and marine sand. In practice, however, since reclamation works do not specifically require the employment of processed river sand or mining sand, only marine sand will be used in reclamation works as the processing cost of processed river sand or processed mining sand are more costly</p> <p>Marine sand, which is sourced from the ocean, is the only type of sand used by our Group in land reclamation projects since, as explained above, reclamation works do not require the sand to go through a washing process (which involves the removal of impurities that have potential to cause defect to ready-mixed concrete and related building products etc.). As such, the cost for using raw marine sand is the lowest among the three types of sand</p> <p>Moreover, processed river and mining sand must be sourced and transported from inland areas to the project site via lorries, thus incurring additional costs in the process and restricting the amount of sand to be delivered to a project site. In contrast, marine sand is transported in bulk quantities which allows for fast delivery of sand directly to the project site via sand carriers, which is the most suitable method of sand delivery for reclamation of big land area</p> <p><i>Building and infrastructure</i></p> <p>We do not purchase processed river and mining sand directly for our building and infrastructure services as works such as plastering and concreting are all outsourced to and handled by our subcontractors</p>	<p>The raw materials involved in the business of Tropical City are river and mining sand. For construction activities such as plastering and concreting, processed river and mining sand are used instead of marine sand as the high content of chloride in marine sand can easily lead to defects in building structures</p>

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

	Our Core Business	Business of Tropical City																									
Work process	<p>Our business includes marine construction services as well as building and infrastructure services. The key process of marine construction involves site investigation, transportation of sand, soil improvement and sand handling/filling with land-based machinery such as articulated dump truck. As such, all of our subsidiaries are required to obtain and renew the CIDB licences to commence business, and JBB Marine needs to further obtain the Jabatan Laut (Department of Marine, Malaysia) approval letters</p>	<p>The business of Tropical City only involves in the processing of river and mining sand before trading the processed sand to sand traders on ex-site basis. Hence, Tropical City does not require any specific licence to conduct its business</p>																									
Price	<table border="0"> <thead> <tr> <th></th> <th>2015</th> <th>2016</th> <th>2017</th> <th>Average</th> </tr> </thead> <tbody> <tr> <td>Marine sand* (RM/MT)</td> <td>20.4</td> <td>19.8</td> <td>19.8</td> <td>20.0</td> </tr> </tbody> </table> <p><i>*Note:</i> The price is based on indication from our customer.</p>		2015	2016	2017	Average	Marine sand* (RM/MT)	20.4	19.8	19.8	20.0	<table border="0"> <thead> <tr> <th></th> <th>2015</th> <th>2016</th> <th>2017</th> <th>Average</th> </tr> </thead> <tbody> <tr> <td>River sand (RM/MT)</td> <td>40.0</td> <td>40.8</td> <td>40.8</td> <td>40.5</td> </tr> <tr> <td>Mining sand (RM/MT)</td> <td>38.7</td> <td>39.2</td> <td>39.2</td> <td>39.0</td> </tr> </tbody> </table>		2015	2016	2017	Average	River sand (RM/MT)	40.0	40.8	40.8	40.5	Mining sand (RM/MT)	38.7	39.2	39.2	39.0
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Target clientele	<p>Our target customers are mainly private land developers and government-linked company</p> <p>There was only one insignificant common customer during the Track Record Period</p> <p>During the Track Record Period, one of the major customers of Tropical City was also a customer of our Group (which is also a sub-contractor of our Group and connected person) during the year ended 30 June 2016. Our sales to this common customer was an one-off transaction, which accounted for less than 1% of our Group's total revenue for the year ended 30 June 2016, and was insignificant to our Group</p> <p>For further details of the transactions of our Group with the common customer and with Tropical City, please refer to the section headed "Continuing Connected Transactions" in this prospectus</p>	<p>Tropical City focuses on construction sand trading with sand traders, which are usually intermediary companies between the sand miner and the end user</p>																									

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Our Core Business

During the Track Record Period, one of Tropical City's major suppliers was also one of the 19 vessel owners of sand carriers with which we have entered into master framework agreements. As we have secured the stable supply of vessels for our marine construction works under the master framework agreements, the provision of services by the common supplier, which is an Independent Third Party, will not have any adverse impact on our business operations

Save for two occasions when Tropical City engaged our Group to perform small scale engineering work (both on a one-off basis) as Tropical City does not have the capabilities to perform such work, and for one occasion when Tropical City engaged our Group to perform an one-off sand transportation service, there are no business dealings between Tropical City and our Group during the Track Record Period and up to the Latest Practicable Date

Operation and market positioning

As an established engineering contractor in Malaysia, our Group's services is divided into two major types of services, namely marine construction services and building and infrastructure services. Our marine construction services can be further categorised into reclamation and related works, as well as marine transportation. For further details, please refer to the section headed "Business — Overview" in this prospectus

Business of Tropical City

As one of the suppliers for construction sand in the Johor region, Tropical City is only involved in processing and trading of river sand and mining sand at approved sand mining concessions sites in Johor, Malaysia

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

	Our Core Business	Business of Tropical City
Management team	Dato' Ng, is the only overlapping director between our Group and Tropical City as at the Latest Practicable Date	Tropical City has employed a separate management team including the other director of Tropical City who is not a member of our Board or senior management to manage its business. Dato' Ng only undertakes the role of a supervisor of Tropical City and none of our Directors or members of our senior management has been involved in the daily management and operations of it

Taking the aforementioned delineating factors into account, our Directors consider that Tropical City does not compete, and is not likely to compete, either directly or indirectly, with our Core Business. Therefore, our Directors confirm that they have no intention to include the interest of Tropical City held by Dato' Ng into our Group.

As at the Latest Practicable Date, the Controlling Shareholders, individually and/or collectively also hold interests in other companies in Malaysia, which engage in businesses other than the Core Business comprising fintech startup, river and mining sand processing and trading (i.e. Tropical City), and property development business. Accordingly, the Excluded Business in which the Controlling Shareholders are interested in are different in nature from our Core Business. Although the Excluded Business had been involved in minor non-compliance incidents, the Controlling Shareholders consider that such incidents would not affect the suitability of listing of our Company under Rule 8.04 of the Listing Rules. Except through our Group, none of the Controlling Shareholders or their close associates conducts any business that competes or is likely to compete, either directly or indirectly, with the Core Business, which is subject to disclosure pursuant to Rule 8.10 of the Listing Rules. Given the clear delineation between our Core Business on one hand and the business of the Controlling Shareholders and their close associates on the other hand, and the non-competition arrangement between our Group and the Controlling Shareholders after Listing, our Board is satisfied that our business is and will continue to be independent from the Controlling Shareholders. Please refer to the paragraph headed "Relationship with Controlling Shareholders — Deed of Non-Competition" below for details on the non-competition arrangement between our Group and the Controlling Shareholders after Listing.

DEED OF NON-COMPETITION

In order to confirm that competition will not occur in the future, each of our Controlling Shareholders as covenantors (each a "**Covenantor**", and collectively, the "**Covenantors**") have signed the Deed of Non-competition with us to the effect that they will not, and will confirm each of their respective associates not to, directly or indirectly take part in, or hold any rights or interests or otherwise be involved in, any business which may be in competition with our business.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

In accordance with the Deed of Non-competition, each Covenantor undertakes that, from the Listing date and ending on the occurrence of the earliest of (i) the date on which, in relation to any Covenantor, it/he/she, together with its/his/her associates, whether individually or taken together, ceases to be interested in 30% (or such other amount as may from time to time be specified in the Listing Rules as being the threshold for determining a controlling shareholder of a company) or more of the entire issued share capital of our Company, provided that the Deed of Non-competition shall continue to be in full force and effect as against the other Covenantors; or (ii) the date on which the Shares cease to be listed on the Main Board of the Stock Exchange (other than suspension of trading of the Shares for any other reason); or (iii) the date on which the Covenantors beneficially own or become interested jointly or severally in the entire issued share capital of our Company (the “**Restricted Period**”); it/he/she will not, and will use its/his/her best endeavours to procure any Covenantor, its/his/her associates (collectively, the “**Controlled Persons**”) and any company directly or indirectly controlled by the Covenantor (the “**Controlled Company**”) not to:

- (a) either on its/his/her own or in conjunction with any body corporate, partnership, joint venture or other contractual agreement, whether directly or indirectly, whether for profit or not, carry on, participate in, hold, engage in, acquire or operate, or provide any form of assistance to any person, firm or company (except members of our Group) to conduct any business which, directly or indirectly, competes or may compete with the business of our Company or any of its subsidiaries, including the provision of marine construction services, building and infrastructure services and any related services (the “**Restricted Business**”);
- (b) interfere with or endeavour to entice away from our Group any firm, company or organization who to its/his/her knowledge is from time to time or has at any time within the immediate past two years before the date of this prospectus been a customer or supplier of our Group;
- (c) at any time employ any person who has been a director, manager or employee of or consultant to our Group who is or may be likely to be in possession of any confidential information or trade secrets relating to our Group’s business without prior written consent from our Company;
- (d) directly or indirectly solicit or persuade any person who has dealt with our Group or is in the process of negotiating with our Group to cease to deal with our Group or reduce the amount of business which the person would normally do with our Group; and

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (e) disclose any confidential information of our Group in its/his/her possession to any third party or our Group's competitors unless such disclosure (i) is made to professional advisers on a confidential basis; (ii) is otherwise required by the Government or any regulatory authorities under any applicable laws and regulations or pursuant to any court orders; or (iii) is already in public domain or which become so through no fault or breach of the Covenantors, and that before making any disclosure, the Covenantors shall inform and consult our Group as to the form and substance of such disclosure.

Each of the Covenantors undertakes to our Company that during the term of this Deed of Non-Competition to indemnify and keep indemnified our Company and any members of our Group against any loss or liability suffered by our Company or any members of the Group (as relevant) arising out of or in connection with any breach of any of its/his/her obligations or undertakings hereunder, including any costs and expenses (including legal expenses) incurred as a result of such breach provided that the indemnity contained in this paragraph shall be without prejudice to any of the other rights and remedies of our Company or any members of our Group in relation to any such breach.

Each of the Covenantors further undertakes that it/he/she and shall procure that each of its/his/her close associates and/or companies controlled by it/him/her (other than members of our Group) will not take advantage of its/his/her connections with our Group and/or the shareholders of our Company, or its/his/her position as a shareholder of our Company, to participate or be engaged in any activities which may be detrimental to the interests of our Group and the other shareholders of our Company.

1. Non-competition

Each Covenantor undertakes that it/he/she will not, and will use its/his/her best endeavours to procure any Covenantor, any Controlled Person and any Controlled Company not to, either on its/his/her own or in conjunction with any body corporate, partnership, joint venture or other contractual agreement, whether directly or indirectly, whether for profit or not, carry on, participate in, hold, engage in, acquire or operate, or provide any form of assistance to any person, firm or company (except members of our Group) to conduct any Restricted Business.

2. New business opportunity

If any Covenantor, any Controlled Person and/or any Controlled Company is offered or becomes aware of any business opportunity to, directly or indirectly, engage in or own a Restricted Business (the "**New Business Opportunity**"):

- (a) it/he/she shall promptly notify our Company of such New Business Opportunity in writing and refer the same to our Company for consideration, and shall provide the relevant information to our Company in order to enable it to make an informed assessment of such opportunity; and

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (b) it/he/she shall not, and shall procure that its/his/her Controlled Persons or Controlled Companies shall not, invest or participate in any New Business Opportunity, unless such New Business Opportunity shall have been rejected by our Company and the principal terms on which the Covenantor or its/his/her Controlled Persons or Controlled Companies shall invest or participate in such New Business Opportunity are no more favourable than those made available to our Company.

A Covenantor may only engage in the New Business Opportunity if (i) a notice is received by the Covenantor from our Company confirming that the New Business Opportunity is not accepted and/or does not constitute Restricted Business (the “**Non-acceptance Notice**”); or (ii) the Non-acceptance Notice is not received by the Covenantor within 10 days after the proposal of the New Business Opportunity is received by our Company.

A Covenantor, being a Director who has an actual or potential material interest in the New Business Opportunity, shall abstain from attending (unless his attendance is specifically requested by the remaining non-interested Directors) and voting at, and shall not count towards the quorum for, any meeting or part of a meeting convened to consider such New Business Opportunity. An independent board of committee which is comprised of non-interested Directors and independent non-executive Directors will be responsible for assessing the New Business Opportunity and making the decision as to whether or not to take up any particular New Business Opportunity.

3. Option and right of first refusal

Each of the Covenantors undertakes to grant to our Company an option (the “**Option**”), as part of the Deed of Non-competition, to acquire the whole or part of its interest in any Restricted Business held directly or indirectly by a Covenantor, a Controlled Person or a Controlled Company and the business arising from the New Business Opportunity above not taken up or deemed to be not taken up by our Company at any time subject to the Exercise Conditions (as defined below). The price at which the Option will be exercised shall be negotiated and agreed at arm’s length between our Company and the relevant Covenantor at the time of exercise. If the relevant Covenantor and our Company fail to agree on the exercise price, an independent internationally recognised firm of valuers will be appointed to determine the exercise price.

Each of the Covenantors undertakes to grant to our Company a right of first refusal (the “**Right of First Refusal**”) as part of the Deed of Non-competition and subject to the Exercise Conditions (as defined below), in the event that any of the Covenantors, any Controlled Person or Controlled Company wishes to sell the whole or any part of its/his/her interest in any Restricted Businesses owned by it/him/her or the business arising from the New Business Opportunity above not taken up or deemed to be not taken up by our Company (the “**Opportunity for Sale**”), such Covenantor, Controlled Person or Controlled Company must first make an offer to sell such interest to our Company.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

A Covenantor shall serve our Company a written notice which shall include the terms and conditions of and the information and documents necessary in respect of the Opportunity for Sale to enable our Company to evaluate the merit of the Opportunity for Sale (the “**Transfer Notice**”).

Subject to the Exercise Conditions (as defined below), our Company shall serve each Covenantor and where applicable any of the Controlled Persons or Controlled Companies a written notice stating whether it will acquire the Opportunity for Sale on the terms and conditions set out in the Transfer Notice within one month thereof.

In the event that following the satisfaction of the Exercise Conditions (as defined below), our Company serves the written notice stating that our Company and our Group shall not acquire the Opportunity for Sale on the terms and conditions set out in the Transfer Notice or our Company does not proceed with the acquisition of the Opportunity for Sale within one month from the date of the Transfer Notice, each Covenantor or the relevant Controlled Person or Controlled Company shall be entitled to transfer the Opportunity for Sale to third parties provided that the terms and conditions of the transfer shall be the same as or no more favourable than those set out in the Transfer Notice.

Decisions as to whether to exercise the Option or the Right of First Refusal shall be subject to the independent non-executive Directors and the independent Shareholders (if required) approving the acquisition. In addition, our Company should appoint an independent financial adviser to review the terms of the acquisition of the interests in any Restricted Business and provide a letter of advice to the independent board committee and the independent Shareholders (if required) (collectively, the “**Exercise Conditions**”).

4. General Undertaking

In order to ensure the performance of the above-mentioned non-competition undertakings, each of the Covenantors will:

- (a) provide all information necessary to our Company and our Directors for the annual review by the independent non-executive Directors with regard to compliance with the terms of the Deed of Non-competition and the enforcement of the undertakings contained therein by each of them;
- (b) make an annual declaration in compliance with such undertakings in the annual reports of our Company and each of the Covenantors acknowledges that the independent non-executive Directors will review, at least on an annual basis, the compliance with such undertakings given by each of the Covenantors, including all decisions taken in each quarter of the year on whether to pursue a New Business Opportunity in accordance with the Deed of Non-competition and our Company will make disclosures in its annual reports or by way of announcements regarding the decisions and the rationale of those decisions (as appropriate) of the independent board committee on matters referred to in the Deed of Non-competition and each of them hereby gives its/his/her general consent to such disclosure;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (c) in the event of any disagreement between the parties to the Deed of Non-competition as to whether or not any activity or proposed activity of the Covenantors constitutes a Restricted Business, procure that the matter be determined by the independent non-executive Directors whose majority decision shall be final and binding; and
- (d) abstain from voting at, and not be counted as part of the quorum of, any meetings of Shareholders and/or board of Directors of our Company for consideration and approval of any matters referred to in the Deed of Non-competition which have, or may give rise to, conflicts of interest, actual or potential.

The Deed of Non-competition shall not apply if a Covenantor owns any interest not exceeding five per cent of the issued shares in any company conducting any Restricted Business (the “**Relevant Company**”), and such company or its holding company is listed on any recognised stock exchange (as defined under the SFO), notwithstanding that the business conducted by the Relevant Company constitutes or might constitute competition with the business of our Company or any of its subsidiaries, provided that (i) the shareholding of any one shareholder (and its/his/her associates, if applicable) in the Relevant Company is more than that of a Covenantor, a Controlled Person and/or a Controlled Company at any time; and (ii) the total number of the relevant Covenantor’s representatives on the board of directors of the Relevant Company is not significantly disproportionate with respect to its/his/her shareholding in the Relevant Company.

The Deed of Non-competition and the rights and obligations thereunder are conditional upon the conditions set out in “Structure and Conditions of the Global Offering” in this prospectus.

As the Covenantors have given the undertakings under the Deed of Non-competition in favour of our Company, and none of them have interests in other businesses that compete or are likely to compete with the business of our Group save as disclosed above, our Directors are of the view that they are capable of carrying on our business independently of the Covenantors following the Listing. Save as disclosed above, none of the Covenantors and our Directors has interests in any business which competes or is likely to compete with the business of our Group.

CORPORATE GOVERNANCE MEASURES

Our Directors recognise the significance of good corporate governance to protect the interest of our Shareholders. We would adopt the following corporate governance measures to manage latent conflict of interest between our Group and the Controlling Shareholders:

- (a) Where a Shareholders’ meeting is held for a proposed transaction in which the Controlling Shareholders have a material interest, the Controlling Shareholders shall abstain from voting on the resolutions and shall not be counted in the quorum for the voting;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (b) Where a Board meeting is held for the issues in which a Director has material interest in relation to which a conflict or potential conflict of interest with our Group may emerge, he must make full disclosure regarding to such issue to our Board, and such Director shall abstain from voting on the resolutions and shall not be counted in the quorum for the voting;
- (c) We are committed to ensuring that the Board has a balanced composition of executive and non-executive Directors including independent non-executive Directors to ensure that there is a strong independent element on our Board, which can efficaciously exercise independent judgement and will be able to deliver neutral and professional advice to safeguard the interest of the minority Shareholders;
- (d) Each of our Controlling Shareholders will produce an annual declaration on its compliance with the Deed of Non-competition in the annual report of our Group and confirm that the disclosure of details of the compliance with and the enforcement of the Deed of Non-competition is constant with the principles of disclosure under the Corporate Governance Code enclosed in Appendix 14 to the Listing Rules;
- (e) Our independent non-executive Directors will review the compliance by the Controlling Shareholders and enforcement of the Deed of Non-competition on an annual basis. The Controlling Shareholders will give all information requested by our Group which is necessary for such review by our independent non-executive Directors. Our Group will announce their decisions reached, with foundation, in respect of (i) referring or declining any New Business Opportunity and (ii) exercising the Options or the Right of First Refusal to pursue any project of marine construction services provision, building and infrastructure services provision and any related business and other matters received by our independent non-executive Directors in our reports or by way of announcements;
- (f) Pursuant to the Corporate Governance Code in accordance with Appendix 14 to the Listing Rules, our Directors including the independent non-executive Directors, will be able to obtain independent professional advice from external parties in suitable circumstances at our Group's cost;
- (g) Any transaction between (or proposed to be made between) our Group and the connected persons will be subject to the requirements under Chapter 14A of the Listing Rules, including, where applicable, the announcement, reporting, annual review, circular (including independent financial advice) and independent Shareholders' approval requirements and those conditions imposed by the Stock Exchange for the granting of waiver from strict compliance with relevant requirements under the Listing Rules;
- (h) Our Group has appointed Alliance Capital Partners Limited as our compliance adviser, which will provide advice and guidance to our Group in respect of compliance with the applicable laws and Listing Rules including various requirements relating to Directors' duties and corporate governance.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders and/or Directors to protect the minority Shareholders' rights after Listing.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

Our Board is of the view that we are independent of, and do not place undue reliance on our Controlling Shareholders and their respective associates after the Listing for the following reasons:

Management Independence

Our management and operational decisions are made by our Board and our senior management. Our Board includes 3 executive Directors, 1 non-executive Director and 3 independent non-executive Directors. Our Directors do not foresee any issue which may affect our management independence for the following reasons:

- (a) Our Company maintains an independent Board to oversee our Group's business. Our Board is responsible for contemplating and approving business plans and strategies of our Group, monitoring the implementation of business plans and strategies and supervising the management of our Group;
- (b) Our Board embraces a balanced composition of independent non-executive Directors who have adequate character, integrity and ability for their views to carry weight, and therefore can effectively exercise their independent judgement and give impartial views in the decision-making process of our Board to safeguard the interests of our Shareholders. All of our independent non-executive Directors have extensive experience in their respective professions. Our Directors have confidence in that the presence of Directors from different backgrounds provides a balance of opinions;
- (c) Each of our Directors is mindful of his fiduciary duties as a Director which requires, among other things, that he acts for the benefit and in the best interests of our Group and does not permit any conflict between his duties as a Director and his personal interest. In the event that there is a potential conflict of interest, the interested Director(s) shall abstain from voting on the relevant resolutions in board meetings of our Group in relation to such transactions and shall not be counted in the quorum in accordance with the requirements of the Listing Rules; and
- (d) Our Group has an independent management team with extensive experience and expertise in our business, to implement our Group's plans and strategies in the daily operations independently of our Controlling Shareholders. For details of our senior management, please see the section headed "Directors, Senior Management and Staff" in this prospectus.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Having considered the above facts, our Directors are satisfied that they and the senior management members are capable of performing their roles in our Group independently, and our Directors consider that we are able to manage our business independently from our Controlling Shareholders and/or their respective associates following completion of the Global Offering.

Operational Independence

Our Directors are of the view that we will be capable of operating independently from the Controlling Shareholders:

- (a) Our Group has established our own organisation structure, and each department is assigned to specific areas of responsibilities. We do not rely on our Controlling Shareholders or their associates for our operations. We have independent access to our suppliers and customers and an independent management team to handle our daily operations and we have sufficient operational capacity in terms of capital and employees operate independently. We have also established a set of internal controls to facilitate the effective operation of our business;
- (b) our Company is not reliant on trademarks owned by our Controlling Shareholders, or other companies owned by our Controlling Shareholders;
- (c) there is no competing business between our Group and our Controlling Shareholders; and
- (d) Although we have entered into certain transactions which will constitute continuing connected transactions upon Listing, such transactions have been entered into and will continue to be entered into on normal commercial terms and in the ordinary course of business of our Company. Please refer to the section headed “Continuing Connected Transactions” of this prospectus for details of the connected transactions that will continue upon Listing.

Based on the foregoing, our Directors contemplate that we do not rely on our Controlling Shareholders for our business operations.

Financial Independence

Our Board believes that we are able to operate financially independently from our Controlling Shareholders on the grounds that:

- (a) all loans, advances and balances due to and from our Controlling Shareholders and their close associates have been fully repaid before Listing and all guarantees provided by our Controlling Shareholders on our Group’s borrowing will be fully released upon Listing;
- (b) we have our own accounting and financial department and independent financial system and make our financial decisions independently according to our business and operation needs;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (c) our finance operations are handled by our financial department, which operate independently from our Controlling Shareholders and does not share any other functions or resources with our Controlling Shareholders;
- (d) we have our own treasury function and we have independent access to third party financing on market terms and conditions for our business operations as and when required; and
- (e) we have independent bank accounts and do not share any of our banks accounts, loan facilities or credit facilities with our Controlling Shareholders.

CONTINUING CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS

During the Track Record Period, we had entered into certain transactions with the following entities which are our connected persons. Some of the transactions will be terminated or expire before Listing while the others will continue following the Listing Date and thereby constitute continuing connected transactions of our Group under Chapter 14A of the Listing Rules. Set out below is the summary of those connected transactions.

CONNECTED PERSONS

Southern Diggers Enterprise Sdn. Bhd., Southern Link Construction Sdn. Bhd., and Vital Rider Sdn. Bhd.

As at the Latest Practicable Date, Mr. Toh Ang Poo (“**Mr. Toh**”) is a director of Gabungan and Mr. Toh and his spouse, Ms. Chow Swee Tai (“**Mrs. Toh**”), are the shareholders each holding 25% issued share capital of Gabungan. Mr. Toh and Mrs. Toh are connected persons of our Company at the subsidiary level for the purposes of the Listing Rules. Mr. Toh and Mrs. Toh are also shareholders of the following companies:

	Shareholding by Mr. Toh and/or Mrs. Toh	Connected Person of our Company
Southern Diggers Enterprise Sdn. Bhd. (“ Southern Diggers ”)	Mr. Toh: 33.3%	Southern Diggers, being an associate of Mr. Toh, is a connected person of our Company at the subsidiary level
Southern Link Construction Sdn. Bhd. (“ Southern Link ”)	Mr. Toh and Mrs. Toh together: 92.5%	Southern Link, being an associate of Mr. Toh and Mrs. Toh, is a connected person of our Company at the subsidiary level
Vital Rider Sdn. Bhd. (“ Vital Rider ”)	Mrs. Toh: 50%	Vital Rider, being an associate of Mrs. Toh, is a connected person of our Company at the subsidiary level

Tropical City (M) Sdn. Bhd.

As at the Latest Practicable Date, Dato’ Ng is a shareholder holding 50% of the issued share capital of Tropical City (M) Sdn. Bhd. (“**Tropical City**”). Tropical City is an associate of Dato’ Ng. Dato’ Ng is a substantial shareholder and a connected person of our Company. As such, Tropical City is a connected person of our Company.

CONTINUING CONNECTED TRANSACTIONS

Simfoni Pesona Sdn. Bhd.

As at the Latest Practicable Date, Dato' Ng and Datin Ngooi are shareholders each holding 50% issued share capital of Simfoni Pesona Sdn. Bhd. (“**Simfoni**”). Simfoni is an associate of Dato' Ng and Datin Ngooi, who are both substantial shareholders and connected persons of our Company. As such, Simfoni is a connected person of our Company.

Kimlun

Kimlun mainly engages in building construction and infrastructure projects and is a wholly-owned subsidiary of Kimlun Corporation Berhad, which is listed on Bursa Malaysia. As at the Latest Practicable Date, Kimlun is a shareholder holding 40% issued share capital of JBB Kimlun. As such, Kimlun is a connected person of our Company at the subsidiary level for the purposes of the Listing Rules.

DISCONTINUED CONNECTED TRANSACTIONS

During the Track Record Period, our Group has the following transactions with the connected persons of our Company which have been terminated or expired or will be terminated or expire before Listing.

	Connected Person	Nature of Transactions	For the year ended 30 June			For the
			2016	2017	2018	four months
			RM'000	RM'000	RM'000	ended
						31 October
						2018
						RM'000
JBB Builders	Southern Diggers	Supply of scrap sand surcharge after reclamation project completed	2,472	—	—	—
	Southern Diggers	Machinery Rental	207	33	991	5
	Southern Diggers	Subcontract for site clearing works	—	—	—	356
	Simfoni	Reimbursement of the deposit payments for 20 units of residential properties ^{Note}	—	—	40,575	—
	Kimlun	Subcontract for Temporary Steel Structure Support System	—	—	13,983	8,303
	Kimlun	Subcontract for RC Retaining Wall Works	—	—	109	18
	Kimlun	Machinery Rental	—	—	—	476
Gabungan	Southern Diggers (as customer)	Machinery Rental	12	21	245	—
	Southern Diggers (as supplier)	Machinery Rental	795	898	1,065	—
	Southern Link	Machinery Rental	685	331	145	—
	Tropical City (as customer)	Machinery Rental	—	377	372	533
	Vital Rider	Transportation Services	14	31	72	—
JBB Marine	Tropical City	Sand Transportation	284	—	—	—

CONTINUING CONNECTED TRANSACTIONS

Note:

In February 2016, JBB Builders entered into certain sale and purchase agreements with Astaka Padu to acquire 20 units of residential properties with an aggregated consideration of approximately RM57.2 million. By 20 deeds of revocation of sale and purchase agreement (the “**Deeds of Revocation**”) all dated 28 February 2018 entered into between JBB Builders and Astaka Padu, JBB Builders and Astaka Padu agreed to revoke, respectively, 20 sale and purchase agreements in respect of 20 units of residential properties under construction in the same development site in Johor, Malaysia. It was agreed among relevant parties that as a condition of the Deeds of Revocation, Simfoni shall enter into new sale and purchase agreements with Astaka Padu at the same aggregated consideration of approximately RM57.2 million for taking over and assuming the rights and liabilities in the said 20 units of residential properties and that the deposit payments of RM40,575,001.50 which had already been paid by JBB Builders under the revoked sale and purchase agreements shall be deemed to be paid by Simfoni. Simfoni in return shall refund the said deposit payments in the amount of RM40,575,001.50 to JBB Builders.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Continuing Connected Transactions with Southern Diggers

Subcontract of our Group’s buildings and infrastructure project works

Our Group is an established engineering contractor and mainly engages in the marine construction services as well as buildings and infrastructure project services. For the purpose of cost control, it is one of our main strategies to subcontract awarded buildings and infrastructure project works to subcontractors on a project-by-project basis. Most of our buildings and infrastructure project works are subcontracted by way of tender according to our Group’s policy in selection of subcontractors. Please refer to the section headed “Business — Our suppliers — Subcontracting” in this prospectus.

Part of the infrastructure works in a buildings and infrastructure project in relation to a mixed development at Pengerang, Kota Tinggi, Johor, Malaysia awarded by Bukit Pelali Properties Sdn. Bhd. (the “**Bukit Pelali Project Works**”) have been subcontracted to Southern Diggers by four subcontract agreements according to our Group’s policy in selection of subcontractors (the “**Southern Diggers’ Subcontract Agreements**”).

The details of the Southern Diggers’ Subcontract Agreements are as follows:

No. of contract	Date of the contract	Parties	Contract	Original Contract Sum	Anticipated Completion Date
1	24 December 2016	(a) JBB Builders (b) Southern Diggers	Letter of Award — Infrastructure Works and supplementary agreement dated 31 March 2019 (collectively the “ Phase 1A Agreement ”)	RM7,834,868.56	First Quarter of 2019 <i>(Note 1)</i>
2	15 February 2018	(a) JBB Builders (b) Southern Diggers	Subcontract Agreement — Infrastructure Works Phase 1B and supplementary agreement dated 31 March 2019 (collectively the “ Phase 1B Agreement ”)	RM10,590,464.70	Third Quarter of 2019 <i>(Note 2)</i>

CONTINUING CONNECTED TRANSACTIONS

No. of contract	Date of the contract	Parties	Contract	Original Contract Sum	Anticipated Completion Date
3	28 December 2017	(a) JBB Builders (b) Southern Diggers	Letter of Acceptance — Infrastructure Works (Phase 2A & 2B) and supplementary agreement dated 31 March 2019 (collectively the “Phase 2A & 2B Agreement”)	RM16,819,227.39	Third Quarter of 2019 <i>(Note 3)</i>
4	1 July 2018	(a) JBB Builders (b) Southern Diggers	Subcontract Agreement — Completion of Road Access and supplementary agreement dated 31 March 2019 (collectively the “Road Access Agreement”)	RM1,086,953.10	Second Quarter of 2019 <i>(Note 4)</i>

Note (1): with a defects liability period of 18 months from the date of completion.

Note (2): with a defects liability period of 12 months from the date of completion.

Note (3): with a defects liability period of 27 months from the date of completion.

Note (4): with a defects liability period of 12 months from the date of completion.

Aggregation of the Transactions

Given that the Southern Diggers’ Subcontract Agreements were entered into by JBB Builders (i) with anticipated completion dates within 12 months; (ii) with the same party, namely, Southern Diggers and (iii) with the same nature, they should be aggregated for the purpose of Chapter 14A of the Listing Rules.

(a) The historical transaction amount

The Southern Diggers’ Subcontract Agreements commenced earliest on 24 December 2016, the historical figures for each of the three years ended 30 June 2018 and four months ended 31 October 2018 are nil, approximately RM1.6 million, RM3.9 million and RM4.9 million respectively.

(b) The proposed annual caps and basis of determination

Our Directors estimate that the aggregated annual caps under the Southern Diggers Subcontract Agreements will not exceed RM41.8 million, RM17.6 million and nil for each of the three years ending on 30 June 2021 respectively. Such estimation of annual caps is made with reference to (i) the aggregated original contract sum of approximately RM36.3 million; (ii) the actual variation orders amounting to approximately RM3.1 million, which are already confirmed and accepted as at the date of 28 February 2019; (iii) anticipated progress of work and anticipated completion dates of the Southern Diggers’ Subcontract Agreements (with buffer for completing the relevant work 2 months before or after the anticipated completion dates, whichever the higher); and (iv) anticipated variation orders based on approximately 10% of the

CONTINUING CONNECTED TRANSACTIONS

original contract sum of the two contracts (the Phase 1A agreement and the Road Access Agreement, which are expected to be completed in the first and second quarters of 2019 respectively), allocated in accordance with the anticipated progress of work, which serves as a general buffer; and (v) anticipated variation orders based on approximately 30% of the original contract sum of the two contracts (the Phase 1B Agreement and the Phase 2A & 2B Agreement, which both are expected to be completed in the third quarter of 2019), allocated in accordance with the anticipated progress of work which serves as a buffer. Such buffer of 30% of the original contract sum is determined with reference to the actual variation orders of the two contracts (the Phase 1A agreement and the Road Access Agreement which are expected to be completed soon) as at 28 February 2019, which is around 30% of the original contract sum.

The Pricing Policy

The contract sum of the Southern Diggers' Subcontract Agreements was determined (i) on a project-by-project basis; (ii) through the tendering process according to our Group's policy in selection of subcontractors; and (iii) taking into account the profit we made in the Bukit Pelali Project Works. Our Directors consider that the terms in the Southern Diggers' Subcontract Agreements have been arrived at after an arm's length negotiation, and are on normal commercial terms.

Implications Under the Listing Rules

Mr. Toh holds 33.3% of the issued share capital of Southern Diggers and is the substantial shareholder of Gabungan. Therefore, Southern Diggers is an associate of Mr. Toh and a connected person of our Company at the subsidiary level.

Our Board (including all the independent non-executive Directors) has approved the Southern Diggers' Subcontract Agreements and the transactions contemplated thereunder and all the independent non-executive Directors have confirmed that the Southern Diggers' Subcontract Agreements were entered into in the ordinary and usual course of our business; and the terms thereof are fair and reasonable and on normal commercial terms or better and in the interest of our Shareholders as a whole. As such, pursuant to Rule 14A.101 of the Listing Rules, the transactions contemplated under the Southern Diggers' Subcontract Agreements are exempted from the circular, independent financial advice and Shareholders' approval requirements but are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

Continuing Connected Transactions with Kimlun

MBJB Tower Project

On 2 May 2017, JBB Kimlun was established by JBB Builders and Kimlun as a special purpose joint venture to tender for the MBJB Tower Project. For more details of JBB Kimlun, the joint venture and the MBJB Tower Project, please refer to the section headed "Business — Our contracts — The MBJB Tower Project and our joint venture — JBB Kimlun" in this prospectus.

CONTINUING CONNECTED TRANSACTIONS

On 8 May 2017, JBB Kimlun successfully obtained the MBBJ Tower Project from Astaka Padu (the “**First Awarded Work Package**”) with contract sum of RM263 million (the “**Contract Sum of the First Awarded Work Package**”).

According to the shareholders’ agreement dated 3 May 2017, the first supplemental shareholders’ agreement dated 9 May 2017, the second supplemental shareholders’ agreement dated 16 May 2017 and the third supplemental shareholders’ agreement dated 31 March 2019 (collectively the “**JBB Kimlun Shareholders’ Agreements**”) entered between JBB Builders, Kimlun and JBB Kimlun, it is agreed that:

- (i) JBB Kimlun shall award to Kimlun each and every construction project which is awarded to JBB Kimlun from time to time (the “**Awarded Work Package**”) on a total subcontracting basis and shall award the First Awarded Work Package at the provisional subcontract sum of RM263 million (being 100% of the Contract Sum of the First Awarded Work Package); and
- (ii) Kimlun shall appoint JBB Builders to provide project coordination services in relation to the First Awarded Work Package and pay JBB Builders a coordination fee at 2.5% of the final contract sum of the First Awarded Work Package as certified by Astaka Padu.

As per the JBB Kimlun Shareholders’ Agreements, (1) JBB Kimlun shall award all the contract works in the MBBJ Tower Project obtained from Astaka Padu to Kimlun at the contract sum of RM263,000,000, being the exact amount of the Contract Sum of the First Awarded Work Package that JBB Kimlun obtained from Astaka Padu; and (2) Kimlun shall appoint JBB Builders to provide project management services in relation to the MBBJ Tower Project at the management fee of 2.5%. JBB Kimlun and JBB Builders entered into subcontracts with Kimlun with details as below:

No. of contract	Date of the contract	Parties	Contract	Scope of work	Original Contract Sum	Anticipated Completion Date
1	8 May 2017	(a) JBB Kimlun (b) Kimlun	Subcontract Letter of Award and supplementary agreement dated 31 March 2019 (collectively the “ Kimlun Subcontract Agreement ”)	JBB Kimlun subcontracted and awarded the whole First Awarded Work Package to Kimlun	RM263,000,000	Fourth quarter of 2019 (<i>Note 1</i>)
2	3 July 2017	(a) Kimlun (b) JBB Builders	Letter of Appointment for Project Management Services and Supplementary Agreement dated 31 March 2019 (collectively the “ Project Management Services Agreement ”)	JBB Builders to provide project management services in respect of the First Awarded Work Package	RM6,419,558	Fourth quarter of 2019

Note (1): with a defects liability period of 24 months from the date of completion.

CONTINUING CONNECTED TRANSACTIONS

The historical transaction amount for each of the three years ended 30 June 2018 and four months ended 31 October 2018 of the Kimlun Subcontract Agreement and the Project Management Services Agreement were as follows:

	For the year ended 30 June			For the four months ended 31 October 2018
	2016	2017	2018	2018
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Kimlun Subcontract Agreement	—	11,451	68,413	12,932
Project Management Services Agreement	—	—	3,395	308

Our Directors estimate that the annual caps for each of the three years ending 30 June 2021 under the Kimlun Subcontract Agreement and the Project Management Services Agreement are as follows:

	For the year ending 30 June		
	2019	2020	2021
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Kimlun Subcontract Agreement	173,700	114,300	—
Project Management Services Agreement	3,100	2,000	—

The estimation of the Kimlun Subcontract Agreement's annual caps is made with reference to (i) the contract sum of RM263 million; (ii) anticipated progress of work and anticipated completion date of the contract (with buffer for completing the relevant contract 2 months before or after the anticipated completion date); and (iii) based on the anticipated variation orders of the contract which were projected based on approximately 10% of the original contract sum plus those variation orders already confirmed and accepted as at the date of 31 December 2018. The estimation of the Project Management Services Agreement's annual caps is made with reference to (i) the contract sum of approximately RM6.4 million; (ii) anticipated progress of work and anticipated completion date of the contract (with buffer for completing the relevant contract 2 months before or after the anticipated completion date, whichever the higher); and (iii) anticipated variation orders based on 10% of the original contract sum allocated in accordance with the anticipated progress of work plus those variation orders already confirmed and accepted as at the date of 31 December 2018, which serves as a general buffer.

CONTINUING CONNECTED TRANSACTIONS

Bukit Pelali Project Works

In accordance with our Group's policy in selection of subcontractors, JBB Builders subcontracted the building works in the Bukit Pelali Project Works to Kimlun. The details of the subcontract are as follows:

No. of contract	Date of the contract	Parties	Contract	Scope of work	Original Contract Sum	Anticipated Completion Date
3	7 November 2017	(a) JBB Builders (b) Kimlun	Letter of Award (Phase 2A & 2B) and supplementary agreement dated 31 March 2019 (collectively the "Main Building Works Agreement")	JBB Builders subcontracted building works to Kimlun	RM35,850,554.78	Third quarter of 2019 (<i>Note 1</i>)

Note (1): with a defects liability period of 27 months from the date of completion.

The historical transaction amount of the Main Building Works Agreement for each of the three years ended 30 June 2018 and four months ended 31 October 2018 were as follows:

	For the year ended 30 June			For the four months ended 31 October
	2016	2017	2018	2018
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Main Building Works Agreement	—	—	7,058	9,824

Our Directors estimate that the annual caps under the Main Building Works Agreement for each of the three years ending 30 June 2021 are as follows:

	For the year ending 30 June		
	2019	2020	2021
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Main Building Works Agreement	35,700	8,400	—

The estimation of the Main Building Works Agreement's annual caps is made with reference to (i) the contract sum of approximately RM35.9 million; (ii) anticipated progress of work and anticipated completion date of the contract (with buffer for completing the relevant contract 2 months before or after the anticipated completion date, whichever the higher); and (iii) anticipated variation orders based on 10% of the original contract sum of the Main Building Works Agreement allocated in accordance with the anticipated progress of work plus those variation orders already confirmed and accepted as at the date of 31 December 2018, which serves as a general buffer.

CONTINUING CONNECTED TRANSACTIONS

The Kimlun Subcontract Agreement, the Project Management Services Agreement and the Main Building Works Agreement are collectively referred to as the “Kimlun Agreements” together with the JBB Kimlun Shareholders’ Agreements, the “Kimlun CCT Agreements”.

(a) The historical transaction amount of the Kimlun Agreements:

The Kimlun Agreements commenced earliest on 8 May 2017, the historical transaction amount for each of the three years ended 30 June 2018 and four months ended 31 October 2018 were nil, approximately RM11.5 million, RM78.9 million and RM23.1 million respectively.

(b) The proposed annual caps of the Kimlun Agreements:

Our Directors estimate that the aggregated annual caps under the Kimlun Agreements will not exceed RM212.5 million, RM124.7 million and nil for each of the three years ending 30 June 2021 respectively.

The Pricing Policy

The contract sums of the Kimlun Subcontract Agreement and the Project Management Services Agreement were determined according to the JBB Kimlun Shareholders’ Agreements after an arm’s length negotiation and on normal commercial terms. According to the Ipsos Report, the management fees received by construction companies, if any, range from 1% to 5%. As such, our Directors consider that the management fee of the Project Management Services Agreement which equals to 2.5% of the contract sum of the Kimlun Subcontract Agreement is in line with the market practice.

The contract sum of the Main Building Works Agreement was determined (i) on a project-by-project basis; (ii) through the tendering process according to our Group’s policy in selection of subcontractors; and (iii) taking into account the profit we made in the Bukit Pelali Project Works. Our Directors consider that the terms in the Main Building Works Agreement were arrived at after an arm’s length negotiation, and are on normal commercial terms.

Implications Under the Listing Rules

Kimlun holds 40% of the issued share capital of JBB Kimlun and is the substantial shareholder of JBB Kimlun and therefore a connected person of our Company at the subsidiary level.

CONTINUING CONNECTED TRANSACTIONS

Our Board (including all the independent non-executive Directors) has approved the Kimlun CCT Agreements and the transactions contemplated thereunder and all the independent non-executive Directors have confirmed that the Kimlun CCT Agreements were entered into in the ordinary and usual course of our business; and the terms thereof are fair and reasonable, on normal commercial terms or better and in the interests of our Shareholders as a whole. As such, pursuant to Rule 14A.101 of the Listing Rules, the transactions contemplated under the Kimlun CCT Agreements are exempted from the circular, independent financial advice and Shareholders' approval requirements but are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

WAVIER FROM STRICT COMPLIANCE WITH THE LISTING RULES

In respect of the transactions described under the paragraph headed "Non-exempt continuing connected transactions" above, we have applied for, and the Stock Exchange has granted, a waiver exempting us from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules for Southern Diggers' Subcontract Agreements and Kimlun CCT Agreements subject to the conditions that:

- (i) in the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable provisions under Chapter 14A of the Listing Rules as at the date of this prospectus relating to the continuing connected transactions, our Company will take necessary action to ensure compliance with such requirements;
- (ii) such transactions will continue to be subject to the annual reporting requirements under Rule 14A.49 and 14A.71 of the Listing Rules;
- (iii) such transaction will continue to be subject to the annual review requirements under Rule 14A.55 and Rule 14A.56 of the Listing Rules; and
- (iv) upon expiry of the waiver granted in respect of the announcement requirement for the period ending 30 June 2021, our Company will comply with the relevant requirements under Chapter 14A of the Listing Rules.

DIRECTORS' VIEWS

Having taken into account the information set out above, our Directors (including our independent non-executive Directors) are of the view that the continuing connected transactions described in this section, which have been entered into in the ordinary and usual course of our business, are on normal commercial terms or better and the terms are fair and reasonable and in the interests of our Company and our Shareholders as a whole. Our Directors (including our independent non-executive Directors) are also of the view that the proposed annual caps for the continuing connected transactions described under the paragraph headed "Non-exempt continuing connected transactions" above are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS

CONFIRMATION FROM THE SOLE SPONSOR

Having taken into account the information set out above, the Sole Sponsor is of the view that the continuing connected transactions as described in the paragraph headed “Non-exempt continuing connected transactions” above have been entered into in the ordinary and usual course of our business, on normal commercial terms or better and the terms are fair and reasonable and in the interests of our Company and our Shareholders as a whole. The Sole Sponsor is also of the view that the proposed annual caps for such non-exempt continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

BOARD OF DIRECTORS

Our Board consists of 7 Directors, comprising 3 executive Directors, 1 non-executive Director and 3 independent non-executive Directors. Our Board is responsible for and has general powers over the management and conduct of our business. We have entered into a service contract with each of our executive Directors and non-executive Director. We have also entered into a letter of appointment with each of our independent non-executive Directors.

The following table sets forth certain information of our Directors and senior management:

Executive Directors

Name	Age	Present position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors and senior management
<i>Executive Directors</i>						
Dato' Ng	66	Co-founder, chairman of the Board, and executive Director	4 May 1996	30 April 2018	Overall business planning, corporate strategies and overall management of our Group	Spouse of Datin Ngooi; uncle of Mr. Brian Lam and Mr. C. B. Ng
Mr. Brian Lam	42	Executive Director	6 July 2012	10 May 2018	Overall corporate strategies and policies formulation, business development and general management of our Group	Nephew of Dato' Ng and Datin Ngooi; cousin of Mr. C. B. Ng
Mr. C. B. Ng	47	Executive Director	6 July 2012	10 May 2018	Overall management of our business operation as well as project management and supervision	Nephew of Dato' Ng and Datin Ngooi; cousin of Mr. Brian Lam
<i>Non-executive Director</i>						
Datin Ngooi	64	Co-founder and non-executive Director	4 May 1996	30 April 2018	Overall strategic management and corporate development	Spouse of Dato' Ng; aunt of Mr. Brian Lam and Mr. C. B. Ng

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Name	Age	Present position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors and senior management
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Independent Non-executive Directors

Mr. Tai Lam Shin	61	Independent non-executive Director	11 April 2019	11 April 2019	Supervising and providing independent advice to our Board	Nil
Mr. Wong Kwok Wai, Albert (黃國偉)	60	Independent non-executive Director	11 April 2019	11 April 2019	Supervising and providing independent advice to our Board	Nil
Ms. Chan Pui Kwan (陳佩君)	52	Independent non-executive Director	11 April 2019	11 April 2019	Supervising and providing independent advice to our Board	Nil

Senior Management

Name	Age	Present position	Date of joining our Group	Date of appointment as Senior Management	Roles and responsibilities	Relationship with other Directors and senior management
Mr. Eddy Bin Daud	57	General manager (contract and planning)	1 March 2015	1 March 2015	General administration of contract and project planning, and business development of our Group	Nil
Ms. Lam Lam (林琳)	31	Financial controller and company secretary	16 April 2018	16 April 2018	Overseeing our financial reporting, financial planning and financial control and company secretarial matters	Nil

DIRECTORS, SENIOR MANAGEMENT AND STAFF

EXECUTIVE DIRECTORS

Dato' Ng, aged 66, is our chairman and executive Director since 30 April 2018. Dato' Ng is primarily responsible for overall business planning, corporate strategies and overall management of our Group. Dato' Ng is the co-founder of our Group and has been serving as a director of JBB Builders and JBB Marine since their incorporation. He is also currently the director of Pavilion. Dato' Ng has over 38 years of experience in the construction industry. From 1980 to 1983, he was a quantity surveyor in Jabatan Kerja Raya (Public Works Department Malaysia), during which he was mainly responsible for negotiation, procurement and construction management. From 1983 to 1993, Dato' Ng briefly worked as a project manager in PC Holdings Sdn. Bhd., a construction company in Malaysia; and subsequently served in SBBU Sdn. Bhd. (a subsidiary of Urban Development Authority Malaysia) with his last position as a senior project manager, where he was responsible for managing property development projects. From 1994 to 1997, he was appointed as a director of Idealland Sdn. Bhd., a company engaged in mixed property development projects. From 1998 to 2006, he became an entrepreneur actively investing in mixed property development in Malaysia. Since 2007, he began actively investing in the business of sand processing and trading.

Dato' Ng graduated from the Polytechnic of Wales (presently known as University of Glamorgan), United Kingdom, with a Bachelor of Science in Quantity Surveying in July 1980.

Dato' Ng is the spouse of Datin Ngooi, and the uncle of Mr. Brian Lam and Mr. C. B. Ng.

Dato' Ng was a director of the following company incorporated in Malaysia prior to its dissolution, details of which are set out below:

Name of company	Principal business activity prior to dissolution	Date of dissolution	Company Status
Cameron Shanghai (M) Sdn. Bhd.	Dormant	9 August 2011	Dissolved by striking off

To the best of our Directors' knowledge, information and belief having made reasonable enquiries, there was no judgment or findings of fraud, dishonesty, any misconduct or wrongful act on the part of Dato' Ng involved in the dissolution of Cameron Shanghai (M) Sdn. Bhd., and as at the Latest Practicable Date, there was no outstanding liability or ongoing claim or litigation against Dato' Ng in his capacity as a director prior to its dissolution. Dato' Ng also confirmed that Cameron Shanghai (M) Sdn. Bhd. was solvent at the time of its dissolution.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Mr. Brian Lam, aged 42, is our executive Director since 10 May 2018. Mr. Brian Lam is primarily responsible for overall corporate strategies and policies formulation, business development and general management of our Group. He is currently a director of our principal subsidiaries, namely JBB Builders, JBB Marine, Gabungan and Pavilion. Mr. Brian Lam has over 18 years of experience in contract management in Malaysia's construction industry. Prior to joining our Group, Mr. Brian Lam was a contract executive from November 1999 to August 2001 in Perwik Sdn. Bhd., in which he was responsible for the preparation of tender and negotiation with subcontractors and suppliers. From September 2001 to December 2003, he worked in Kumpulan Jayaputera Sdn. Bhd. with his last position as an assistant contract manager, and was responsible for assisting in the contract management of construction projects. From April 2004 to April 2008, he served as a contract manager of Prosmier Construction Sdn. Bhd., during which he was responsible of pre and post-contract management, including tender procurement and site valuation. From May 2008 to April 2012, he was appointed as a director of Full Alliance Sdn. Bhd., during which he was primarily responsible for overseeing the contract department of the company.

Mr. Brian Lam graduated from the Nottingham Trent University, United Kingdom, with a Bachelor of Science majoring in quantity surveying in June 2000.

Mr. Brian Lam is the nephew of Dato' Ng and Datin Ngooi, and a cousin of Mr. C. B. Ng.

Mr. Brian Lam was a director of the following companies incorporated in Malaysia prior to their dissolution, details of which are set out below:

	Name of company	Principal business activity prior to dissolution/ liquidation	Date of dissolution/ issuance of winding-up order	Company status
1.	Risi Stone Construction Sdn. Bhd.	Retaining wall specialist	10 July 2012	Dissolved by striking off
2.	Hai Fong Aquaculture Sdn. Bhd.	Nil	9 January 2014	Dissolved by striking off
3.	Full Alliance Sdn. Bhd.	General contractor	29 September 2014	Compulsory winding up

Save as Full Alliance Sdn. Bhd. which has been dissolved by compulsory winding up, Mr. Brian Lam confirmed that the above companies were solvent at the time of them being dissolved.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Winding-up Order against Full Alliance Sdn. Bhd. (“Full Alliance”) of which Mr. Brian Lam was one of the three directors

Under Rule 13.51(2)(l) of the Listing Rules, a director must disclose his/her directorship in any company which has been dissolved or put into liquidation (otherwise than by a member’s voluntary winding-up) or bankruptcy or been the subject of analogous proceeding during the period when he/she was one of its directors.

Full Alliance was incorporated in Malaysia on 29 February 2008 as a general contractor. Mr. Brian Lam was appointed as the director of Full Alliance on 27 March 2008 and owned 20% interest of the company. On 11 August 2014 and 9 September 2014, compulsory winding-up proceedings were initiated separately against Full Alliance upon the petitions filed by two creditors (the “**Creditors**”), seeking a court order to wind up Full Alliance on the grounds that it was indebted to the Creditors in a sum of RM2,537,380.31 and RM285,770.30 respectively (the “**Claims**”), and that Full Alliance was insolvent and unable to pay its debts. Full Alliance was ordered to be wound up by the High Court of Malaysia on 29 September 2014.

Mr. Brian Lam confirmed that (i) Full Alliance was not able to meet its financial commitments as a result of the significant increase in the operational costs, as well as the low receivables turnover ratio contributed by a number of customers who failed to pay on time; (ii) he was mainly focusing on the contractual management of the company before his resignation and was not involved on the day-to-day management of Full Alliance, while the two directors other than Mr. Brian Lam, who were independent third parties and business acquaintances of Mr. Brian Lam, were responsible for daily operational and financial management of Full Alliance; and (iii) Mr. Brian Lam fully cooperated with the Creditors once he was aware of the winding-up proceedings against Full Alliance, and on 21 December 2015 and 28 April 2016, he has fully settled with the Creditors all the outstanding amount in respect of which he acted as a guarantor, and the Creditors confirmed that they had ceased proceedings against Mr. Brian Lam. To the best of our Directors’ knowledge, information and belief having made reasonable enquiries, there was no judgment or findings of fraud, dishonesty, any misconduct or wrongful act on the part of Mr. Brian Lam involved in the dissolution of Full Alliance.

Based on the above, the Sole Sponsor considers that the above incident would not affect the suitability of Mr. Brian Lam to be our executive Director under Rules 3.08 and 3.09 of the Listing Rules or acting as the director of our subsidiaries or the suitability of listing of our Company under Rule 8.04 of the Listing Rules.

As at the Latest Practicable Date, there was no outstanding liability or ongoing claim or litigation against Mr. Brian Lam in his capacity as a director of the aforementioned companies prior to their respective dissolutions.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Mr. C. B. Ng, aged 47, is our executive Director since 10 May 2018. Mr. C. B. Ng is primarily responsible for the overall management of our business operation as well as project management and supervision. He is currently a director of our principal subsidiaries, namely JBB Builders, JBB Marine, Gabungan and Pavilion. Mr. C. B. Ng has over 23 years of experience in project management in Malaysia's construction industry. Prior to joining our Group, he was a quantity surveyor from January 1995 to February 1996 in JB Bergabung Consult, a consulting quantity surveying firm, and was mainly responsible for tender preparation. From March 1996 to May 1997, he served as a senior project executive of Seri Alam Properties Sdn. Bhd., a company engaged in mixed property development, and was responsible for risk management and operation of construction projects. From May 1997 to May 2000, he served as a contract manager of Dubon Berhad, a construction company, and was responsible for overseeing project operation and financial management of projects. From June 2000 to April 2011, he served as a project manager of SSB Construction Sdn. Bhd., a construction company, where he was responsible for conducting general project management.

Mr. C. B. Ng graduated from Glasgow Caledonian University, United Kingdom, with a Bachelor of Science majoring in quantity surveying in November 1995.

Mr. C. B. Ng is the nephew of Dato' Ng and Datin Ngooi, and a cousin of Mr. Brian Lam.

NON-EXECUTIVE DIRECTOR

Datin Ngooi, aged 64, is our non-executive Director since 30 April 2018. Datin Ngooi is primarily responsible for the overall strategic management and corporate development. She is the co-founder of our Group and has been serving as a director of JBB Builders since its incorporation. Datin Ngooi has over 23 years of experience in management. From 1995 to 2000, Datin Ngooi was a senior IT manager of Malaysia Shipyard & Engineering Sdn. Bhd., a company engaged in ship repairing and conversion, where she was responsible for planning and directing the responsibilities of the IT department. In May 1996, she founded Computer Landmark Sdn. Bhd. (presently known as JBB Builders) and commenced business of computers trading in the capacity of a director. For details of Computer Landmark Sdn. Bhd., please refer to the section headed "History, Reorganisation and Corporate Structure — Our history and business development" in this prospectus. She remained as a director of JBB Builders since it commenced business as a subcontractor in the marine construction industry in 2012.

Datin Ngooi graduated from Aston University, United Kingdom, with a Bachelor of Science majoring in computer science in June 1982.

Datin Ngooi is the spouse of Dato' Ng, and the aunt of Mr. Brian Lam and Mr. C. B. Ng.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Datin Ngooi was a director of the following company incorporated in Malaysia prior to its dissolution, details of which are set out below:

Name of company	Principal business activity prior to dissolution/ liquidation	Date of dissolution/ issuance of winding-up order	Company Status
Cameron Shanghai (M) Sdn. Bhd.	Dormant	9 August 2011	Dissolved by striking off

To the best of our Directors' knowledge, information and belief having made reasonable enquiries, there was no judgment or findings of fraud, dishonesty, any misconduct or wrongful act on the part of Datin Ngooi involved in the dissolution of Cameron Shanghai (M) Sdn. Bhd., and as at the Latest Practicable Date, there was no outstanding liability or ongoing claim or litigation against Datin Ngooi in his capacity as a director prior to its dissolution. Datin Ngooi also confirmed that Cameron Shanghai (M) Sdn. Bhd. was solvent at the time of its dissolution.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tai Lam Shin, aged 61, has been appointed as our independent non-executive Director on 11 April 2019. He is mainly responsible for supervising and providing independent judgement to our Board. Mr. Tai has over 34 years of experience in management and accounting services. From January 1984 to January 2007, Mr. Tai began his employment at Ernst & Young with his last position being a senior manager, and he was responsible for overseeing accounting and financial activities, as well as advising his clients on corporate governance matters. From April 2008 to December 2016, he served as an audit director of Moore Stephens Associates & Co., and was responsible for providing audit services to public and private companies of various industries. Since June 2014, Mr. Tai has been serving as an independent non-executive director of Keck Seng (Malaysia) Berhad, a company listed on Bursa Malaysia (stock code: 3476). Since June 2016, he has also been serving as an independent non-executive director of MCE Holdings Berhad, a company listed on Bursa Malaysia (stock code: 7004), and is currently the chairman of its nomination and remuneration committee.

Mr. Tai has been admitted as a Chartered Accountant of the Malaysian Institute of Accountants (MIA) in June 1987, and has been certified as a Fellow of The Chartered Association of Certified Accountants (FCCA), United Kingdom in February 1992.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Mr. Tai was a director of the following company incorporated in Malaysia prior to their dissolution, details of which are set out below:

	Name of company	Principal business activity prior to dissolution	Date of dissolution	Company Status
1.	Delta Technology (M) Sdn. Bhd.	Industrial compounds, chemicals, and electronic products	31 December 1998	Dissolved by Registrar
2.	Cascade Building Materials Sdn. Bhd.	Dormant	4 August 2011	Dissolved by striking off

To the best of our Directors' knowledge, information and belief having made reasonable enquiries, there was no judgment or findings of fraud, dishonesty, any misconduct or wrongful act on the part of Mr. Tai involved in the dissolution of the aforementioned companies, and as at the Latest Practicable Date, there was no outstanding liability or ongoing claim or litigation against Mr. Tai in his capacity as a director prior to their dissolution. Mr. Tai also confirmed that the above companies were solvent at the time of them being dissolved.

Mr. Wong Kwok Wai, Albert (黃國偉), aged 60, has been appointed as our independent non-executive Director on 11 April 2019. He is mainly responsible for supervising and providing independent judgement to our Board. Mr. Wong has extensive experience in accounting and assurances. Since December 2009, he has been serving as the managing director of Yong Zheng CPA Limited, an accounting firm, and was responsible for overseeing the audit works. Since June 2017, Mr. Wong has been serving as the chairman, chief executive officer and executive director of Shen You Holdings Limited, a company listed on GEM (stock code: 8377).

Mr. Wong received his higher diploma in accountancy from the Hong Kong Polytechnic (presently known as Hong Kong Polytechnic University) in November 1982. He was admitted as a fellow of the Hong Kong Institute of Certified Public Accountants and as an associate of the Institute of Chartered Accountants in England and Wales in November 1992 and February 2008, respectively. Mr. Wong served on the Panel B of the disciplinary panel of the Hong Kong Institute of Certified Public Accountants from February 2005 to February 2018, and previously served on various committees, including administration and finance committee, China affairs committee, disciplinary panel, ethics committee, legal committee and taxation committee. He was the president of the Hong Kong Institute of Accredited Accounting Technicians Limited from May 1995 to June 1998, and became its honorary life member since June 1999.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Mr. Wong was a director of the following company incorporated in Hong Kong prior to its dissolution, details of which are set out below:

Name of company	Principal business activity prior to dissolution	Date of dissolution	Company Status
Armago Company Limited	Trading of garment	8 December 2006	Dissolved by deregistration (<i>Note</i>)

Note: Under section 291AA of the Predecessor Companies Ordinance, an application for de-registration can only be made if (a) all the members of such company agreed to such de-registration; (b) such company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than three months immediately before the application and (c) such company has no outstanding liabilities.

To the best of our Directors' knowledge, information and belief having made reasonable enquiries, there was no judgment or findings of fraud, dishonesty, any misconduct or wrongful act on the part of Mr. Wong involved in the dissolution of Armago Company Limited, and as at the Latest Practicable Date, there was no outstanding liability or ongoing claim or litigation against Mr. Wong in his capacity as a director prior to its dissolution. Mr. Wong also confirmed that Armago Company Limited was solvent at the time of its dissolution.

Ms. Chan Pui Kwan (陳佩君), aged 52, has been appointed as our independent non-executive Director on 11 April 2019. She is mainly responsible for supervising and providing independent judgement to our Board. Ms. Chan has over 16 years of experience in the corporate consultancy industry. In April 2002, she founded SINOVA Management Consultancy Limited (later renamed to ANT-SINOVA (Hong Kong) Limited), a company engaged in the provision of advice and support to investors entering into the PRC market, and remained as the chief executive officer until September 2012. Since September 2012, she was appointed as the chief executive officer of Delta Think (HK) Limited, a company engaged in the provision of business development consultancy services to private and public companies. Since July 2014, she has been serving as the non-executive director of DT Capital Limited, a company listed on the Main Board (stock code: 356), and was subsequently appointed as the chairman of its board in July 2014.

She has been acting as a licensed representative of Hua Yu Investment Management Limited for Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities since June 2016 and September 2015 respectively. Ms. Chan also actively participates in community service and holds advisory positions in various institutions. She is currently a member of the Competition Commission (Hong Kong). She is also acting as a general committee member, chairman of women executive club, as well as the vice chairman of the European committee of the Hong Kong General Chamber of Commerce. In addition, she has been serving as an adviser for Les Beatitudes, a social enterprise that supports

DIRECTORS, SENIOR MANAGEMENT AND STAFF

underprivileged women who want to work in a more flexible arrangement while taking home with some earnings. In December 2009, Ms. Chan was selected as one of “China’s 100 Outstanding Female Entrepreneurs”.

Ms. Chan was a director of the following company incorporated in Hong Kong prior to their dissolution, details of which are set out below:

	Name of company	Principal business activity prior to dissolution	Date of dissolution	Company Status
1.	Legend Wise Limited	Property holding	24 September 2004	Dissolved by striking off <i>(Note 1)</i>
2.	Meccano Far East Limited	Coffee maker design	13 March 2009	Dissolved by deregistration <i>(Note 2)</i>
3.	Jennco Limited	Investment holding	29 May 2009	Dissolved by deregistration <i>(Note 2)</i>
4.	Solidwood Limited	Timber trading	30 October 2009	Dissolved by deregistration <i>(Note 2)</i>
5.	Eurochine Limited	Recruitment consulting	12 March 2010	Dissolved by deregistration <i>(Note 2)</i>
6.	CNG Global Publishing Limited	Publishing	26 March 2010	Dissolved by deregistration <i>(Note 2)</i>
7.	Sinova Publishing Limited	Publishing	26 March 2010	Dissolved by deregistration <i>(Note 2)</i>
8.	Sinova Ventures Limited	Investment holding	26 March 2010	Dissolved by deregistration <i>(Note 2)</i>
9.	One2 Ticketing Limited	Ticketing	23 June 2017	Dissolved by deregistration <i>(Note 3)</i>
10.	One2 Entertainment Limited	Entertainment	20 April 2018	Dissolved by deregistration <i>(Note 3)</i>

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Notes:

- (1) Under section 291 of the Predecessor Companies Ordinance, where the Registrar of Companies has reasonable cause to believe that a company is not carrying on business or in operation, the Registrar may strike the name of the company off the register after the expiration of a specified period.
- (2) Under section 291AA of the Predecessor Companies Ordinance, an application for de-registration can only be made if (a) all the members of such company agreed to such de-registration; (b) such company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than three months immediately before the application and (c) such company has no outstanding liabilities.
- (3) Under section 751 of the Companies Ordinance, an application for deregistration can only be made if in addition to the conditions for section 291AA of the Predecessor Companies Ordinance mentioned above, (a) the company is not a party to any legal proceedings; (b) the company's assets do not consist of any immovable property situate in Hong Kong; (c) if the company is a holding company, none of its subsidiary's assets consist of any immovable property situate in Hong Kong; and (d) the company is not a company specified under section 749 of the Companies Ordinance.

To the best of our Directors' knowledge, information and belief having made reasonable enquiries, there was no judgment or findings of fraud, dishonesty, any misconduct or wrongful act on the part of Ms. Chan involved in the dissolution of the aforementioned companies, and as at the Latest Practicable Date, there was no outstanding liability or ongoing claim or litigation against Ms. Chan in her capacity as a director prior to its dissolution. Ms. Chan also confirmed that the above companies were solvent at the time of their dissolution.

Save as disclosed above, each of our Directors confirmed with respect to himself/herself that: (i) apart from our Company, he/she has not held directorships in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) he/she did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (iii) he/she did not have any other relationship with any other Directors, senior management, substantial shareholders or Controlling Shareholders of our Company as at the Latest Practicable Date; (iv) he/she does not have any interests in our Shares within the meaning of Part XV of the SFO, save as disclosed in the section headed "Statutory and General Information" in Appendix IV to this prospectus; (v) he/she does not have any interest in any business which competes or may compete, directly or indirectly, with us, which is disclosable under the Listing Rules; (vi) he/she has not been involved in any of the events described under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules that requires disclosure in this prospectus; and (vii) to the best of his/her knowledge, there is no other information that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and no other matter with respect to his/her appointment that needs to be brought to the attention of our Shareholders as at the Latest Practicable Date.

SENIOR MANAGEMENT

Mr. Eddy Bin Daud, aged 57, joined our Group in March 2015 and is the general manager (contract and planning) of our Company. He is mainly responsible for overseeing the contracts and planning department of our Group. Mr. Daud has over 28 years of experience in the construction industry of Malaysia.

Prior to joining our Group, he worked in BW Perunding Sdn. Bhd., an engineering firm, from June 1990 to July 1994 with his last position as a project manager, where he was responsible for management of turnkey construction projects. From July 1994 to September 1997, he served as a general manager (operations) in Southern Water Corporation Sdn. Bhd., a water treatment plant operator, and was in charge of the operations and maintenance of water treatment plants. From July 2000 to September 2004, he worked in Dr Nik & Associates Sdn. Bhd., an engineering and project management consultant firm, with his last position as a senior project manager, and was responsible for the management of dredging and reclamation works of construction projects. From October 2004 to February 2015, he served as a senior manager (contracts and commercial) in Malaysian Maritime & Dredging Corporation Sdn. Bhd., a dredging and reclamation contractor, during which he was in charge of the design and operation of construction projects.

Mr. Daud obtained a degree of Bachelor of Science in Civil Engineering from Aston University, United Kingdom, in July 1984. He is a registered engineer (CIVIL) with practicing certificate with the Board of Engineers of Malaysia and has been certified as a member of the Institution of Engineers Malaysia in July 1989.

COMPANY SECRETARY

Ms. Lam Lam, aged 31, joined our Group as a financial controller on 16 April 2018, and was subsequently appointed as our company secretary on 10 May 2018. She is mainly responsible for managing the financial operations as well as overseeing the company secretarial and compliance affairs of our Group. Prior to joining our Group, she was employed by the Hong Kong office of Deloitte Touche Tohmatsu from October 2010 to April 2018 with her last position being a manager in the audit function, where she was responsible for providing audit services for Hong Kong and overseas clients.

Ms. Lam obtained a degree of Bachelor of Business Administration in Accounting and Finance from the University of Hong Kong in November 2010, and was included on the Dean's Honor List of Faculty of Business and Economics for the academic year 2009/2010. She was certified as a member of the Hong Kong Institute of Certified Public Accountants in January 2014, and was certified as a financial risk manager of the Global Association of Risk Professionals in April 2016.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Save as disclosed above, each of the members of our senior management confirmed with respect to himself/herself that: (i) he/she has no interests in our Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date; (ii) he/she did not have any relationships with any Directors, members of our senior management, substantial shareholders or Controlling Shareholders as at the Latest Practicable Date; and (iii) he/she did not hold any directorships in any other public company the securities of which were listed on any securities market in Hong Kong and/or overseas in the last three years prior to the Latest Practicable Date.

BOARD COMMITTEES

We have established the following committees under the Board: an audit committee, a remuneration committee and a nomination committee. The committees operate in accordance with the terms of reference established by the Board.

Audit Committee

Our Company established an audit committee in accordance with Rule 3.21 of the Listing Rules pursuant to a resolution of our Directors passed on 11 April 2019 with written terms of reference in compliance with paragraph C3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. Our audit committee consists of three independent non-executive Directors, being Mr. Tai, Mr. Wong and Ms. Chan. Mr. Tai has been appointed as the chairman of the audit committee, and is our independent non-executive Director with the appropriate professional qualifications. The primary duties of the audit committee are, among other things, to review and supervise the financial reporting process and internal control system and risk management of our Group, oversee the audit process and to make recommendations to the Board on the appointment, reappointment and removal of external auditors and assess their independence and qualifications.

Remuneration Committee

Our Company established a remuneration committee in accordance with Rule 3.25 of the Listing Rules pursuant to a resolution of our Directors passed on 11 April 2019 with written terms of reference in compliance with paragraph B1 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. Our remuneration committee consists of one executive director, being Dato' Ng, and two independent non-executive Directors, being Mr. Tai and Ms. Chan. Mr. Tai had been appointed as the chairman of the remuneration committee. The primary duties of the remuneration committee are, among other things, to establish and review the remuneration policy and structure of our Directors and senior management and to review and to ensure that none of our Directors determines his/her own remuneration.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Nomination Committee

Our Company established a nomination committee pursuant to a resolution of our Directors passed on 11 April 2019 with written terms of reference in compliance with paragraph A5 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. Our nomination committee consists of one executive Director, being Dato' Ng, and three independent non-executive Directors, being Mr. Tai, Mr. Wong and Ms. Chan. Dato' Ng has been appointed as the chairman of the nomination committee. The primary duties of the nomination committee are, among other things, to make recommendation to our Board on the appointment and removal of Directors of our Company, to evaluate the structure and composition of the Board and to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management receive compensation in the form of salaries, benefits in kind and discretionary bonuses with reference to salaries paid by comparable companies, time commitment and the performance of our Group. Our Group also reimburses them for expenses which are necessarily and reasonably incurred for the provision of services to our Group or executing their functions in relation to the operations of our Group.

The aggregate amount of remuneration which was paid to our Directors for each of the three years ended 30 June 2018 and the four months ended 31 October 2018 were approximately RM472,000, RM5.6 million, RM8.3 million and RM140,000, respectively.

The aggregate amount of remuneration which was paid by our Group to our five highest paid individuals for each of the three years ended 30 June 2018 and the four months ended 31 October 2018 were approximately RM1.2 million, RM6.1 million, RM8.9 million and RM447,000, respectively.

We did not pay any remuneration to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as compensation for loss of office in respect of the Track Record Period. Further, none of our Directors have waived any remuneration during the same period.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management which, following the Listing, will receive recommendation from the remuneration committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Directors recognise the importance of good corporate governance in management and internal procedures to promote and ensure accountability. Our Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules. Our Company's corporate governance practices have been complied with and we will continue to comply with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

Our Company has adopted a board diversity policy whereby it recognises and embraces the benefits of a diversity of board members. Our Company endeavours to ensure that our Board has a balance of skills, experience and diversity of perspectives appropriate to our Company's business and its sustainable and balance development. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skill, knowledge and length of service.

Our Board comprises seven members, including three executive Directors, one non-executive Director and three independent non-executive Directors. Our Directors have a balanced mix of experiences, including business planning and management, construction project management, risk management, auditing and accounting, finance and corporate consultancy experiences. Two of our Directors are female and the ages of our Directors range from 42 years old to 66 years old. We will continue to apply the principle of appointments based on merits with reference to our board diversity policy as a whole.

Our Nomination Committee is responsible for monitoring the implementation of our board diversity policy and shall report annually in our corporate governance report on our Board's composition under diversified perspectives. Besides, our Nomination Committee shall review our board diversity policy as appropriate and recommend any required revisions to our Board.

MANAGEMENT PRESENCE

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule 8.12 of the Listing Rules in relation to sufficient management presence in Hong Kong. For details of the waiver, please see the section headed "Waivers from Strict Compliance with the Listing Rules — Waiver in relation to management presence in Hong Kong" in this prospectus.

COMPLIANCE ADVISER

We have appointed Alliance Capital Partners Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance adviser will advise us in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- (c) where the listed issuer proposes to use the proceeds of the initial public offering in a manner different from that detailed in the listing document or where the business activities, developments or results of the listed issuer deviate from any forecast, estimate, or other information in the listing document; and
- (d) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares of our Company.

The term of appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

SHARE OPTION SCHEME

Our Company has adopted the Share Option Scheme. The purpose of the Share Option Scheme is to reward the participants defined under the Share Option Scheme for their past contribution to the success of our Group and to provide incentives to them to further contribute to our Group. For details, please refer to the section headed “Statutory and General Information — E. Share Option Scheme” in Appendix IV to this prospectus.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of options to be granted under the Share Option Scheme), the following persons will have an interest and/or short position in our Shares and the underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of Interest	Number of Shares held immediately after completion of the Global Offering and the Capitalisation Issue	Percentage of interests in our Company immediately after completion of the Global Offering and the Capitalisation Issue
JBB Jade	Beneficial owner	181,816,500(L) ⁽¹⁾	36.3633%
JBB Berlian	Beneficial owner	161,233,500(L)	32.2467%
Dato' Ng	Interest in a controlled corporation ⁽²⁾	181,816,500(L)	36.3633%
	Interest held jointly with Datin Ngooi ⁽³⁾	343,050,000(L)	68.61%
	Interest of spouse ⁽⁴⁾		
Datin Ngooi	Interest in a controlled corporation ⁽⁵⁾	161,233,500(L)	32.2467%
	Interest held jointly with Dato' Ng ⁽⁶⁾	343,050,000(L)	68.61%
	Interest of spouse ⁽⁷⁾		

Notes:

- (1) The letter "L" denotes the person's long position in such Shares.
- (2) Dato' Ng beneficially owns 100% of the share capital of JBB Jade. By virtue of the SFO, Dato' Ng is deemed to be interested in 181,816,500 Shares held by JBB Jade, representing 36.3633% of the entire issued share capital of our Company.
- (3) Pursuant to the Concert Party Deed, Dato' Ng and Datin Ngooi are parties acting in concert (having the meaning ascribed to it under the Takeovers Code). As such, immediately after completion of the Global Offering and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), Dato' Ng and Datin Ngooi will together control 68.61% of the entire issued share capital of our Company.

SUBSTANTIAL SHAREHOLDERS

- (4) Dato' Ng is the spouse of Datin Ngooi. Accordingly, Dato' Ng is deemed, or taken to be, interested in all the Shares in which Datin Ngooi is interested for the purpose of SFO.
- (5) Datin Ngooi beneficially owns 100% of the share capital of JBB Berlian. By virtue of the SFO, Datin Ngooi is deemed to be interested in 161,233,500 Shares held by JBB Berlian, representing 32.2467% of the entire issued share capital of our Company.
- (6) Pursuant to the Concert Party Deed, Dato' Ng and Datin Ngooi are parties acting in concert (having the meaning ascribed to it under the Takeovers Code). As such, immediately after completion of the Global Offering and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), Dato' Ng and Datin Ngooi will together control 68.61% of the entire issued share capital of our Company.
- (7) Datin Ngooi is the spouse of Dato' Ng. Accordingly, Datin Ngooi is deemed, or taken to be, interested in all the Shares in which Dato' Ng is interested for the purpose of SFO.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of options to be granted under the Share Option Scheme), have an interest and/or short position in our Shares or the underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SHARE CAPITAL

SHARE CAPITAL

Our Company's authorised and issued share capital is set out as follows:

<i>Authorised share capital</i>	<i>HK\$</i>
2,000,000,000 Shares of HK\$0.01 each	20,000,000

Issued and to be issued, fully paid or credited as fully paid upon the completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised):

	<i>Number of Shares</i>	<i>HK\$</i>
Shares in issue as of the date of this prospectus	37,500,000	375,000
Shares to be issued pursuant to the Capitalisation Issue	337,500,000	3,375,000
Shares to be issued under the Global Offering	<u>125,000,000</u>	<u>1,250,000</u>
Shares in total	<u><u>500,000,000</u></u>	<u><u>5,000,000</u></u>

Issued and to be issued, fully paid or credited as fully paid upon the completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is exercised in full):

	<i>Number of Shares</i>	<i>HK\$</i>
Shares in issue as of the date of this prospectus	37,500,000	375,000
Shares to be issued pursuant to the Capitalisation Issue	337,500,000	3,375,000
Shares to be issued under the Global Offering	125,000,000	1,250,000
Shares to be issued pursuant to the Over-allotment Option	<u>18,750,000</u>	<u>187,500</u>
Shares in total	<u><u>518,750,000</u></u>	<u><u>5,187,500</u></u>

SHARE CAPITAL

ASSUMPTIONS

The above table assumes that the Global Offering and the Capitalisation Issue become unconditional.

The above table takes no account of (a) Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme or (b) any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandate given to our Directors to allot and issue or repurchase Shares as described below or otherwise.

RANKINGS

The Offer Shares and the Shares that may be issued pursuant to exercise of the Over-allotment Option will rank *pari passu* in all respects with all other existing Shares in issue as mentioned in this prospectus, and in particular, will be entitled to all dividends and other distributions hereafter declared, paid or made on the Shares in respect of a record date which falls after the date of this prospectus other than participation in the Capitalisation Issue.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1) of the Listing Rules, a minimum prescribed percentage of 25% of the issued shares of our Company must at all times be held by the public (as defined in the Listing Rules).

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 11 April 2019. Under the Share Option Scheme, the eligible participants of the scheme, including any employee, director, adviser, consultant, service provider, agent, customer, supplier, partner or joint-venture partner of our Company or our subsidiaries, who is in full-time or part-time employment with or otherwise engaged by our Company or our subsidiaries, may be granted options which entitle them to subscribe for Shares, when aggregated with options granted under any other scheme, representing initially not more than 10% of the total number of Shares in issue on the Listing Date. Summaries of the principal terms of the Share Option Scheme is set out in the paragraph headed “Statutory and General Information — E. Share Option Scheme” in Appendix IV to this prospectus.

SHARE CAPITAL

GENERAL MANDATE TO ALLOT AND ISSUE NEW SHARES

Subject to the conditions as stated in the section headed “Structure and Conditions of the Global Offering” in this prospectus becoming unconditional, our Directors have been granted a general mandate to allot, issue and deal with Shares in the share capital of our Company with a total number not exceeding the sum of:

- (1) 20% of the total number of Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme); and
- (2) the total number of Shares repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares granted to our Directors referred to below.

Our Directors may, in addition to our Shares which they are authorised to issue under this general mandate, allot, issue or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement, or on the exercise of any option which may be granted under the Share Option Scheme.

This general mandate to issue Shares will remain in effect until the earliest of:

- (i) the conclusion of the next annual general meeting of our Company; or
- (ii) the expiry of the period within which our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws to hold our next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

Further information on this general mandate is set out in the paragraph headed “Statutory and General Information — A. Further information about our Group — 3. Written resolutions of the sole Shareholder” in Appendix IV to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions as stated in the section headed “Structure and Conditions of the Global Offering” in this prospectus becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our Company to repurchase Shares with a total number not exceeding 10% of the total number of Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme).

SHARE CAPITAL

This mandate only relates to repurchases made on the Stock Exchange or any other stock exchange on which our Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the paragraph headed “Statutory and General Information — A. Further information about our Group — 6. Repurchase of our Shares and restrictions on Share repurchases” in Appendix IV to this prospectus.

This general mandate to repurchase Shares will remain in effect until the earliest of:

- (i) the conclusion of the next annual general meeting of our Company; or
- (ii) the expiry of the period within which our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws to hold our next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

Further information on this general mandate is set out in the paragraph headed “Statutory and General Information — A. Further information about our Group — 3. Written resolutions of the sole Shareholder” in Appendix IV to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which ranks *pari passu* with the other shares.

Pursuant to the Companies Law and the terms of the Memorandum and the Articles, our Company may from time to time by ordinary resolution of Shareholders (i) increase its share capital; (ii) consolidate its capital into Shares of larger amount; (iii) divide its Shares into several classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may, subject to the provisions of the Companies Law, reduce its share capital or capital redemption reserve by its Shareholders passing a special resolution. For further details, please refer to Appendix III to this prospectus.

Pursuant to the Companies Law and the terms of the Memorandum and the Articles, all or any of the special rights attached to our Shares or any class of our Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in total number of issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of our Shares of that class. For further details, please refer to Appendix III to this prospectus.

FINANCIAL INFORMATION

You should read this section in conjunction with our Group's audited combined financial statements, including the notes thereto, as set out in the Accountants' Report included in Appendix I to this prospectus. Our Group's combined financial statements have been prepared in accordance with the HKFRSs. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contain certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by our Group in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Group believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet our Group's expectations and projections depends on a number of risks and uncertainties over which our Group does not have control. For further information, you should refer to the section headed "Risk Factors" in this prospectus.

OVERVIEW

Our Group is an established engineering contractor based in Malaysia. Our customers include both private developers and government-linked company and our operations are mostly based in Johor, the second-most populous state in Malaysia and the southernmost state in peninsular Malaysia, which is adjacent to Singapore. Our business is divided into two major types of services:

- Marine construction services — our core business, which can be categorised into:
 - (a) reclamation and related works, which includes land reclamation and other marine civil works. Reclamation may involve soil investigation, hydrographic survey, pre-reclamation design, sand handling/filling, ground treatment and sand surcharge removal work and other related works. Marine civil works generally include construction of jetty, channel-crossing works, maintenance dredging and river diversion; and
 - (b) marine transportation, which involves transportation of marine sand, the filling material normally used in land reclamation, including the loading of marine sand extracted from the approved sand source onto sand carriers, carriage and delivery of marine sand to designated sites where the marine sand is unloaded to be used for land reclamation.
- Building and infrastructure services — our services include general building works in construction of properties and infrastructure works.

FINANCIAL INFORMATION

For each of the three years ended 30 June 2018 and the four months ended 31 October 2018, our Group recorded revenue of approximately RM281.7 million, RM514.1 million, RM537.8 million and RM120.3 million respectively, with a profit and other comprehensive income of approximately RM19.5 million, RM26.8 million, RM31.8 million and RM7.7 million respectively. As at the Latest Practicable Date, we have a total of 21 ongoing contracts of which 9 are marine construction contracts and 12 are building and infrastructure contracts with a total original contract sum of approximately RM1,144.6 million. For details of our contracts, please refer to the section headed “Business — Our contracts” in this prospectus.

BASIS OF PRESENTATION

Pursuant to the Reorganisation, details of which are set out in the section headed “History, Reorganisation and Corporate Structure” in this prospectus, our Company became the holding company of the companies now comprising our Group.

All the companies now comprising our Group that took part in the Reorganisation were controlled by the same Controlling Shareholders before and after the Reorganisation. As the control is not transitory and consequently, there was a continuation of risks and benefits to our Controlling Shareholders and the Reorganisation is considered to be a restructuring of entities under common control. The financial information has been prepared using the merger basis of accounting as if our Group has always been in existence and the net assets of the companies now comprising our Group are combined using the existing book values from our Controlling Shareholders’ perspective.

The combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flow of our Group for the Track Record Period as set out in the Accountants’ Report in Appendix I to this prospectus include the financial performance and cash flows of the companies now comprising our Group (or where the companies were incorporated at a date later than 1 July 2015, for the period from the date of incorporation to 31 October 2018) as if the current group structure had been in existence throughout the Track Record Period. The combined statements of financial position of our Group as at 30 June 2016, 2017 and 2018 and 31 October 2018 as set out in the Accountants’ Report in Appendix I to this prospectus have been prepared to present the financial position of the companies now comprising our Group as at those dates as if the current group structure had been in existence at the respective dates.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing our financial information.

Our financial information has been prepared under the historical cost convention except for investment properties which is stated at fair value. Our financial information is presented in Malaysian Ringgit (RM), unless otherwise stated.

FINANCIAL INFORMATION

FACTORS AFFECTING OUR GROUP'S RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our Group's results of operations and financial condition during the Track Record Period have been and will continue to be affected by a number of factors, including but not limited to those set forth in the section headed "Risk Factors" in this prospectus and as set out below:

We derive our revenue from contracts of a non-recurrent nature, and there is no guarantee that our customers will provide us with new business or that we can secure new contracts

Our services are provided on a project-by-project and non-recurring basis and we do not have any long term commitment with our customers. Thus, our number of customers may vary from year to year. Upon completion of our ongoing contracts, in the event that our Group is unable to secure new contracts or has not commenced work for any of our new contracts, our revenue and financial performance may be adversely affected. Therefore, our future growth and success depend on, among other things, our ability to continue to secure tenders and contract awards and our ability to secure new customers. We cannot guarantee that our existing customers will continue to provide us with new business opportunities beyond completion of current contracts or we will be able to seek new customers. If our customers do not provide us with new businesses or if we are not able to seek new customers, our future revenue and profit will be adversely affected. Any significant increase or decrease in the availability of new business may materially affect our Group's business volume and therefore the results of operations and financial condition.

Accuracy in the estimation of time and costs involved in projects when preparing tenders or quotations

In preparation of our tenders or quotations, our estimations are based on the available information provided to us by potential customers and taking into account our then prevailing level of available resources including our subcontractors, labour, construction materials, and the length and complexity of relevant projects. There is no assurance that the actual amount of time and costs to be incurred will not exceed the estimation during the performance of the contracts or there is any delay due to various reasons. We may suffer losses if there is any underestimation or overrun, therefore our tenders or quotations may have inherent risks, such as the risk of losses from underestimated costs, liquidated damages for delayed completion, unforeseen difficulties in completing the contracts or incidents that may increase time or cost unexpectedly.

If we are unable to maintain our costs within our original estimations throughout the course of carrying out the contract; or if we are not able to fully cover any increases in costs such as those arising from overruns during the course of the contract; or if the additional works undertaken by us are not covered in the variation orders provided in the contracts, our financial results would be adversely affected.

FINANCIAL INFORMATION

Performance and availability of our subcontractors

Our Group may engage subcontractors to perform site works based on the nature of the works as our Group does not maintain substantial direct labours for performing site works. Notwithstanding the evaluation and selection of subcontractors, there is no guarantee that the quality of our subcontractors' works will always meet our required standards, and we may be forced to remedy their substandard works at additional costs, which will also cause delay to the completion of the contract. The subcontracting arrangement also exposes us to the risks which are associated with non-performance, delayed performance or substandard performance of our subcontractors. Accordingly, the quality of our work may be negatively affected or the completion of our contract works may be delayed. We may be subject to liability under relevant contracts with our customers due to the performance of our subcontractors. Furthermore, we cannot guarantee that the cost of engaging subcontractors will be stable. If we are unable to factor these potential fluctuations into our tenders or quotations and pass all or part of such additional costs to our customers, or reduce other costs, our financial performance and reputation may be materially and negatively affected.

Our ability to collect our receivables on time or at all

We normally receive progress payment from our customers on a monthly basis, with reference to the value of works done. A portion of contract value (which generally is subject to a maximum of 5% of the total contract value) is usually withheld by our customers as retention money. There is no assurance that progress payment we are entitled to receive will always be paid to us on time and in full, or the retention money or any future retention money will be paid by our customers to us on a timely basis and in full. Any failure by our customers to make remittance on time and in full may have an adverse effect on our future liquidity position.

CRITICAL ACCOUNTING POLICIES

Our Group's financial information as set out in the Accountants' Report in Appendix I to this prospectus has been prepared in accordance with the HKFRSs, which is a collective term includes all applicable individual HKFRSs, HKASs and related interpretations issued by the HKICPA. Our Group's significant accounting policies are set forth in detail in the Accountants' Report in Appendix I to this prospectus, which conform with the HKFRSs.

Below is a summary of certain significant accounting policies that our Group believes are important to the presentation of its financial results and positions. Our Group also has other accounting policies that our Group considers to be significant, the details of which are set out in the Accountants' Report in Appendix I to this prospectus.

FINANCIAL INFORMATION

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

(i) Construction contract

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively 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.

The likelihood of our Group earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

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.

Revenue for construction contracts was recognised on a similar basis in the previous year/period under HKAS 11.

(ii) Marine transportation services

Revenue is recognised upon the transportation services have been provided to customers.

Construction contracts

A contract asset is recognised when our Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (“ECLs”) in accordance with the policy set out below and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before our Group recognises the related revenue. A contract liability would also be recognised if our Group has an unconditional right to receive consideration before our Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

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Policy prior to 1 July 2018

Contract balances were recorded for construction contracts at the net amount of costs incurred plus recognised profit less recognised losses and progress billings. These net balances were presented as the “Amounts due from contract customers” (as an asset) or the “Amounts due to contract customers” (as a liability), as applicable, on a contract-by-contract basis. Progress billings not yet paid by the customer were included under “Trade and other receivable”. Amounts received before the related work was performed were presented as “Advances received” under “Trade and other payables”.

Property, plant and equipment

Property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to our Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are recognised in profit or loss during the reporting period in which they are incurred.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

FINANCIAL INFORMATION

Investment properties are stated at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss.

Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets

(A) Policy applicable from 1 July 2018

Our Group recognises a loss allowance for ECLs on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables); and
- contract assets as defined in HKFRS 15.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to our Group in accordance with the contract and the cash flows that our Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof; and
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which our Group is exposed to credit risk.

In measuring ECLs, our Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

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ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on our Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, our Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, our Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to our Group in full, without recourse by our Group to action such as realising security (if any is held); or (ii) the financial asset is 90 days past due. Our Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to our Group.

FINANCIAL INFORMATION

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. Our Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(B) Policy applicable prior to 1 July 2018

Prior to 1 July 2018, an “incurred loss” model was used to measure impairment losses on financial assets not classified as at fair value through profit or loss (e.g. trade and other receivables, available-for-sale investments and held-to-maturity debt securities). Under the “incurred loss” model, an impairment loss was recognised only when there was objective evidence of impairment. Objective evidence of impairment included:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence existed, for trade and other receivables and other financial assets carried at amortised cost, impairment loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where the effect of discounting was material.

FINANCIAL INFORMATION

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within “trade and other payables” at fair value, which is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with our Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

(A) Policy applicable from 1 July 2018

Our Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in “trade and other payables” in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, our Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured.

As our Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that our Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(B) Policy applicable prior to 1 July 2018

Prior to 1 July 2018, a provision would be recognised if and when it became probable that (i) the holder of the guarantee would call upon our Group under the guarantee and (ii) the amount of the claim on our Group was expected to exceed the amount carried in “trade and other payables” in respect of the guarantee.

FINANCIAL INFORMATION

(iii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment
- deposits paid for acquisition of investment properties
- deposits paid for acquisition of property, plant and equipment

If any such indication exists, the asset's recoverable amount is estimated.

- calculation of recoverable amount

The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first.

- reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

Trade and other receivables

A receivable is recognised when our Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The key sources of estimation uncertainty that our Group uses in applying its accounting policies are set out in note 3.2 to the Accountants' Report in Appendix I to this prospectus. The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Construction contracts

Our Group recognises contract revenue and profit of a construction contract according to the management's estimation of the total outcome of the project as well as the progress towards complete satisfaction of a performance obligation of construction works. Estimated construction revenue is determined in accordance with the terms set out in the relevant contract. Construction costs which mainly comprise subcontracting charges, site consumables and other expenses are estimated by the management on the basis of quotations from time to time provided by the major contractors/suppliers/vendors involved and the experience of the management. Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

Impairment of trade and other receivables and contract assets

Before the adoption of HKFRS 9, management of our Group estimates the recoverability of trade receivables and contract assets based on objective evidence. When there is objective evidence of impairment loss, our Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

Since the adoption of HKFRS 9 on 1 July 2018, management estimates the amount of loss allowance for ECL on trade receivables and contract assets based on the changes in credit risk. The loss allowance amount is measured as the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses. The assessment of the credit risk involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise.

FINANCIAL INFORMATION

Impairment of property, plant and equipment

If circumstances indicate that the carrying amounts of property, plant and equipment may not be recoverable, the assets may be considered impaired, and an impairment loss may be recognised to reduce the carrying amounts to the recoverable amount in accordance with the accounting policy for impairment of these assets. The recoverable amount is the greater of the fair value less costs of disposal and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to level of revenue and amount of operating costs. Management uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and the amount of operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

Depreciation of property, plant and equipment

Management estimates the useful lives of property, plant and equipment based on the periods over which the assets are expected to be available for use. Management reviews annually their estimated useful lives, based on factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase depreciation charges and decrease the carrying amount of property, plant and equipment.

CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING OUR GROUP'S ACCOUNTING POLICIES

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgment on the future tax treatment of certain transactions. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised in respect of deductible temporary differences, unused tax losses and unused tax credits. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

FINANCIAL INFORMATION

IMPACT OF ADOPTION OF NEW AND AMENDMENTS TO CERTAIN ACCOUNTING POLICIES

The HKICPA issued new accounting standards including HKFRS 9 “Financial instruments” and HKFRS 15 “Revenue from contracts with customers”, which have been effective for accounting period beginning from 1 January 2018. See note 2.1 to the Accountants’ Report in Appendix I to this prospectus for details of application of these accounting policies. The impacts of the applications of these accounting policies are as follows:

HKFRS 9

HKFRS 9 replaces HKAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

Our Group has applied HKFRS 9 retrospectively to items that existed at 1 July 2018 in accordance with the transition requirements. Our Group has recognised the cumulative effect of initial application as an adjustment to the opening equity as at 1 July 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on retained earnings and reserves and the related tax impact as at 1 July 2018.

Retained earnings	<i>RM’000</i>
Recognition of additional expected credit losses on:	
— financial assets measured at amortised cost	(3,424)
— contract assets	(141)
Related tax	<u>856</u>
Net decrease in retained earnings as at 1 July 2018	<u><u>(2,709)</u></u>
 Non-controlling interests	
Recognition of additional expected credit losses on financial assets measured at amortised cost and contract asset, net of tax, and decrease in non-controlling interests as at 1 July 2018	<u><u>(273)</u></u>

FINANCIAL INFORMATION

Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The following table shows the original measurement categories for each class of our financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS 39 carrying amount as at 30 June 2018 <i>RM'000</i>	Reclassification <i>RM'000</i>	Remeasurement <i>RM'000</i>	HKFRS 9 carrying amount as at 1 July 2018 <i>RM'000</i>
Financial assets carried at amortised cost				
Cash and cash equivalents	41,644	—	—	41,644
Pledged bank deposits	5,555	—	—	5,555
Trade and other receivables (<i>Note</i>)	288,953	(55,321)	(3,783)	229,849
Amount due from related companies	<u>72</u>	<u>—</u>	<u>—</u>	<u>72</u>
	<u><u>336,224</u></u>	<u><u>(55,321)</u></u>	<u><u>(3,783)</u></u>	<u><u>277,120</u></u>

Note: Trade and other receivables of RM55,321,000 were reclassified to contract assets as at 1 July 2018 as a result of the initial application of HKFRS 15. The measurement categories for all financial liabilities remain the same, except for financial guarantee contracts. The carrying amounts for all financial liabilities (including financial guarantee contracts) as at 1 July 2018 have not been impacted by the initial application of HKFRS 9. Our Group did not designate or de-designate any financial asset or financial liability at fair value through profit or loss as at 1 July 2018.

FINANCIAL INFORMATION

Credit losses

HKFRS 9 replaces the “incurred loss” model in HKAS 39 with the ECL model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the “incurred loss” accounting model in HKAS 39.

Our Group applies the new ECL model to the following items:

- financial assets measured at amortised cost;
- contract assets as defined in HKFRS 15; and
- financial guarantee contracts issued.

The following table reconciles the closing loss allowance determined in accordance with HKAS 39 as at 30 June 2018 with the opening loss allowance determined in accordance with HKFRS 9 as at 1 July 2018.

	<i>RM'000</i>
Loss allowance as at 30 June 2018 under HKAS 39	867
Additional credit loss recognised at 1 July 2018 on:	
— Trade receivables	3,783
— Contract assets recognised on adoption of HKFRS 15	<u>141</u>
Loss allowance at 1 July 2018 under HKFRS 9	<u><u>4,791</u></u>

FINANCIAL INFORMATION

HKFRS 15

The following tables summarise the estimated impact of adoption of HKFRS 15 on our Group's combined financial statements for the four months ended 31 October 2018, by comparing the amounts reported under HKFRS 15 in these combined financial statements with estimates of the hypothetical amounts that would have been recognised under HKAS 18 and HKAS 11 if those superseded standards had continued to apply after 1 July 2018 instead of HKFRS 15. These tables show only those line items impacted by the adoption of HKFRS 15:

	Amounts reported in accordance with HKFRS 15 <i>RM'000</i>	Hypothetical amounts under HKASs 18 and 11 <i>RM'000</i>	Difference: Estimated impact of adoption of HKFRS 15 <i>RM'000</i>
Line items in the combined statement of financial position as at 31 October 2018 impacted by the adoption of HKFRS 15:			
Trade and other receivables	167,483	220,568	(53,085)
Contract assets	85,643	—	85,643
Amounts due from contract customers	—	32,558	(32,558)
Line items in the reconciliation of profit before taxation to cash generated from operation for the four months ended 31 October 2018 impacted by the adoption of HKFRS 15:			
Profit before taxation	11,065	11,065	—
Decrease in amounts due from contract customers and contract assets	13,809	11,631	2,178
Decrease in trade and other receivables	64,951	67,129	(2,178)

Taking into account and apart from the abovementioned impact, our Directors consider that the adoption of HKFRS 9 and HKFRS 15 has no significant impact on our financial position and performance when compared to that of HKAS 39 and HKAS 18.

FINANCIAL INFORMATION

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The table below sets out our Group's combined statements of profit or loss and other comprehensive income during the Track Record Period, which was derived from the Accountants' Report as set out in Appendix I to this prospectus:

	For the year ended 30 June			For the four months ended 31 October	
	2016 <i>RM'000</i>	2017 <i>RM'000</i>	2018 <i>RM'000</i>	2017 <i>RM'000</i> (unaudited)	2018 <i>RM'000</i>
Revenue	281,696	514,071	537,816	184,416	120,262
Direct costs	<u>(246,513)</u>	<u>(461,958)</u>	<u>(466,821)</u>	<u>(154,893)</u>	<u>(107,238)</u>
Gross profit	35,183	52,113	70,995	29,523	13,024
Other revenue	883	2,719	2,901	1,099	2,735
Other net income/(loss)	(90)	195	(2,034)	(241)	356
General and administrative expenses	<u>(9,150)</u>	<u>(18,381)</u>	<u>(27,187)</u>	<u>(7,222)</u>	<u>(4,972)</u>
Profit from operations	26,826	36,646	44,675	23,159	11,143
Share of loss of a joint venture	—	(2)	(47)	(3)	(4)
Finance costs	<u>(64)</u>	<u>(257)</u>	<u>(291)</u>	<u>(106)</u>	<u>(74)</u>
Profit before taxation	26,762	36,387	44,337	23,050	11,065
Income tax expenses	<u>(7,257)</u>	<u>(9,573)</u>	<u>(12,569)</u>	<u>(5,883)</u>	<u>(3,041)</u>
Profit for the year/period	19,505	26,814	31,768	17,167	8,024
Other comprehensive loss for the year/period					
Items that will not be reclassified to profit or loss:					
Currency translation differences	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(282)</u>
Profit and other comprehensive income for the year/period	<u>19,505</u>	<u>26,814</u>	<u>31,768</u>	<u>17,167</u>	<u>7,742</u>
Profit and other comprehensive income for the year/period attributable to:					
— Owners of our Company	16,448	21,235	23,077	11,929	6,883
— Non-controlling interests	<u>3,057</u>	<u>5,579</u>	<u>8,691</u>	<u>5,238</u>	<u>859</u>
	<u>19,505</u>	<u>26,814</u>	<u>31,768</u>	<u>17,167</u>	<u>7,742</u>

FINANCIAL INFORMATION

DESCRIPTION OF SELECTED ITEMS FROM COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

Our revenue represents the amount received and receivable for revenue arising on the provision of: (i) marine construction services, which are categorised into (a) reclamation and related works; and (b) marine transportation; and (ii) building and infrastructure services during the Track Record Period. As our services are provided on a project-by-project and a non-recurring basis, our revenue fluctuated during the Track Record Period, subject to various factors, including the size, nature and complexity of the projects and the percentage of completion of our works for the relevant period.

The revenue of our Group was approximately RM281.7 million, RM514.1 million, RM537.8 million and RM120.3 million for each of the three years ended 30 June 2018 and the four months ended 31 October 2018 respectively. The following table sets out a breakdown of our revenue by the types of services during the Track Record Period:

	For the year ended 30 June						For the four months ended 31 October			
	2016		2017		2018		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
	(unaudited)									
Marine construction services										
Reclamation and related works	156,395	55.5	222,002	43.2	98,186	18.3	32,006	17.4	8,084	6.7
Marine transportation	<u>116,687</u>	<u>41.4</u>	<u>264,573</u>	<u>51.5</u>	<u>360,647</u>	<u>67.0</u>	<u>132,102</u>	<u>71.6</u>	<u>68,026</u>	<u>56.6</u>
<i>Sub-total</i>	273,082	96.9	486,575	94.7	458,833	85.3	164,108	89.0	76,110	63.3
Building and infrastructure services										
	<u>8,614</u>	<u>3.1</u>	<u>27,496</u>	<u>5.3</u>	<u>78,983</u>	<u>14.7</u>	<u>20,308</u>	<u>11.0</u>	<u>44,152</u>	<u>36.7</u>
	<u>281,696</u>	<u>100.0</u>	<u>514,071</u>	<u>100.0</u>	<u>537,816</u>	<u>100.0</u>	<u>184,416</u>	<u>100.0</u>	<u>120,262</u>	<u>100.0</u>

Our major marine construction services contracts include contracts in relation to the R&F Princess Cove Project and Island 3 of the Forest City Project. At the same time, we have been working to increase our revenue from building and infrastructure services. As such, percentage contribution from building and infrastructure services demonstrated a general increasing trend.

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The following table sets out the breakdown of our revenue from our customers by geographical regions during the Track Record Period:

	For the year ended 30 June						For the four months ended 31 October			
	2016		2017		2018		2017		2018	
	<i>RM'000</i>	%	<i>RM'000</i>	%	<i>RM'000</i>	%	<i>RM'000</i>	%	<i>RM'000</i>	%
	(unaudited)									
Malaysia	281,696	100.0	474,078	92.2	416,636	77.5	142,644	77.3	120,262	100.0
Singapore	—	—	39,993	7.8	121,180	22.5	41,772	22.7	—	—
	<u>281,696</u>	<u>100.0</u>	<u>514,071</u>	<u>100.0</u>	<u>537,816</u>	<u>100.0</u>	<u>184,416</u>	<u>100.0</u>	<u>120,262</u>	<u>100.0</u>

During the Track Record Period, we derived revenue mainly from the business operations in Malaysia, which accounted for 100.0%, 92.2%, 77.5% and 100.0% of our total revenue, respectively, and our revenue from business operations in Singapore accounted for nil, 7.8%, 22.5% and nil for each of the three years ended 30 June 2018 and the four months ended 31 October 2018, respectively. During the Track Record Period, we were approached by a Singapore customer for a contract of marine transportation of marine sand from Johor to Singapore. We believe this was primarily due to our reputation as a key player in marine construction services in Malaysia and that we are based in Johor, at close proximity to Singapore. Going forward, Malaysia will remain our key target market.

Direct costs

	For the year ended 30 June						For the four months ended 31 October			
	2016		2017		2018		2017		2018	
	<i>RM'000</i>	%	<i>RM'000</i>	%	<i>RM'000</i>	%	<i>RM'000</i>	%	<i>RM'000</i>	%
	(unaudited)									
Subcontracting charges	220,442	89.4	409,017	88.5	436,539	93.5	141,319	91.2	101,088	94.3
Site consumables	4,226	1.7	23,393	5.1	6,257	1.3	3,353	2.2	1,123	1.0
Other expenses	21,845	8.9	29,548	6.4	24,025	5.2	10,221	6.6	5,027	4.7
	<u>246,513</u>	<u>100.0</u>	<u>461,958</u>	<u>100.0</u>	<u>466,821</u>	<u>100.0</u>	<u>154,893</u>	<u>100.0</u>	<u>107,238</u>	<u>100.0</u>

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The following table sets out the breakdown of our direct costs by types of services during the Track Record Period:

	For the year ended 30 June						For the four months ended 31 October			
	2016		2017		2018		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Marine construction services										
Reclamation and related works:										
Subcontracting charges	106,026	43.0	146,733	31.8	53,684	11.5	12,478	8.1	1,423	1.3
Site consumables	4,114	1.7	23,348	5.1	6,257	1.3	3,353	2.2	1,123	1.1
Other expenses	<u>20,970</u>	<u>8.5</u>	<u>28,602</u>	<u>6.2</u>	<u>22,398</u>	<u>4.8</u>	<u>9,978</u>	<u>6.4</u>	<u>3,881</u>	<u>3.6</u>
	<u>131,110</u>	<u>53.2</u>	<u>198,683</u>	<u>43.1</u>	<u>82,339</u>	<u>17.6</u>	<u>25,809</u>	<u>16.7</u>	<u>6,427</u>	<u>6.0</u>
Marine transportation:										
Subcontracting charges	107,546	43.6	237,640	51.4	313,887	67.2	112,482	72.6	59,583	55.6
Site consumables	107	0.1	45	0.0	—	—	—	—	—	—
Other expenses	<u>271</u>	<u>0.1</u>	<u>—</u>	<u>—</u>	<u>818</u>	<u>0.2</u>	<u>22</u>	<u>0.0</u>	<u>685</u>	<u>0.6</u>
	<u>107,924</u>	<u>43.8</u>	<u>237,685</u>	<u>51.4</u>	<u>314,705</u>	<u>67.4</u>	<u>112,504</u>	<u>72.6</u>	<u>60,268</u>	<u>56.2</u>
<i>Sub-total</i>	<u>239,034</u>	<u>97.0</u>	<u>436,368</u>	<u>94.5</u>	<u>397,044</u>	<u>85.0</u>	<u>138,313</u>	<u>89.3</u>	<u>66,695</u>	<u>62.2</u>
Building and infrastructure services										
Subcontracting charges	6,870	2.8	24,644	5.3	68,968	14.8	16,359	10.6	40,082	37.4
Site consumables	5	0.0	—	—	—	—	—	—	—	—
Other expenses	<u>604</u>	<u>0.2</u>	<u>946</u>	<u>0.2</u>	<u>809</u>	<u>0.2</u>	<u>221</u>	<u>0.1</u>	<u>461</u>	<u>0.4</u>
	<u>7,479</u>	<u>3.0</u>	<u>25,590</u>	<u>5.5</u>	<u>69,777</u>	<u>15.0</u>	<u>16,580</u>	<u>10.7</u>	<u>40,543</u>	<u>37.8</u>
	<u>246,513</u>	<u>100.0</u>	<u>461,958</u>	<u>100.0</u>	<u>466,821</u>	<u>100.0</u>	<u>154,893</u>	<u>100.0</u>	<u>107,238</u>	<u>100.0</u>

Direct costs primarily comprises:

- (1) Subcontracting charges are the key components of our direct costs and represent the fees paid and payable to our subcontractors, which include fees we paid for chartering vessel for marine transportation. Please refer to section headed “Business — Our suppliers” in this prospectus for further details on subcontracting charges.

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The decrease in our subcontracting charges for reclamation and related works from approximately RM146.7 million for the year ended 30 June 2017 to approximately RM53.7 million for the year ended 30 June 2018 was mainly due to the decrease in revenue and the execution of one of the new contracts which involved more of our technical inputs and monitoring and relatively less amount of labour work. Our subcontracting charges for reclamation and related works decreased from approximately RM12.5 million for the four months ended 31 October 2017 to approximately RM1.4 million for the four months ended 31 October 2018, which was in line with the decrease in our revenue generated from reclamation and related works.

The increase in subcontracting charges for marine transportation from the year ended 30 June 2016 to the year ended 30 June 2018 was in line with the increase in our revenue of the same business segment. The increase in subcontracting charges for building and infrastructure services was resulted from more contracts executed during the aforementioned period. Our subcontracting charges for marine transportation decreased from approximately RM112.5 million for the four months ended 31 October 2017 to approximately RM59.6 million for the four months ended 31 October 2018, which was in line with the decrease in our revenue generated from marine transportation whereas our subcontracting charges for building and infrastructure services increased in line with our revenue for the same business segment from approximately RM16.4 million for the four months ended 31 October 2017 to approximately RM40.1 million for the four months ended 31 October 2018.

Please refer to the paragraph headed “Comparison of results of operation” in this section for a discussion of material fluctuations in our direct costs.

- (2) Site consumables represent diesel, chemicals and gas.
- (3) Other expenses mainly include consultancy fees, depreciation, rental and maintenance of machineries.

During the Track Record Period, a relatively substantial majority of our direct costs was our subcontracting charges while only a relatively small portion was our cost of site consumables and other expenses for services such as technical consultancy and rental and maintenance of machineries. The following breakeven analysis illustrates the magnitude of hypothetical fluctuations in our subcontracting charges that would deplete our profits during the Track Record Period.

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Breakeven analysis

Assuming all other factors remain unchanged, the following table sets out the scenario which will cause us to breakeven for the Track Record Period:

	For the year ended 30 June			For the four months ended 31 October
	2016	2017	2018	2018
Increase in subcontracting charges	12.1%	8.9%	10.2%	10.9%

Gross profit and gross profit margin

The table below sets forth a breakdown of our gross profit and gross profit margin during the Track Record Period by types of services:

	For the year ended 30 June						For the four months ended 31 October			
	2016		2017		2018		2017		2018	
	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit margin	Gross profit	Gross profit margin
	<i>RM'000</i>	%	<i>RM'000</i>	%	<i>RM'000</i>	%	<i>RM'000</i>	%	<i>RM'000</i>	%
Marine construction services										
Reclamation and related works	25,285	16.2	23,319	10.5	15,847	16.1	6,197	19.4	1,657	20.5
Marine transportation	<u>8,763</u>	7.5	<u>26,888</u>	10.2	<u>45,942</u>	12.7	<u>19,598</u>	14.8	<u>7,758</u>	11.4
	34,048	12.5	50,207	10.3	61,789	13.5	25,795	15.7	9,415	12.4
Building and infrastructure services										
	<u>1,135</u>	13.2	<u>1,906</u>	6.9	<u>9,206</u>	11.7	<u>3,728</u>	18.4	<u>3,609</u>	8.2
	<u><u>35,183</u></u>	12.5	<u><u>52,113</u></u>	10.1	<u><u>70,995</u></u>	13.2	<u><u>29,523</u></u>	16.0	<u><u>13,024</u></u>	10.8

Our profit margin would largely depend on our ability in managing our subcontractors' costs against our awarded contract sum. During the Track Record Period, we generally adopt a cost estimate plus mark-up pricing model for pricing our projects. In general, our terms with subcontractors are based on fixed-unit-price or lump sum contracts, as the case may be, of the subcontracting work. The subcontractors are responsible for the supply of labour, vessels or equipment and construction materials (if applicable) required for the subcontracting work in accordance to the contract specification. For marine transportation contracts, the marine sand is directly acquired

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by the project owner. For further details of the major terms of our subcontracting arrangements, please refer to the section headed “Business — Our suppliers — Subcontracting — Major terms of subcontracting arrangement” in this prospectus. We would assess the profitability prospects of projects based on various factors including the potential costs structure, the project requirement, complexity of the project and completion schedule.

Other revenue and other net income/(loss)

Our other revenue mainly consisted of bank interest income, handling charges on provision of diesel, which we provide to subcontractors on site and charge them on a cost-plus basis, reversal for impairment loss on trade receivables and contract assets following the implementation of expected credit loss under HKFRS 9, and bad debts recovered and transportation income. Our other net income/(loss) consisted of net foreign exchange differences, fair value loss on investment properties and gain/loss on disposal of property, plant and equipment. The following table sets out the breakdown of our other revenue and other net income/(loss) during the Track Record Period:

	For the year ended 30 June						For the four months ended 31 October			
	2016		2017		2018		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Other revenue										
Interest income	245	27.8	644	23.7	365	12.6	88	8.0	86	3.1
Handling service fee on provision of diesel	137	15.5	1,702	62.6	903	31.1	160	14.6	—	—
Reversal for impairment loss on trade receivables and contract assets	—	—	—	—	—	—	—	—	1,635	59.8
Bad debt recovered	—	—	—	—	—	—	—	—	946	34.6
Transportation income	380	43.0	265	9.7	1,371	47.3	826	75.2	3	0.1
Others	121	13.7	108	4.0	262	9.0	25	2.2	65	2.4
	<u>883</u>	<u>100.0</u>	<u>2,719</u>	<u>100.0</u>	<u>2,901</u>	<u>100.0</u>	<u>1,099</u>	<u>100.0</u>	<u>2,735</u>	<u>100.0</u>
Other net income/(loss)										
Net foreign exchange gain/(loss)	(46)	51.1	195	100.0	(2,034)	100.0	(241)	100.0	217	61.0
Fair value loss on investment properties	—	—	—	—	—	—	—	—	(581)	(163.2)
Gain/(loss) on disposal of property, plant and equipment	(44)	48.9	—	—	—	—	—	—	720	202.2
	<u>(90)</u>	<u>100.0</u>	<u>195</u>	<u>100.0</u>	<u>(2,034)</u>	<u>100.0</u>	<u>(241)</u>	<u>100.0</u>	<u>356</u>	<u>100.0</u>

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We recorded net foreign exchange gain/(loss) during the Track Record Period, which mainly represents the gain/(loss) from translation of account receivables denominated in foreign currencies into Malaysian Ringgit as our contract of marine transportation in Singapore was denominated in Singapore dollar.

General and administrative expenses

The table below sets forth a breakdown of our general and administrative expenses by nature during the Track Record Period:

	For the year ended 30 June						For the four months ended 31 October			
	2016		2017		2018		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Auditors' remuneration	91	1.0	120	0.7	207	0.8	69	1.0	36	0.7
Bad debts and allowance for doubtful debt	82	0.9	1,020	5.5	249	0.9	231	3.2	—	—
Bank charges	20	0.2	243	1.3	38	0.1	3	0.0	7	0.1
Depreciation	703	7.7	1,073	5.8	1,178	4.3	389	5.4	260	5.2
Directors' remuneration	472	5.2	5,550	30.2	8,274	30.4	3,150	43.6	140	2.8
Staff salaries and related retirement benefits	4,607	50.4	5,988	32.6	7,390	27.2	2,519	34.9	2,084	41.9
Legal and professional expenses	116	1.3	550	3.0	262	1.0	31	0.4	58	1.2
Listing expenses	—	—	—	—	7,135	26.2	—	—	1,892	38.1
Office expenses	297	3.2	204	1.1	253	0.9	68	0.9	94	1.9
Tax penalty	1,667	18.2	1,649	9.0	163	0.6	33	0.5	—	—
Travelling and related expenses	323	3.5	529	2.9	471	1.8	178	2.5	140	2.8
Others — expenses	772	8.4	1,455	7.9	1,567	5.8	551	7.6	261	5.3
	<u>9,150</u>	<u>100.0</u>	<u>18,381</u>	<u>100.0</u>	<u>27,187</u>	<u>100.0</u>	<u>7,222</u>	<u>100.0</u>	<u>4,972</u>	<u>100.0</u>

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The general and administrative expenses primarily comprise:

- (1) auditors' remuneration;
- (2) bad debts and allowance for doubtful debt, which are impairments provided for account receivables with low expected recoverability;
- (3) bank charges, which are bank facilities fees, cheque processing fees and commission charges for bank guarantees and bank confirmations;
- (4) depreciation, which is the depreciation of our Group's leasehold improvement, furniture, fittings and equipment, and motor vehicles;
- (5) directors' remuneration, which represents salaries, bonus and benefits provided to our Directors;
- (6) salaries and related retirement benefits provided to our staff;
- (7) legal and professional expenses, which mainly include expenses paid for legal services and accounting services obtained by our Group;
- (8) Listing expenses;
- (9) office expenses, which mainly include expenses for our Group's daily office expenses and other related expenses;
- (10) tax penalty, which represents the penalty for late tax payment, underestimation of tax payable, tax investigation and voluntary disclosure of additional tax payable after the tax return resubmitted. For details, please refer to the paragraph headed "Provision of taxation" in this section;
- (11) travelling and related expenses; and
- (12) others, which mainly include other sundry expenses.

For details, please refer to the paragraph headed "Comparison of results of operations" in this section for a discussion of the material changes in our general and administration expenses during the Track Record Period.

Share of results of a joint venture

Our share of results of a joint venture relates to our share of loss from our joint venture, JBB Kimlun, using the equity method. JBB Kimlun was incorporated on 2 May 2017. JBB Kimlun commenced the MBB Tower Project in May 2017.

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Finance costs

Our finance costs during the Track Record Period is as below:

	For the year ended 30 June			For the four months ended 31 October	
	2016	2017	2018	2017	2018
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Interests on bank loans and overdrafts	3	71	44	13	12
Finance charge on obligations under finance leases	<u>61</u>	<u>186</u>	<u>247</u>	<u>93</u>	<u>62</u>
	<u><u>64</u></u>	<u><u>257</u></u>	<u><u>291</u></u>	<u><u>106</u></u>	<u><u>74</u></u>

Please refer to the paragraphs headed “Indebtedness — Bank loans and overdrafts” and “Indebtedness — Obligations under finance leases” in this section for the further details in relation to the borrowings and the corresponding interest rate.

COMPARISON OF RESULTS OF OPERATIONS

Four months ended 31 October 2018 compared to four months ended 31 October 2017 (“Oct 18 vs Oct 17”)

Revenue — Oct 18 vs Oct 17

Revenue decreased by approximately RM64.1 million or 34.8% from approximately RM184.4 million for the four months ended 31 October 2017 to approximately RM120.3 million for the four months ended 31 October 2018. Such decrease was mainly due to the reduction in volume of work for marine construction services for the four months ended 31 October 2018.

Marine construction services — Oct 18 vs Oct 17

Our marine construction services are categorised into (a) reclamation and related works and (b) marine transportation.

Our revenue from marine construction services represented approximately 89.0% and 63.3% of the total revenue for the four months ended 31 October 2017 and 31 October 2018, respectively. Our revenue from marine construction services decreased by approximately RM88.0 million or 53.6% from approximately RM164.1 million for the four months ended 31 October 2017 to approximately RM76.1 million for the four months ended 31 October 2018.

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Revenue from reclamation and related works, which represented approximately 19.5% and 10.6% of our revenue from marine construction services for the four months ended 31 October 2017 and 31 October 2018 respectively, decreased by approximately RM23.9 million or 74.7% from approximately RM32.0 million for the four months ended 31 October 2017 to approximately RM8.1 million for the four months ended 31 October 2018. Such decrease was mainly due to the reduction in volume of work following the completion of certain key contracts such as contracts for the Forest City Project and the R&F Princess Cove Project which contributed a substantial portion of our revenue for the four months ended 31 October 2017.

Revenue from marine transportation, which represented approximately 80.5% and 89.4% of our revenue from marine construction services for the four months ended 31 October 2017 and 31 October 2018 respectively, decreased by approximately RM64.1 million or 48.5% from approximately RM132.1 million for the four months ended 31 October 2017 to approximately RM68.0 million for the four months ended 31 October 2018. Such decrease was mainly due to the reduction in volume of sand transported during the four months ended 31 October 2018 as compared to that during the four months ended 31 October 2017.

Building and infrastructure services — Oct 18 vs Oct 17

Our revenue from building and infrastructure services represented approximately 11.0% and 36.7% of our total revenue for the four months ended 31 October 2017 and 31 October 2018, respectively.

Our revenue from building and infrastructure services increased by approximately RM23.9 million or 117.7% from approximately RM20.3 million for the four months ended 31 October 2017 to approximately RM44.2 million for the four months ended 31 October 2018. Such increase was mainly due to the new contracts secured by our Group and substantial works which had been conducted for our ongoing contracts during the four months ended 31 October 2018 compared to the four months ended 31 October 2017.

Direct costs — Oct 18 vs Oct 17

Direct costs decreased by approximately RM47.7 million or 30.8% from approximately RM154.9 million for the four months ended 31 October 2017 to approximately RM107.2 million for the four months ended 31 October 2018. The percentage decrease in our direct costs was lower than that of our revenue for the four months ended 31 October 2018 mainly due to the increase in the proportion of our revenue generated from building and infrastructure services which were of higher subcontracting costs in general.

Our subcontracting charges decreased by approximately RM40.2 million or 28.5% from approximately RM141.3 million for the four months ended 31 October 2017 to approximately RM101.1 million for the four months ended 31 October 2018. The decrease in our subcontracting charges was generally in line with the reduction in our revenue for the four months ended 31 October 2018.

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Our site consumables decreased by approximately RM2.3 million or 67.6% from approximately RM3.4 million for the four months ended 31 October 2017 to approximately RM1.1 million for the four months ended 31 October 2018. The decrease in site consumables for the four months ended 31 October 2018 was mainly due to the completion of a reclamation and related works contract for Island 3 of the Forest City Project in March 2018 in which we were responsible for supplying diesel to our subcontractors.

Our other expenses decreased by approximately RM5.2 million or 51.0% from approximately RM10.2 million for the four months ended 31 October 2017 to approximately RM5.0 million for the four months ended 31 October 2018. The decrease in other expenses was mainly due to the reduction in costs for repairment and maintenance services and the rental of machineries in relation to our reclamation and related works for the four months ended 31 October 2018.

Gross profit and gross profit margin — Oct 18 vs Oct 17

As a result of the decrease in revenue for the four months ended 31 October 2018, our gross profit dropped by approximately RM16.5 million or 55.9% from approximately RM29.5 million for the four months ended 31 October 2017 to approximately RM13.0 million for the four months ended 31 October 2018, while the overall gross profit margin decreased from 16.0% for the four months ended 31 October 2017 to 10.8% for the four months ended 31 October 2018.

Marine construction services — Oct 18 vs Oct 17

Our gross profit from marine construction services, which are categorised into (a) reclamation and related works; and (b) marine transportation, decreased by approximately RM16.4 million or 63.6% from approximately RM25.8 million for the four months ended 31 October 2017 to approximately RM9.4 million for the four months ended 31 October 2018. Our gross profit margin from marine construction services decreased from 15.7% for the four months ended 31 October 2017 to 12.4% for the four months ended 31 October 2018.

Gross profit from reclamation and related works decreased by approximately RM4.5 million or 72.6% from approximately RM6.2 million for the four months ended 31 October 2017 to approximately RM1.7 million for the four months ended 31 October 2018. Such decline is in line with the decrease in revenue resulting from the reduction in volume of work following the completion of certain key contracts. Gross profit margin from reclamation and related works remained stable at 20.5% for the four months ended 31 October 2018 as compared to 19.4% for the four months ended 31 October 2017.

Gross profit from marine transportation decreased by approximately RM11.8 million or 60.2% from approximately RM19.6 million for the four months ended 31 October 2017 to approximately RM7.8 million for the four months ended 31 October 2018 mainly due to the decrease in volume of sand transported.

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Gross profit margin from marine transportation decreased from 14.8% for the four months ended 31 October 2017 to 11.4% for the four months ended 31 October 2018 primarily because of the change in fee charging basis for marine transportation services, where costs charged by subcontractors during the four months ended 31 October 2018 were charged on a fixed unit cost per cubic metre of sand transported with mobilisation fee included (i.e. higher unit cost per cubic metre of sand transported), as compared to the previous basis which comprised of mobilisation fee (if any), plus fixed unit cost per cubic metre of sand transported (i.e. lower unit cost). Mobilisation fee represents charges incurred due to changes in site conditions and additional job requirements carried out by subcontractors to deploy their vessels, crews, equipment and any other relevant resources to meet project requirements from time to time. Such cost is recognised as direct cost when the relevant work is performed.

Subcontracting cost for marine transportation services recorded for the four months ended 31 October 2017 was relatively lower given the corresponding mobilisation fee of certain projects had been recognised in previous years, and the lower unit cost per cubic metre of sand transported has resulted in a higher gross profit margin recorded for four months ended 31 October 2017, and has led to a decrease in gross profit margin for the four months ended 31 October 2018. During the Track Record Period, our Group incurred mobilisation fee for marine transportation services amounting to approximately RM10.1 million, RM18.3 million, RM16.0 million and nil for each of the three years ended 30 June 2018 and the four months ended 31 October 2018 respectively, representing approximately 9.3%, 7.7%, 5.1% and nil of the total direct cost of marine transportation contracts for the respective years/period.

Building and infrastructure services — Oct 18 vs Oct 17

Our gross profit from building and infrastructure services remained relatively stable, comparing approximately RM3.7 million for the four months ended 31 October 2017 with approximately RM3.6 million for the four months ended 31 October 2018. Our gross profit margin from building and infrastructure services decreased from 18.4% for the four months ended 31 October 2017 to 8.2% for the four months ended 31 October 2018, mainly due to the reduced revenue generated from the project management services for the MBBJ Tower Project which achieved a higher profit margin.

For details, please refer to the section headed “Continuing Connected Transactions — Non-exempt continuing connected transactions — Continuing connected transactions with Kimlun — MBBJ Tower Project” in this prospectus.

Other revenue — Oct 18 vs Oct 17

Our other revenue increased from approximately RM1.1 million for the four months ended 31 October 2017 to approximately RM2.7 million for the four months ended 31 October 2018, mainly due to bad debts recovered of approximately RM0.9 million and reversal for impairment loss on trade receivables and contract assets of approximately RM1.6 million during the four months ended 31 October 2018, following the implementation of ECL under HKFRS 9.

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Other net income/(loss) — Oct 18 vs Oct 17

We recorded other net loss of approximately RM0.2 million for the four months ended 31 October 2017 which was exchange loss whereas we recorded other net income of approximately RM0.4 million for the four months ended 31 October 2018 mainly due to the gain on disposal of certain motor vehicles of our Group of approximately RM0.7 million.

General and administrative expenses — Oct 18 vs Oct 17

Our general and administrative expenses decreased by approximately RM2.2 million or 30.6% from approximately RM7.2 million for the four months ended 31 October 2017 to approximately RM5.0 million for the four months ended 31 October 2018. Such decrease was mainly due to the absence of provision for bonuses payable to our Directors for the four months ended 31 October 2018 following the decrease in profit recorded for the same period, as compared to the four months ended 31 October 2017.

Share of loss of a joint venture — Oct 18 vs Oct 17

We incurred a share of loss of a joint venture of approximately RM3,000 and approximately RM4,000 for the four months ended 31 October 2017 and the four months ended 31 October 2018, respectively which was mainly due to operating costs incurred by our joint venture, JBB Kimlun.

Finance costs — Oct 18 vs Oct 17

Finance costs remained relatively stable at approximately RM0.1 million for both the four months ended 31 October 2017 and the four months ended 31 October 2018.

Profit before tax — Oct 18 vs Oct 17

As a result of the abovementioned items, profit before tax decreased by approximately RM12.0 million or 51.9% from approximately RM23.1 million for the four months ended 31 October 2017 to approximately RM11.1 million for the four months ended 31 October 2018.

Income tax expenses — Oct 18 vs Oct 17

Income tax expenses decreased by approximately RM2.9 million or 49.2% from approximately RM5.9 million for the four months ended 31 October 2017 to approximately RM3.0 million for the four months ended 31 October 2018. The decrease was mainly due to the reduction in profit before tax for the four months ended 31 October 2018 as compared with the corresponding period of the previous year.

Profit for the period — Oct 18 vs Oct 17

Profit decreased by approximately RM9.2 million or 53.5% from approximately RM17.2 million for the four months ended 31 October 2017 to approximately RM8.0 million for the four months ended 31 October 2018 as a result of the abovementioned items.

FINANCIAL INFORMATION

Year ended 30 June 2018 compared to year ended 30 June 2017 (“FY2018 vs FY2017”)

Revenue — FY2018 vs FY2017

Revenue increased by approximately RM23.7 million or 4.6% from approximately RM514.1 million for the year ended 30 June 2017 to approximately RM537.8 million for the year ended 30 June 2018. Such increase was mainly due to the increase in revenue of approximately RM96.0 million contributed from marine transportation, and approximately RM51.5 million from building and infrastructure services. However, this was partly offset by a decrease in revenue of approximately RM123.8 million from reclamation and related works.

Marine construction services — FY2018 vs FY2017

Our revenue from marine construction services represented approximately 94.7% and 85.3% of the total revenue for the year ended 30 June 2017 and the year ended 30 June 2018, respectively. Our revenue from marine construction services decreased by approximately RM27.8 million or 5.7% from approximately RM486.6 million for the year ended 30 June 2017 to approximately RM458.8 million for the year ended 30 June 2018.

Revenue from reclamation and related works, which represented approximately 45.6% and 21.4% of our revenue from marine construction services for the year ended 30 June 2017 and the year ended 30 June 2018 respectively, decreased by approximately RM123.8 million or 55.8% from approximately RM222.0 million for the year ended 30 June 2017 to approximately RM98.2 million for the year ended 30 June 2018. Such decrease was mainly due to a decrease in revenue recognised for execution of contracts on reclamation and related works for (i) Island 3 of the Forest City Project which contributed revenue of approximately RM2.0 million for the year ended 30 June 2018 as compared to that of approximately RM56.0 million for the year ended 30 June 2017 and (ii) phase 3 of the Forest City Project which contributed revenue of approximately RM10.5 million for the year ended 30 June 2018 as compared to that of approximately RM141.8 million for the year ended 30 June 2017. This was partly offset by (i) an increase in revenue recognised from a contract on reclamation and related works in relation to R&F Princess Cove Project of approximately RM41.6 million for the year ended 30 June 2018 as compared to that of approximately RM22.3 million for the year ended 30 June 2017; (ii) revenue recognised from a new contract on reclamation and related works at Tanjung Setapa Pengerang, Johor of approximately RM14.8 million for the year ended 30 June 2018; and (iii) an increase in revenue from approximately RM0.4 million for the year ended 30 June 2017 to approximately RM16.7 million for the year ended 30 June 2018 due to the commencement of reclamation and related works for the golf course phase 1 of the Forest City Project in June 2017 and substantial amount of work has been completed during the year ended 30 June 2018.

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Revenue from marine transportation, which represented approximately 54.4% and 78.6% of our revenue from marine construction services for the year ended 30 June 2017 and the year ended 30 June 2018 respectively, increased by approximately RM96.0 million or 36.3% from approximately RM264.6 million for the year ended 30 June 2017 to approximately RM360.6 million for the year ended 30 June 2018. Such increase was mainly due to the execution of several marine transportation contracts including those for the golf course of the Forest City Project and the Lido Waterfront Project and transportation of sand for Xinsha Holding Pte Ltd; which was offset by a decrease in revenue recognised from Island 3 of the Forest City Project.

Building and infrastructure services — FY2018 vs FY2017

Our revenue from building and infrastructure services represented approximately 5.3% and 14.7% of our total revenue for the year ended 30 June 2017 and the year ended 30 June 2018, respectively.

Our revenue from building and infrastructure services increased by approximately RM51.5 million or 187.3% from approximately RM27.5 million for the year ended 30 June 2017 to approximately RM79.0 million for the year ended 30 June 2018. Such increase was mainly due to (i) an increase in revenue recognised from a contract commenced in May 2017 in relation to building works of the construction of mixed property development at Kota Tinggi, Johor from approximately RM36,000 for the year ended 30 June 2017 to approximately RM21.5 million for the year ended 30 June 2018; (ii) the earthworks for the MBBJ Tower Project which contributed revenue of approximately RM14.0 million during the year ended 30 June 2018; and (iii) the execution of a contract for building works in Kota Tinggi, Johor which contributed revenue of approximately RM7.5 million during the year ended 30 June 2018.

Direct costs — FY2018 vs FY2017

Direct costs increased by approximately RM4.8 million or 1.0% from approximately RM462.0 million for the year ended 30 June 2017 to approximately RM466.8 million for the year ended 30 June 2018. The increase in our direct costs was generally in line with the increase of our revenue for the year ended 30 June 2018.

Our subcontracting charges increased by approximately RM27.5 million or 6.7% from approximately RM409.0 million for the year ended 30 June 2017 to approximately RM436.5 million for the year ended 30 June 2018. The increase in our subcontracting charges was generally in line with the increase in our revenue for the year ended 30 June 2018.

Our site consumables decreased by approximately RM17.1 million or 73.1% from approximately RM23.4 million for the year ended 30 June 2017 to approximately RM6.3 million for the year ended 30 June 2018. The decrease in site consumables for the year ended 30 June 2018 was mainly due to the completion of a reclamation and related works contract for Island 3 of the Forest City Project in March 2018 in which we were responsible to supply diesel to our subcontractors.

FINANCIAL INFORMATION

Our other expenses decreased by approximately RM5.5 million or 18.6% from approximately RM29.5 million for the year ended 30 June 2017 to approximately RM24.0 million for the year ended 30 June 2018. The decrease in other expenses was mainly due to the decrease in both the consultancy fee and the rental of machineries, which related to our reclamation and related works, as a result of less reclamation and related works having been performed for the year ended 30 June 2018.

Gross profit and gross profit margin — FY2018 vs FY2017

As a result of our growth in revenue for the year ended 30 June 2018, our gross profit increased by approximately RM18.9 million or 36.3% from approximately RM52.1 million for the year ended 30 June 2017 to approximately RM71.0 million for the year ended 30 June 2018, while the overall gross profit margin increased from approximately 10.1% for the year ended 30 June 2017 to approximately 13.2% for the year ended 30 June 2018.

Marine construction services — FY2018 vs FY2017

Our gross profit from marine construction services increased by approximately RM11.6 million or 23.1% from approximately RM50.2 million for the year ended 30 June 2017 to approximately RM61.8 million for the year ended 30 June 2018. Our gross profit margin from marine construction services increased from approximately 10.3% for the year ended 30 June 2017 to approximately 13.5% for the year ended 30 June 2018.

Gross profit from reclamation and related works decreased by approximately RM7.5 million or 32.2% from approximately RM23.3 million for the year ended 30 June 2017 to approximately RM15.8 million for the year ended 30 June 2018 as less reclamation and related works were performed when compared to the corresponding year. Gross profit margin of reclamation and related works increased from approximately 10.5% for the year ended 30 June 2017 to 16.1% for the year ended 30 June 2018, mainly due to the commencement of new contracts in relation to the maintenance of dredging and installation of PVD during the year ended 30 June 2018. These works involved more of our technical input and monitoring and thus contributed to a relatively higher gross profit margin.

Gross profit from marine transportation increased by approximately RM19.0 million or 70.6% from approximately RM26.9 million for the year ended 30 June 2017 to approximately RM45.9 million for the year ended 30 June 2018. Gross profit margin from marine transportation increased from approximately 10.2% for the year ended 30 June 2017 to approximately 12.7% for the year ended 30 June 2018. This is mainly because we had negotiated with our subcontractors to reduce certain variable costs and in turn reduce our cost in unit rate.

FINANCIAL INFORMATION

Building and infrastructure services — FY2018 vs FY2017

Our gross profit from building and infrastructure services increased by approximately RM7.3 million or 384.2% from approximately RM1.9 million for the year ended 30 June 2017 to approximately RM9.2 million for the year ended 30 June 2018. Our gross profit margin of building and infrastructure services increased from 6.9% for the year ended 30 June 2017 to 11.7% for the year ended 30 June 2018, mainly due to the increase in revenue generated from the provision of project management services for the MBB Tower Project which achieved a higher profit margin.

For details, please refer to the section headed “Continuing Connected Transactions — Non-exempt continuing connected transactions — Continuing connected transactions with Kimlun — MBB Tower Project” in this prospectus.

Other revenue — FY2018 vs FY2017

Our other revenue increased from approximately RM2.7 million for the year ended 30 June 2017 to approximately RM2.9 million for the year ended 30 June 2018. The increase was mainly due to the increase in transportation income from providing transportation to the workers of subcontractors to commute to construction sites of approximately RM1.1 million, which was partially offset by the decrease in handling service fee for the provision of diesel.

Other net income/(loss) — FY2018 vs FY2017

Our other net income was approximately RM0.2 million for the year ended 30 June 2017 and our other net loss was approximately RM2.0 million for the year ended 30 June 2018 due to the depreciation of Singapore dollars against Malaysian Ringgit.

General and administrative expenses — FY2018 vs FY2017

Our general and administrative expenses increased by approximately RM8.8 million or 47.8% from approximately RM18.4 million for the year ended 30 June 2017 to approximately RM27.2 million for the year ended 30 June 2018, mainly due to (i) the increase in Listing expenses of approximately RM7.1 million in connection with the professional fees incurred for the Listing; (ii) increment in both salary and headcount of our Group; and (iii) a discretionary bonus of RM7.3 million to our Directors.

Share of loss of a joint venture — FY2018 vs FY2017

We incurred a share of loss of a joint venture of approximately RM2,000 and approximately RM47,000 for the year ended 30 June 2017 and the year ended 30 June 2018, respectively. The share of loss of a joint venture recorded for the year ended 30 June 2018 was mainly due to operating costs incurred by our joint venture, JBB Kimlun.

FINANCIAL INFORMATION

Finance costs — FY2018 vs FY2017

Finance costs remained relatively stable at approximately RM0.3 million for both the year ended 30 June 2017 and the year ended 30 June 2018.

Profit before tax — FY2018 vs FY2017

As a result of the abovementioned items, profit before tax increased by approximately RM7.9 million or 21.7% from approximately RM36.4 million for the year ended 30 June 2017 to approximately RM44.3 million for the year ended 30 June 2018.

Income tax expenses — FY2018 vs FY2017

Income tax expenses increased by approximately RM3.0 million or 31.3% from approximately RM9.6 million for the year ended 30 June 2017 to approximately RM12.6 million for the year ended 30 June 2018. The increase was mainly due to the increase in profit before tax and incurrence of Listing expenses of approximately RM7.1 million which is non-tax deductible in nature for the year ended 30 June 2018 as compared with the previous year.

Profit for the year — FY2018 vs FY2017

Profit increased by approximately RM5.0 million or 18.7% from approximately RM26.8 million for the year ended 30 June 2017 to approximately RM31.8 million for the year ended 30 June 2018, as a result of the abovementioned items.

Year ended 30 June 2017 compared to year ended 30 June 2016 (“FY2017 vs FY2016”)

Revenue — FY2017 vs FY2016

Revenue increased by approximately RM232.4 million or 82.5% from approximately RM281.7 million for the year ended 30 June 2016 to approximately RM514.1 million for the year ended 30 June 2017. Such increase was mainly due to the execution of a contract on reclamation and related works for phase 3 of the Forest City Project with an original contract sum of approximately RM151.3 million which has contributed a revenue of approximately RM141.8 million for the year ended 30 June 2017 and the execution of various marine transportation contracts and building and infrastructure contracts during the year ended 30 June 2017.

Marine construction services — FY2017 vs FY2016

Our revenue from marine construction services represented approximately 96.9% and 94.7% of the total revenue for the year ended 30 June 2016 and 30 June 2017, respectively. Our revenue from marine construction services increased by approximately RM213.5 million or 78.2% from approximately RM273.1 million for the year ended 30 June 2016 to approximately RM486.6 million for the year ended 30 June 2017.

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Revenue from reclamation and related works, which represented approximately 57.3% and 45.6% of our revenue from marine construction services for the year ended 30 June 2016 and 30 June 2017 respectively, increased by approximately RM65.6 million or 41.9% from approximately RM156.4 million for the year ended 30 June 2016 to approximately RM222.0 million for the year ended 30 June 2017. Such increase was mainly due to the execution of a contract on reclamation and related works for phase 3 of the Forest City Project which has contributed a revenue of approximately RM141.8 million but was partly offset by a decrease in revenue recognised from the contracts on reclamation and related works in relation to the R&F Princess Cove Project and for Island 3 of the Forest City Project.

Revenue from marine transportation, which represented approximately 42.7% and 54.4% of our revenue from marine construction services for the year ended 30 June 2016 and 30 June 2017 respectively, increased by approximately RM147.9 million or 126.7% from approximately RM116.7 million for the year ended 30 June 2016 to approximately RM264.6 million for the year ended 30 June 2017. Such increase was mainly due to the execution of marine transportation contracts for transportation of sand for Phase 1 of the Forest City Project.

Building and infrastructure works — FY2017 vs FY2016

Our revenue from building and infrastructure works represented approximately 3.1% and 5.3% of the total revenue for the year ended 30 June 2016 and the year ended 30 June 2017, respectively.

Our revenue from building and infrastructure works increased by approximately RM18.9 million or 219.8% from approximately RM8.6 million for the year ended 30 June 2016 to approximately RM27.5 million for the year ended 30 June 2017. Such increase was mainly due to the execution of several new building and infrastructure contracts including an earthworks contract of a mixed property development at Kota Tinggi, Johor with an original contract sum of approximately RM76.0 million which contributed revenue of approximately RM16.3 million during the year ended 30 June 2017.

Direct costs — FY2017 vs FY2016

Direct costs increased by approximately RM215.5 million or 87.4% from approximately RM246.5 million for the year ended 30 June 2016 to approximately RM462.0 million for the year ended 30 June 2017. The increase in our direct costs was generally in line with the increase of our revenue for the year ended 30 June 2017.

Our subcontracting charges increased by approximately RM188.6 million or 85.6% from approximately RM220.4 million for the year ended 30 June 2016 to approximately RM409.0 million for the year ended 30 June 2017. The increase in our subcontracting charges was generally in line with the increase in our revenue for the year ended 30 June 2017.

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Our site consumables increased by approximately RM19.2 million or 457.1% from approximately RM4.2 million for the year ended 30 June 2016 to approximately RM23.4 million for the year ended 30 June 2017. The increase in site consumables for the year ended 30 June 2017 was mainly due to diesel purchased in relation to execution of a contract on reclamation and related works for Island 3 of the Forest City Project which we were contractually responsible for supplying diesel to subcontractors.

Our other expenses increased by approximately RM7.7 million or 35.3% from approximately RM21.8 million for the year ended 30 June 2016 to approximately RM29.5 million for the year ended 30 June 2017. The increase in other expenses was mainly due to the increase in rental of machineries and the corresponding repair and maintenance fees.

Gross profit and gross profit margin — FY2017 vs FY2016

As a result of our growth in revenue for the year ended 30 June 2017, our gross profit increased by approximately RM16.9 million or 48.0% from approximately RM35.2 million for the year ended 30 June 2016 to approximately RM52.1 million for the year ended 30 June 2017, while the overall gross profit margin decreased from 12.5% for the year ended 30 June 2016 to 10.1% for the year ended 30 June 2017.

Marine construction services — FY2017 vs FY2016

Our gross profit from marine construction services increased by approximately RM16.2 million or 47.6% from approximately RM34.0 million for the year ended 30 June 2016 to approximately RM50.2 million for the year ended 30 June 2017. Our gross profit margin from marine construction services decreased from 12.5% for the year ended 30 June 2016 to 10.3% for the year ended 30 June 2017.

Gross profit from reclamation and related works decreased by approximately RM2.0 million or 7.9% from approximately RM25.3 million for the year ended 30 June 2016 to approximately RM23.3 million for the year ended 30 June 2017. Gross profit margin from reclamation and related works decreased from 16.2% for the year ended 30 June 2016 to 10.5% for the year ended 30 June 2017, mainly due to a relatively lower profit margin contract we undertook on reclamation and related works for phase 3 of the Forest City Project. The project owner requested to speed up the progress of the reclamation and related works and therefore we provided a solution which incurred higher costs during the year ended 30 June 2017.

Gross profit from marine transportation increased by approximately RM18.1 million or 205.7% from approximately RM8.8 million for the year ended 30 June 2016 to approximately RM26.9 million for the year ended 30 June 2017. Gross profit margin from marine transportation increased from 7.5% for the year ended 30 June 2016 to 10.2% for the year ended 30 June 2017, mainly due to our ability to negotiate for a lower unit price with our subcontractors.

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Building and infrastructure services — FY2017 vs FY2016

Our gross profit from building and infrastructure services increased by approximately RM0.8 million or 72.7% from approximately RM1.1 million for the year ended 30 June 2016 to approximately RM1.9 million for the year ended 30 June 2017. Our gross profit margin from building and infrastructure services decreased from 13.2% for the year ended 30 June 2016 to 6.9% for the year ended 30 June 2017, mainly due to the increase in the number of building and infrastructure contracts we have undertaken and executed during the year ended 30 June 2017 as compared with the previous year which contributed to an increase of revenue recognised of more than 200% from building and infrastructure contracts, where such increase in volume of work required a relatively larger increase in our cost of subcontracting and hence led to a relatively lower gross profit margin for such contracts.

Other revenue — FY2017 vs FY2016

Our other revenue increased from approximately RM0.9 million for the year ended 30 June 2016 to approximately RM2.7 million for the year ended 30 June 2017, mainly due to the increase in handling service fee for diesel during the year ended 30 June 2017.

Other net income/(loss) — FY2017 vs FY2016

We recorded other net loss of approximately RM0.1 million for the year ended 30 June 2016 whereas we recorded other net income of approximately RM0.2 million for the year ended 30 June 2017.

General and administrative expenses — FY2017 vs FY2016

Our general and administrative expenses increased by approximately RM9.2 million or 100.0% from approximately RM9.2 million for the year ended 30 June 2016 to approximately RM18.4 million for the year ended 30 June 2017. Such increase was mainly due to (i) a one-off bonus of RM5.0 million to a Director; (ii) increase in staff cost as a result of salary increment and increment in headcount; (iii) increase in other expenses from expansion of operations during the year ended 30 June 2017; (iv) the write-off of bad debts for approximately RM1.0 million for the year ended 30 June 2017; (v) the increase in depreciation expenses due to the additions of motor vehicles and furniture-fittings and equipment during the year ended 30 June 2017; and (vi) professional fee expenses incurred for our financing activities.

Share of loss of a joint venture — FY2017 vs FY2016

We incurred a share of loss of a joint venture of approximately RM2,000 for the year ended 30 June 2017 as a result of the incorporation and setup costs of our joint venture, JBB Kimlun, which was incorporated on 2 May 2017. JBB Kimlun commenced works under the MBB Tower Project in May 2017 and did not record material income for the year ended 30 June 2017.

FINANCIAL INFORMATION

Finance costs — FY2017 vs FY2016

Finance costs increased from approximately RM64,000 for the year ended 30 June 2016 to approximately RM0.3 million for the year ended 30 June 2017. Such increase was mainly due to the increase in obligations under finance leases for the year ended 30 June 2017.

Profit before taxation — FY2017 vs FY2016

As a result of the abovementioned items, profit before tax increased by approximately RM9.6 million or 35.8% from approximately RM26.8 million for the year ended 30 June 2016 to approximately RM36.4 million for the year ended 30 June 2017.

Income tax expenses — FY2017 vs FY2016

Income tax expenses increased by approximately RM2.3 million or 31.5% from approximately RM7.3 million for the year ended 30 June 2016 to approximately RM9.6 million for the year ended 30 June 2017. The increase was mainly due to the increase in profit before tax for the year ended 30 June 2017.

Profit for the year — FY2017 vs FY2016

Profit for the year increased by approximately RM7.3 million or 37.4% from approximately RM19.5 million for the year ended 30 June 2016 to approximately RM26.8 million for the year ended 30 June 2017, as a result of the abovementioned items.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, our operations were generally financed through a combination of cash generated from our operation, shareholder's equity and banking facilities. We expected these financial resources will remain as our core sources of liquidity, while the net proceeds from the Global Offering is expected to enhance our liquidity and provide the capital for our business expansion. Our Directors believe that in the long term, our working capital and other liquidity requirements will be funded by, among others, cash generated from our operation, banking facilities and, if necessary, other external equity and debt financing.

FINANCIAL INFORMATION

Cash flows

The following table sets forth selected cash flows data from our Group's combined statements of cash flows for the years/periods indicated:

	For the year ended 30 June			For the four months ended 31 October	
	2016 <i>RM'000</i>	2017 <i>RM'000</i>	2018 <i>RM'000</i>	2017 <i>RM'000</i>	2018 <i>RM'000</i>
Net cash generated from operating activities	16,314	41,629	49,159	18,098	31,932
Net cash (used in)/generated from investing activities	(18,342)	(35,991)	38,306	(1,099)	(90)
Net cash generated from/(used in) financing activities	<u>10,447</u>	<u>(2,154)</u>	<u>(59,903)</u>	<u>(4,472)</u>	<u>(6,605)</u>
Net increase in cash and cash equivalents	8,419	3,484	27,562	12,527	25,237
Cash and cash equivalent at beginning of the years/periods	<u>2,179</u>	<u>10,598</u>	<u>14,082</u>	<u>14,082</u>	<u>41,644</u>
Cash and cash equivalent at end of the years/periods	<u><u>10,598</u></u>	<u><u>14,082</u></u>	<u><u>41,644</u></u>	<u><u>26,609</u></u>	<u><u>66,881</u></u>
Represented by cash and cash equivalents in the combined statements of financial position	10,996	14,082	41,644	26,609	66,881
Bank overdrafts	<u>(398)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u><u>10,598</u></u>	<u><u>14,082</u></u>	<u><u>41,644</u></u>	<u><u>26,609</u></u>	<u><u>66,881</u></u>

Net cash generated from operating activities

During the Track Record Period, our cash inflow from operating activities was principally generated from the provision of our marine construction services and building and infrastructure services. Our cash outflow used in operating activities includes subcontracting charges, other direct costs, general and administrative expenses.

FINANCIAL INFORMATION

For the four months ended 31 October 2018, our Group had net cash generated from operating activities of approximately RM31.9 million, mainly as a result of the profit before income tax of approximately RM11.1 million generated, which was primarily adjusted for (i) the decrease in trade and other payables in the amount of approximately RM42.9 million; (ii) the decrease of amounts due to contract customers of approximately RM7.8 million; and (iii) the amount of income tax paid of approximately RM6.3 million. This is partially offset by (i) the decrease in trade and other receivables in the amount of approximately RM65.0 million; and (ii) the decrease in amounts due from contract customers and contract assets of approximately RM13.8 million.

For the four months ended 31 October 2017, our Group had net cash generated from operating activities of approximately RM18.1 million, mainly as a result of the profit before income tax of approximately RM23.1 million generated, which was primarily adjusted for the (i) decrease in amounts due from contract customers of approximately RM48.6 million; and (ii) increase in amounts due to contract customers of approximately RM2.8 million. This is partially offset by (i) the decrease in trade and other payables in the amount of approximately RM26.0 million; and (ii) the increase in trade and other receivables in the amount of approximately RM31.0 million.

For the year ended 30 June 2018, our Group had net cash generated from operating activities of approximately RM49.2 million, mainly as a result of the profit before income tax of approximately RM44.3 million generated, which was primarily adjusted for the increase in trade and other payables in the amount of approximately RM50.5 million and decrease in amounts due from contract customers of approximately RM67.3 million. This is partially offset by (i) the increase in trade and other receivables in the amount of approximately RM75.5 million; (ii) the amount of income tax paid of approximately RM14.6 million; and (iii) the decrease in amounts due to contract customers of approximately of RM29.3 million.

For the year ended 30 June 2017, our Group had net cash generated from operating activities of approximately RM41.6 million, mainly as a result of the profit before income tax of approximately RM36.4 million generated, which was primarily adjusted for (i) the increase in trade and other payables in the amount of approximately RM133.4 million; and (ii) the increase in amounts due to contract customers of approximately RM36.5 million. This is partially offset by (i) the increase in trade and other receivables in the amount of approximately RM158.3 million; and (ii) the increase in amounts due from contract customers of approximately RM7.6 million.

For the year ended 30 June 2016, our Group had net cash generated from operating activities of approximately RM16.3 million, mainly as a result of the profit before income tax of approximately RM26.8 million generated this year, which was primarily adjusted for the decrease in trade and other receivables in the amount of approximately RM58.8 million. This is partially offset by (i) the decrease in trade and other payable in the amount of approximately RM15.2 million; and (ii) the increase in amounts due from contract customers of approximately RM53.8 million.

FINANCIAL INFORMATION

Net cash (used in)/generated from investing activities

During the Track Record Period, our cash used in or generated from investing activities mainly arose from the purchase of plant and equipment, deposits paid for acquisition of investment properties, advances to directors and repayment from related companies.

For the four months ended 31 October 2018, our Group had net cash used in investing activities of approximately RM0.1 million, mainly as a result of receipt of interest income of approximately RM86,000 and repayments from related companies of approximately RM72,000, which were partly offset by payments for purchase of plant and equipment of approximately RM0.1 million and payments for the purchase of investment properties of approximately RM0.1 million.

For the four months ended 31 October 2017, our Group had net cash used in investing activities of approximately RM1.1 million, mainly as a result of advance to directors of approximately RM2.0 million, deposits paid for acquisition of investment properties of approximately RM8.9 million and purchase of plant and equipment of approximately RM0.2 million, which were partly offset by repayment from directors of approximately RM10.0 million.

For the year ended 30 June 2018, our Group had net cash generated from investing activities of approximately RM38.3 million, mainly as a result of advance to directors of approximately RM3.0 million and deposits paid for acquisition of investment properties of approximately RM15.5 million, which were partly offset by repayment from directors of approximately RM14.0 million and repayment from related companies of approximately RM41.8 million.

For the year ended 30 June 2017, our Group had net cash used in investing activities of approximately RM36.0 million, mainly as a result of advance to directors of approximately RM11.0 million, deposits paid for acquisition of investment properties of approximately RM17.4 million, payments for purchase of plant and equipment of approximately RM4.0 million and increase of pledged bank deposits of RM5.5 million, which were partly offset by repayment from related companies of approximately RM2.8 million.

For the year ended 30 June 2016, our Group had net cash used in investing activities of approximately RM18.3 million, mainly as a result of deposits paid for acquisition of investment properties of approximately RM11.0 million, payments for purchase of plant and equipment of approximately RM7.3 million and receipt of interest income of approximately RM0.2 million.

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Net cash generated from/(used in) financing activities

For the four months ended 31 October 2018, our Group had net cash used in financing activities of approximately RM6.6 million, mainly attributable to payment of dividend of approximately RM7.2 million, repayment to directors of RM1.5 million, repayment of obligations under finance leases of approximately RM0.4 million and advance from immediate holding company for the settlement of Listing expenses of approximately RM2.7 million during the four months ended 31 October 2018.

For the four months ended 31 October 2017, our Group had net cash used in financing activities of approximately RM4.5 million, primarily as a result of repayment to a director of approximately RM4.0 million.

For the year ended 30 June 2018, our Group had net cash used in financing activities of approximately RM59.9 million, mainly attributable to repayment to a director of RM21.1 million and payments of dividends of approximately RM50.3 million during the year ended 30 June 2018, which were offset by advance from directors of approximately RM10.7 million.

For the year ended 30 June 2017, our Group had net cash used in financing activities of approximately RM2.2 million, primarily as a result of repayment to a director of approximately RM18.3 million and repayment of obligations under finance leases of approximately RM1.0 million, which were partly offset by advance from a director of approximately RM16.8 million and proceeds from bank borrowings of approximately RM1.7 million.

For the year ended 30 June 2016, our Group had net cash generated from financing activities of approximately RM10.4 million, primarily as a result of repayment to a director of approximately RM11.7 million and repayment of obligations under finance leases of approximately RM0.4 million, which were partly offset by advance from a director of approximately RM21.2 million.

FINANCIAL INFORMATION

SELECTED ITEMS OF COMBINED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected items of the combined statements of financial position as at the dates indicated:

	As at 30 June			As at
	2016	2017	2018	31 October
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Non-current assets				
Property, plant and equipment	17,269	20,438	14,462	11,945
Investment properties	—	—	—	3,300
Interest in a joint venture	—	448	401	397
Deposits paid for acquisition of investment properties	11,356	28,797	3,766	—
Deposits paid for acquisition of property, plant and equipment	138	600	—	—
Deferred tax assets	185	115	296	725
	<u>28,948</u>	<u>50,398</u>	<u>18,925</u>	<u>16,367</u>
Current assets				
Trade and other receivables	56,390	213,694	288,953	167,483
Amounts due from related companies	3,665	1,343	72	—
Amounts due from contract customers	104,016	111,593	44,252	—
Contract assets	—	—	—	85,643
Amounts due from directors	—	11,000	—	—
Tax recoverable	—	—	257	363
Pledged bank deposits	415	5,874	5,555	5,587
Cash and cash equivalents	10,996	14,082	41,644	66,881
	<u>175,482</u>	<u>357,586</u>	<u>380,733</u>	<u>325,957</u>
Current liabilities				
Trade and other payables	136,671	270,054	320,546	277,831
Amounts due to contract customers	575	37,122	7,788	—
Bank loans and overdrafts	398	704	704	641
Dividend payable	—	—	7,200	—
Obligations under finance leases	583	1,487	1,517	1,468
Amount due to immediate holding company	—	—	2,574	5,400
Amounts due to directors	15,064	13,503	3,107	—
Provision for taxation	6,760	11,018	9,765	6,248
	<u>160,051</u>	<u>333,888</u>	<u>353,201</u>	<u>291,588</u>

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	As at 30 June			As at
	2016	2017	2018	31 October
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Net current assets	<u>15,431</u>	<u>23,698</u>	<u>27,532</u>	<u>34,369</u>
Total assets less current liabilities	<u>44,379</u>	<u>74,096</u>	<u>46,457</u>	<u>50,736</u>
Non-current liabilities				
Obligations under finance leases	904	3,469	1,949	1,584
Deferred tax liabilities	<u>1,371</u>	<u>1,709</u>	<u>1,322</u>	<u>1,206</u>
	<u>2,275</u>	<u>5,178</u>	<u>3,271</u>	<u>2,790</u>
Net assets	<u><u>42,104</u></u>	<u><u>68,918</u></u>	<u><u>43,186</u></u>	<u><u>47,946</u></u>

Property, plant and equipment

Our property, plant and equipment amounted to approximately RM17.3 million, RM20.4 million, RM14.5 million and RM11.9 million as at 30 June 2016, 30 June 2017, 30 June 2018 and 31 October 2018, respectively. Our property, plant and equipment mainly comprise plant and machinery, motor vehicles and furniture, fittings and equipment.

The increase of our property, plant and equipment was mainly due to acquisition of property, plant and equipment, as to approximately RM8.0 million and RM8.7 million for the two years ended 30 June 2017, respectively, and net off by depreciation as to approximately RM3.3 million and RM5.5 million respectively. The carrying value of property, plant and equipment decreased to approximately RM14.5 million as at 30 June 2018, mainly due to the depreciation expenses of RM6.3 million incurred during the year. The carrying value of property, plant and equipment further decreased to approximately RM11.9 million as at 31 October 2018 primarily as a result of (i) depreciation expenses of approximately RM1.8 million; and (ii) disposal of certain motor vehicles with net book value of approximately RM0.9 million.

Investment properties

Our investment properties amounted to nil, nil and approximately RM3.3 million as at 30 June 2016, 30 June 2017, 30 June 2018 and 31 October 2018 respectively. Our investment properties comprise of two properties with a total built up area of 10,308.6 square feet in Johor, Malaysia. For further details, please refer to the section headed “Business — Properties — Owned properties” in this prospectus.

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Trade and other receivables

The following table sets out the trade and other receivables of our Group, which are presented as current assets, as at the dates indicated:

	As at 30 June			As at
	2016	2017	2018	31 October
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Trade receivables	42,412	146,555	216,667	155,386
Retention receivables ⁽¹⁾	10,272	25,460	55,321	—
Deposits and prepayments	1,609	3,739	3,398	3,109
Other receivables	<u>2,097</u>	<u>37,940</u>	<u>13,567</u>	<u>8,988</u>
Total	<u>56,390</u>	<u>213,694</u>	<u>288,953</u>	<u>167,483</u>

Notes:

1. After the application of HKFRS 15 from 1 July 2018, our retention receivables were reclassified from “trade and other receivables” to “contract assets”. For further details, please refer to the paragraph headed “Contract assets/contract liabilities” in this section below and note 15 to the Accountants’ Report as contained in Appendix I to this prospectus.
2. For the impact of adoption of HKFRS 15, please refer to the paragraph headed “Impact of adoption of new and amendments to certain accounting policies” in this section above and note 2.1 to the Accountants’ Report as contained in Appendix I to this prospectus.

(1) Trade receivables

Our trade receivables represent the billed amount of progress payments receivables from our customers. Our trade receivables increased from approximately RM42.4 million as at 30 June 2016 to approximately RM146.6 million as at 30 June 2017 as a result of increase in revenue for the year ended 30 June 2017 as compared with the year ended 30 June 2016.

Our trade receivables further increased to approximately RM216.7 million as at 30 June 2018 mainly due to the long outstanding balance from some of our customers with trade receivables aging over 90 days.

The trade receivables of our Group decreased to approximately RM155.4 million as at 31 October 2018 which is in line with the drop in our revenue as compared to that for the four months ended 31 October 2017.

During the Track Record Period, credit terms granted to our customers vary from contract to contract. Such credit terms may make reference to the date of our invoice, with settlement typically ranging from 14 days to 90 days from such date, depending on the terms and conditions of the contracts.

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The aging analysis of our trade receivables based on invoice dates at the end of each reporting period is as follows:

	As at 30 June			As at 31 October
	2016	2017	2018	2018
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
0–30 days	33,076	34,591	44,839	25,761
31–60 days	5,715	60,553	36,146	20,297
61–90 days	66	47,729	37,680	37,002
Over 90 days	<u>3,555</u>	<u>3,682</u>	<u>98,002</u>	<u>72,326</u>
	<u><u>42,412</u></u>	<u><u>146,555</u></u>	<u><u>216,667</u></u>	<u><u>155,386</u></u>

Our trade receivables that were past due but not impaired are as follows:

	As at 30 June		
	2016	2017	2018
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Neither past due nor impaired	32,627	50,182	20,759
Past due but not impaired:			
Less than 3 months past due	6,230	92,440	137,709
3 to 6 months past due	124	3,356	46,291
Over 6 months past due	<u>3,431</u>	<u>577</u>	<u>11,908</u>
At the end of the year/period	<u><u>42,412</u></u>	<u><u>146,555</u></u>	<u><u>216,667</u></u>

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with our Group. Based on past experience, our Directors believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

As at 28 February 2019, approximately RM42.4 million, RM146.3 million, RM212.3 million and RM95.0 million of our trade receivables as at 30 June 2016, 30 June 2017, 30 June 2018 and 31 October 2018 had been settled respectively, representing approximately 100.0%, 99.8%, 98.0% and 61.1% of our total trade receivables as at 30 June 2016, 30 June 2017, 30 June 2018 and 31 October 2018 respectively.

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The following table sets out our trade receivables turnover days during the Track Record Period:

	As at 30 June		As at 31 October	
	2016	2017	2018	2018
Trade receivables turnover days (<i>note</i>)	<u>96.2</u>	<u>67.1</u>	<u>123.3</u>	<u>190.3</u>

Note: Trade receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables divided by revenue for the year/period, then multiplied by the number of days of the year/period (i.e. 365 days for each of the three years ended 30 June 2018 and 123 days for the four months ended 31 October 2018, respectively).

During the Track Record Period, our trade receivables turnover days were approximately 96.2 days, 67.1 days, 123.3 days and 190.3 days as at 30 June 2016, 30 June 2017, 30 June 2018 and 31 October 2018, respectively. The increase of our trade receivables turnover days as at 31 October 2018 was mainly due to the outstanding balance from some of our customers, including Sharikat Sukma Kemajuan, with trade receivables aging over 90 days, after our Group and such customers having mutually agreed to extend the settlement date as our Directors considered the market condition, the industry average collection period, the established business relationship with such customers and their reputation entail low credit risk. Based on the historical payment record and the credentials of these customers, as well as the fact that there is no dispute nor disagreement with the relevant customers, and taking into account the subsequent and continuous monthly collections from these customers, our Directors do not envisage material issue on their settlement.

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

(2) Retention receivables

Our retention receivables as at 30 June 2016, 30 June 2017 and 30 June 2018 amounted to approximately RM10.3 million, RM25.5 million and RM55.3 million, respectively.

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Based on the expiry date of the defect liability period, our retention receivables as at the end of each of the following periods are expected to be settled:

	As at 30 June		
	2016	2017	2018
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
On demand or within one year	3,138	16,208	46,750
After one year	<u>7,134</u>	<u>9,252</u>	<u>8,571</u>
	<u><u>10,272</u></u>	<u><u>25,460</u></u>	<u><u>55,321</u></u>
Amount should have been settled by customers during the respective year but remained outstanding as at the respective year end date:	250	565	4,640
Subsequent settlement by 28 February 2019	10,183	8,655	7,604

Notes:

1. After the application of HKFRS 15 from 1 July 2018, our retention receivables were reclassified from “trade and other receivables” to “contract assets”. For further details, please refer to the paragraph headed “Contract assets/contract liabilities” in this section below and note 15 to the Accountants’ Report as contained in Appendix I to this prospectus.
2. For the impact of adoption of HKFRS 15, please refer to the paragraph headed “Impact of adoption of new and amendments to certain accounting policies” in this section above and note 2.1 to the Accountants’ Report as contained in Appendix I to this prospectus.

Retention receivables represent retention money holding up by customers from each progress payment (typically 5% to 20% of each progress payment) and the total amount of the retention money is usually capped at 5% of the total contract sum of each contract. In general, the retention money will be released as to 50% upon issuance of certificate of practical completion by our customers and the remaining 50% will be released upon expiry of the defect liability period, which is usually ranging from 3 to 27 months after the issuance of certificate of practical completion by our customers.

By 28 February 2019, for our retention receivables of approximately RM10.3 million, RM25.5 million and RM55.3 million as at 30 June 2016, 30 June 2017 and 30 June 2018 respectively, approximately RM10.2 million, RM8.7 million and RM7.6 million respectively had been settled, representing approximately 99.1%, 34.0% and 13.7% of the total amount of our retention receivables respectively.

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The rates of settlement of retention receivables as at 30 June 2017 and 30 June 2018 were relatively low, due to the fact that certain portion of such retention receivables was not yet due and yet to be released by relevant customers as, for example, the defect liability period of the corresponding contract has yet to expire. Should this be taken into account, the amount of retention receivables should have been released by customers (yet remain outstanding) as at 30 June 2017 and 30 June 2018 amounted to approximately RM0.6 million and RM4.6 million respectively, of which approximately RM0.5 million and RM3.8 million respectively had been settled by 28 February 2019.

(3) Deposits and prepayments

Our deposits and prepayments, which are presented as current assets, as at 30 June 2016, 30 June 2017, 30 June 2018 and 31 October 2018 amounted to approximately RM1.6 million, RM3.7 million, RM3.4 million and RM3.1 million, respectively.

Deposits and prepayments mainly include deposits placed for tenders submitted, and deposits placed as security for performance in respect of construction contracts in favour of a customer.

(4) Other receivables

Our other receivables as at 30 June 2016, 30 June 2017, 30 June 2018 and 31 October 2018 amounted to approximately RM2.1 million, RM37.9 million, RM13.6 million and RM9.0 million, respectively.

Other receivables include Goods and Services Tax (“GST”) receivables and other receivables.

The relatively higher other receivables for the year ended 30 June 2017 and 30 June 2018 compared to that for the year ended 30 June 2016 were mainly due to the purchase of diesel on behalf of our subcontractors. The other receivables as at 31 October 2018 decreased to approximately RM9.0 million due to the decrease in handling service fee for the provision of diesel and the decrease in GST receivables as a result of cessation of application of GST since June 2018.

Amounts due from (to) contract customers

There is normally a timing difference between the completion of contract work, the payment application by us and the issue of payment certificates by our customers, the subsequent issue of the invoice by us and up to the payment by our customers. Prior to the application of HKFRS 15 by our Group, if cost incurred plus recognised profit less recognised losses exceed progress billings, the net amount would be recognised as amounts due from contract customers under our current assets. Conversely, if progress billings exceed cost incurred plus recognised profit less recognised losses, the net amount would be recognised as amounts due to contract customers under our current liabilities.

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The following table sets forth our contracts costs incurred plus recognised profits less recognised losses and our progress billings as at the end of each of the following periods:

	As at 30 June		
	2016	2017	2018
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Contract costs incurred plus recognised profits less recognised losses	390,616	600,380	758,795
Less: progress billings	<u>(287,175)</u>	<u>(525,909)</u>	<u>(722,331)</u>
	<u>103,441</u>	<u>74,471</u>	<u>36,464</u>
Analysis for reporting purpose as:			
Amounts due from contract customers	104,016	111,593	44,252
Amounts due to contract customers	<u>(575)</u>	<u>(37,122)</u>	<u>(7,788)</u>
	<u>103,441</u>	<u>74,471</u>	<u>36,464</u>

Notes:

1. After the application of HKFRS 15 from 1 July 2018, our amounts due from (to) contract customers were reclassified to “contract assets” and “contract liabilities”. For further details, please refer to the paragraph headed “Contract assets/contract liabilities” in this section below and note 15 to the Accountants’ Report as contained in Appendix I to this prospectus.
2. For the impact of adoption of HKFRS 15, please refer to the paragraph headed “Impact of adoption of new and amendments to certain accounting policies” in this section above and note 2.1 to the Accountants’ Report as contained in Appendix I to this prospectus.

The amounts due from contract customers as at 30 June 2016, 30 June 2017 and 30 June 2018 amounted to approximately RM104.0 million, RM111.6 million and RM44.3 million, respectively. As at 28 February 2019, for the amounts due from contract customers as at 30 June 2018 of approximately RM44.3 million, our customers had subsequently certified, and thus we had billed a total of approximately RM24.9 million, representing approximately 56.2% of the amounts due from contract customers as at 30 June 2018. The remaining 43.8% comprises mainly the amounts subject to conclusion of final account by our customers and retention money.

Our amounts due from/(to) contract customers were typically affected by the value of works we performed close to the end of each reporting period and the timing of receiving payment certificates, thus the amounts vary from period to period.

Contract assets/contract liabilities

Contract assets are recognised when our Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses and are reclassified to receivables when the right to the consideration has become unconditional.

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Contract liabilities are recognised when our customer pays consideration before our Group recognises the related revenue. A contract liability would also be recognised if our Group has an unconditional right to receive consideration before our Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

After the application of HKFRS 15 from 1 July 2018, our retention receivables and amounts due from contract customers were reclassified to “contract assets” while our amounts due to contract customers were reclassified to “contract liabilities”.

	As at 30 June 2018	As at 1 July 2018	As at 31 October 2018
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Contract assets			
Arising from performance under construction contracts	—	44,189	32,558
Retention receivables	—	55,242	53,085
	<u>—</u>	<u>99,431</u>	<u>85,643</u>

As at 28 February 2019, approximately RM13.5 million, or 15.7% of our contract assets as at 31 October 2018 had been subsequently certified by our customers, and thus billed, of which approximately RM4.7 million, or 34.8% had been subsequently settled.

Our Group did not record any contract liabilities as at 31 October 2018.

Trade and other payables

The trade and other payables of our Group at 30 June 2016, 30 June 2017, 30 June 2018 and 31 October 2018, which are presented as current liabilities, amounted to approximately RM136.7 million, RM270.1 million, RM320.5 million and RM277.8 million, respectively.

The trade and other payables breakdown of our Group, which are presented as current liabilities, as at the end of each reporting period is as follows:

	As at 30 June			As at 31 October
	2016	2017	2018	2018
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Trade payables	112,237	232,816	284,840	239,110
Retention payables	5,563	18,328	11,114	14,436
Other payables and accruals	<u>18,871</u>	<u>18,910</u>	<u>24,592</u>	<u>24,285</u>
Total trade and other payables	<u>136,671</u>	<u>270,054</u>	<u>320,546</u>	<u>277,831</u>

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(1) Trade payables

Our trade payables mainly represent amounts payable to suppliers such as subcontracting charges. Our trade payables as at 30 June 2016, 30 June 2017, 30 June 2018 and 31 October 2018 amounted to approximately RM112.2 million, RM232.8 million, RM284.8 million and RM239.1 million, respectively.

The credit period on trade payables is generally ranging from 0 to 60 days.

Aging analysis of our trade payables based on invoice dates at the end of each reporting period is as below:

	As at 30 June			As at 31 October
	2016	2017	2018	2018
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Within 30 days	56,120	119,358	102,611	42,546
31 to 90 days	15,234	64,976	62,669	43,806
Over 90 days	<u>40,883</u>	<u>48,482</u>	<u>119,560</u>	<u>152,758</u>
	<u>112,237</u>	<u>232,816</u>	<u>284,840</u>	<u>239,110</u>

As at 28 February 2019, approximately RM112.2 million, RM204.7 million, RM230.8 million and RM127.1 million of our trade payables as at 30 June 2016, 30 June 2017, 30 June 2018 and 31 October 2018 had been settled respectively, representing approximately 100.0%, 87.9%, 81.0% and 53.2% of our total trade payables as at 30 June 2016, 30 June 2017, 30 June 2018 and 31 October 2018 respectively.

The following table sets out our trade payables turnover days during the Track Record Period:

	As at 30 June			As at 31 October
	2016	2017	2018	2018
Trade payables turnover days (<i>note</i>)	191.0	136.3	202.4	300.5

Note: Trade payables turnover days is calculated based on the average of the beginning and ending balance of trade payables divided by direct costs for the year/period, then multiplied by the number of days of the year/period (i.e. 365 days for each of the three years ended 30 June 2018 and 123 days for the four months ended 31 October 2018, respectively).

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During the Track Record Period, our trade payables turnover days were approximately 191.0 days, 136.3 days, 202.4 days and 300.5 days as at 30 June 2016, 30 June 2017, 30 June 2018 and 31 October 2018, respectively. The increase of our trade payables turnover days was mainly attributable to the fact that we have agreed with the relevant subcontractors to extend the payment date of certain completed contracts, based on the parties' understanding, that the subcontractors will be paid after our customers of the relevant contracts have paid us after conclusion of the final accounts between our Group and our customers, the delay of which was caused by the frequent change in personnel in charge on the part of our customers. Our Directors confirm that we have no dispute nor disagreement with these subcontractors, nor with our customers of the relevant contracts.

(2) Retention payables

Retention payables are recognised in respect of the retention money we hold up from the payments to some of our subcontractors from each progress payment (typically 5% to 20% of each progress payment) and the total amount of the retention money is usually capped at 5% of the total contract sum. In general, the retention money will be released to the subcontractor after approximately one year of completion of the contracts.

Our retention payables as at 30 June 2016, 30 June 2017, 30 June 2018 and 31 October 2018 amounted to approximately RM5.6 million, RM18.3 million, RM11.1 million and RM14.4 million, respectively.

Based on the expiry date of the defect liability period, our retention payables at the end of each reporting period are expected to be settled:

	As at 30 June			As at
	2016	2017	2018	31 October
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Within one year	3,275	8,985	5,426	6,949
After one year	<u>2,288</u>	<u>9,343</u>	<u>5,688</u>	<u>7,487</u>
	<u><u>5,563</u></u>	<u><u>18,328</u></u>	<u><u>11,114</u></u>	<u><u>14,436</u></u>

(3) Other payables and accruals

Our other payables as at 30 June 2016, 30 June 2017, 30 June 2018 and 31 October 2018 amounted to approximately RM17.3 million, RM16.2 million, RM13.0 million and RM14.0 million, respectively. The balance amount as at 30 June 2016, 30 June 2017, 30 June 2018 and 31 October 2018 mainly includes approximately RM13.0 million advanced payment received from a customer for a building and infrastructure contract.

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Our accruals as at 30 June 2016, 30 June 2017, 30 June 2018 and 31 October 2018 amounted to approximately RM1.6 million, RM2.7 million, RM11.6 million and RM10.3 million, respectively, which mainly represented accrued tax penalties, audit fees, Listing expenses, and salaries and bonuses. The increase in our accruals as at 30 June 2018 was mainly attributable to (i) a discretionary bonus of approximately RM7.3 million to our Directors; and (ii) approximately RM2.3 million of accrued Listing expenses. Our accruals as at 31 October 2018 remained relatively stable at RM10.3 million. For further details of the accrued tax penalties, please refer to the paragraph headed “Provision of taxation” in this section below.

Amounts due from/(to) director(s)

As at 30 June 2016, 30 June 2017, 30 June 2018 and 31 October 2018, we had amounts due from directors of nil, approximately RM11.0 million, nil and nil, respectively, and amounts due to directors of approximately RM15.1 million, RM13.5 million, RM3.1 million and nil, respectively.

Our balances with directors are unsecured, interest-free and repayable on demand. Our amounts due from/(to) director(s) have been fully settled.

Amounts due from related companies

As at 30 June 2016, 30 June 2017, 30 June 2018 and 31 October 2018, we had amounts due from related companies of approximately RM3.7 million, RM1.3 million, RM72,000 and nil, respectively.

Our balances with related companies are unsecured, interest-free and repayable on demand. The amounts due from related companies have been fully settled.

Provision for taxation

Provision for taxation represent provision for Malaysian tax plus balance of tax provision relating to prior years.

Pledged bank deposits

Pledged bank deposits have been pledged to banks as security for banking facilities and bank guarantees (e.g. performance bond) granted to our Group. Our pledged bank deposits as at 30 June 2016, 30 June 2017, 30 June 2018 and 31 October 2018 amounted to approximately RM0.4 million, RM5.9 million, RM5.6 million and RM5.6 million, respectively. For further details regarding our performance bonds, please refer to the paragraph headed “Performance bonds” in this section below.

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Cash and cash equivalents

Cash and cash equivalents as at 31 October 2018 amounted to approximately RM66.9 million, which has increased compared to the balances of approximately RM41.6 million as at 30 June 2018, approximately RM14.1 million as at 30 June 2017 and approximately RM11.0 million as at 30 June 2016, respectively.

The increase in cash and cash equivalents to approximately RM41.6 million as at 30 June 2018 is mainly attributable to:

- (1) cash generated from operations of approximately RM63.8 million, resulting mainly from the profit before taxation of approximately RM44.3 million, the decrease in amounts due from contract customers of approximately RM67.3 million and the increase in trade and other payables of approximately RM50.5 million, which were partially offset by the increase in trade and other receivables and the decrease in amounts due to contract customers; and
- (2) cash generated from investing activities of approximately RM38.3 million, resulting mainly from repayment from directors, and repayment from related companies further to the Astaka Properties Restructuring, which were partially offset by deposits paid for acquisition of investment properties. For details, please refer to the paragraph headed “Capital expenditures and commitments — Capital commitments — Astaka Properties Restructuring” in this section below.

Cash and cash equivalents increased to approximately RM66.9 million as at 31 October 2018 mainly due to cash generated from operations of approximately RM38.2 million, resulting mainly from the decrease in trade and other receivables of approximately RM65.0 million and the decrease in amounts due from contract customers and contract assets of approximately RM13.8 million, which were partially offset by the decrease in trade and other payables and amounts due to contract customers, and dividend paid.

Our Directors consider that cash and cash equivalents recorded as at 31 October 2018 is not indicative of our Group’s available cash throughout the Track Record Period. The sudden surge of cash and cash equivalents as at 31 October 2018 was mainly attributable to the inadvertent delay in settlement of certain trade payables which should have been settled within October 2018. In November 2018, we have settled trade payables of approximately RM22.8 million, and the cash and cash equivalents as at 30 November 2018 was approximately RM45.6 million.

Based on our Group’s current scale of operations, and the costs incurred during the year ended 30 June 2018, it is estimated that our Group’s average monthly working capital requirement is approximately RM41.1 million, which primarily comprised of direct costs (including subcontracting charges, site consumables and other expenses but excluding depreciation), general operating expenses (excluding depreciation and Listing expenses), finance costs, and tax (which is payable monthly in advance to the Malaysian government). Our Directors are of the view that cash and cash equivalents of similar level should be kept for our Group’s daily operation.

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NET CURRENT ASSETS

We recorded net current assets of approximately RM15.4 million, RM23.7 million, RM27.5 million and RM34.4 million as at 30 June 2016, 30 June 2017, 30 June 2018 and 31 October 2018, respectively.

The following table sets forth the breakdown of our current assets and liabilities as at the dates indicated:

	As at 30 June		As at	As at	
	2016	2017	2018	31 October 2018	
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	
				28 February 2019	
				<i>RM'000</i>	
				(unaudited)	
Current assets					
Trade and other receivables	56,390	213,694	288,953	167,483	160,789
Amounts due from related companies	3,665	1,343	72	—	—
Amounts due from contract customers	104,016	111,593	44,252	—	—
Contract assets	—	—	—	85,643	92,494
Amounts due from directors	—	11,000	—	—	—
Tax recoverable	—	—	257	363	2,226
Pledged bank deposits	415	5,874	5,555	5,587	5,419
Cash and cash equivalents	10,996	14,082	41,644	66,881	27,263
	<u>175,482</u>	<u>357,586</u>	<u>380,733</u>	<u>325,957</u>	<u>288,191</u>
Current liabilities					
Trade and other payables	136,671	270,054	320,546	277,831	238,767
Amounts due to contract customers	575	37,122	7,788	—	—
Contract liabilities	—	—	—	—	34
Bank loans and overdrafts	398	704	704	641	572
Dividend payable	—	—	7,200	—	—
Obligations under finance leases	583	1,487	1,517	1,468	1,414
Amount due to immediate holding company	—	—	2,574	5,400	7,771
Amounts due to directors	15,064	13,503	3,107	—	—
Provision for taxation	6,760	11,018	9,765	6,248	1,867
	<u>160,051</u>	<u>333,888</u>	<u>353,201</u>	<u>291,588</u>	<u>250,425</u>
Net current assets	<u><u>15,431</u></u>	<u><u>23,698</u></u>	<u><u>27,532</u></u>	<u><u>34,369</u></u>	<u><u>37,766</u></u>

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As at 30 June 2018, our net current asset amounted to approximately RM27.5 million, representing an increase of approximately 16.0% as compared to our net current asset of approximately RM23.7 million recorded as at 30 June 2017. The increase is primarily resulting from the increase in trade and other receivables from approximately RM213.7 million as at 30 June 2017, to approximately RM289.0 million as at 30 June 2018, representing an increase of approximately 35.2%.

Such increase is partially offset by (i) the increase in trade and other payables from approximately RM270.1 million as at 30 June 2017, to approximately RM320.5 million as at 30 June 2018, representing an increase of approximately 18.7%; and (ii) the increase in amount due to a director. The positive change in our net current asset position was therefore mostly driven from the expansion of business operation.

As at 31 October 2018, our net current asset amounted to approximately RM34.4 million, representing an increase of approximately 25.1% as compared to our net current asset of approximately RM27.5 million recorded as at 30 June 2018. The increase is primarily resulting from:

- (1) the increase in cash and cash equivalents from approximately RM41.6 million as at 30 June 2018, to approximately RM66.9 million as at 31 October 2018, representing an increase of approximately 60.8%;
- (2) the decrease in trade and other payables from approximately RM320.5 million as at 30 June 2018, to approximately RM277.8 million as at 31 October 2018, representing a decrease of approximately 13.3%;
- (3) the decrease in amounts due to contract customers from approximately RM7.8 million as at 30 June 2018 to nil as at 31 October 2018;
- (4) the decrease in dividend payable from approximately RM7.2 million as at 30 June 2018 to nil as at 31 October 2018; and
- (5) the decrease in amounts due to directors from approximately RM3.1 million recorded as at 30 June 2018 to nil as at 31 October 2018.

The combined effect of the abovementioned items was partially offset by the decrease in the aggregate of trade and other receivables, amounts due from contract customers and contract assets (if applicable) from a total of approximately RM333.2 million as at 30 June 2018, to a total of approximately RM253.1 million as at 31 October 2018.

As at 28 February 2019, our net current asset amounted to approximately RM37.8 million, representing a slight increase of approximately 9.9% as compared to our net current asset of approximately RM34.4 million recorded as at 31 October 2018. The increase is mainly attributable to (i) the increase in contract assets from approximately RM85.6 million as at 31 October 2018 to approximately RM 92.5 million as at 28 February 2019, representing an increase of approximately 8.1%; (ii) the increase in tax recoverable from approximately RM0.4 million as at 31 October 2018 to approximately RM2.2 million as at 28 February 2019, representing an increase of approximately 450.0%; and (iii) the decrease in provision for taxation from approximately RM6.2 million as at 31 October 2018 to approximately RM1.9 million as at 28 February 2019, representing a decrease of approximately 69.4%.

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Such increase is partially offset by (i) the decrease in trade and other receivables from RM167.5 million as at 31 October 2018 to approximately RM160.8 million as at 28 February 2019, representing a decrease of approximately 4.0%; (ii) the decrease in cash and cash equivalents from approximately RM66.9 million as at 31 October 2018 to approximately RM27.3 million as at 28 February 2019, representing a decrease of approximately 59.2%; and (iii) the increase in amount due to immediate holding company from approximately RM5.4 million as at 31 October 2018 to approximately RM7.8 million as at 28 February 2019, representing an increase of approximately 44.4%. The significant decrease in cash and cash equivalents was mainly due to the settlement of our trade and other payables.

Provision of taxation

Our provision for taxation as at 30 June 2015, 2016, 2017 and 2018 and 31 October 2018 were approximately RM4.3 million, RM6.8 million, RM11.0 million, RM9.8 million and RM6.2 million, respectively representing income tax payable as at the respective year end dates.

As more particularly described below, our Tax Consultant has issued a Malaysian tax opinion (“**Tax Opinion**”) with respect to, among others,

- (i) the tax investigation on certain subsidiaries of our Group;
- (ii) voluntary re-submission of tax return; and
- (iii) balance tax payable and underestimation of tax payable.

1. Tax investigation on certain subsidiaries of our Group

During 2017, Malaysian Inland Revenue Board (“**MIRB**”) conducted a tax investigation on certain subsidiaries of our Group in respect of the relevant tax investigation period for years of assessment 2011 to 2016 (“**Relevant Years of Assessment**”). MIRB has made adjustments by disallowing non-tax allowable expenses such as certain entertainments and certain donation and contribution which have resulted in an increase of aggregate chargeable income amounting to RM173,658. Such increase in chargeable income has resulted in additional tax payable of RM62,100, which includes the 45% penalty imposed, and it has been settled during the year ended 30 June 2018.

According to the Tax Opinion, it is not uncommon and is in fact a normal practice for MIRB to carry out random field and tax investigation and make subsequent tax adjustments. Our Tax Consultant reported that they are not aware of

- (a) the relevant subsidiaries having:
 - (i) committed any wilful evasion or criminal breach of trust or any potential prosecution by MIRB in respect of the relevant tax investigation period with the Relevant Years of Assessment;
 - (ii) made inaccurate entries in its tax return, or
- (b) of any evidence that such subsidiaries had failed to pay the tax in accordance with the Malaysia Income Tax Act 1967. According to the Tax Opinion, the subsidiaries are unlikely to be subjected to further tax review by MIRB in respect of the period covered in the tax investigation.

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2. *Re-submission of tax return for JBB Builders*

Background

When our Group engaged our present reporting accountants (“**Present Auditors**”) in auditing and preparing the combined financial statements of our Group for the four years ended 30 June 2018, we have revisited the costing basis based on the most recent information.

Our Group recognises revenue from contracts by using the percentage-of-completion method. The percentage-of-completion is determined by dividing the costs for works performed under the relevant contract incurred to date by the estimated total costs of such contract. We estimate the contract costs based on the available information on hand, taking into consideration the complexity of the works under the contract and past experience on handling similar works. Contract cost estimates are reviewed and revised periodically by our Group as work under the relevant contract progresses and when variation orders are approved. Based on the discussion with our Directors, our Tax Consultant understands that the process of estimation of total costs for each project evolved over time. In earlier years including the year ended 30 June 2015, our Directors based on historical experience and for commercial purposes may estimate relatively higher proportion of direct costs in view of the contingency need, including the buffer for additional subcontractors cost or the change of subcontractors due to their quality of work or their work schedule (bearing in mind the relatively shorter business relationship or fewer track record of contracts completed with the subcontractors).

According to the Tax Opinion, our former auditors (“**Former Auditors**”) audited our financial statements in compliance with the Companies Act, 1965 and Private Entity Reporting Standards in Malaysia for each of the years ended 30 June 2015 and 30 June 2016 and the Companies Act, 2016 and Malaysian Private Entities Reporting Standard for the year ended 30 June 2017 whereas our Present Auditors audited our financial statements for the four years ended 30 June 2018 are in accordance with the HKFRSs.

In adopting the HKFRSs for the preparation of the financial statements for audit by our Present Auditors, we understand that revenue generated from marine transportation was recognised upon the rendering of the relevant transportation service, and revenue generated from reclamation and related works and building and infrastructure services were recognised based on the percentage of completion method, and we:

- (1) revisited the overall expected cost on fulfilling the contracts with reference to the available information on hand, and, the basis of estimation, if necessary, in order to reflect the best estimates on both the contract revenue and costs;

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- (2) changed the recognition of revenue from marine transportation services by separating the marine transportation cost from the related cost on reclamation and related work, and building and infrastructure services, and applied percentage of completion method only to the latter. For marine transportation services, revenue is recognised upon the rendering of the relevant transportation service, as adopted by our Present Auditors;
- (3) separated the normal operating expenses (i.e. indirect costs) from direct costs (construction contract related costs); and
- (4) recognised cut-off adjustments identified during the audit process of our Present Auditors for the years ended 30 June 2015, 2016 and 2017.

Since the chargeable income derived from the financial statements for the years ended 30 June 2015, 2016 and 2017 as audited by our Former Auditors are different from those derived from the financial statements as audited by our Present Auditors, with an overstatement of RM4.8 million, understatement of RM10.9 million and understatement of RM5.7 million respectively, and resulting an over-payment of tax of RM1.3 million, an under-payment of tax of RM3.7 million and an under-payment of tax of RM1.7 million for the three years ended 30 June 2017 respectively, our Directors consider it more appropriate to re-open the tax assessment for year of assessment 2015, 2016 and 2017, and seek to settle our Group's tax obligation in the earliest opportunity. Our Group has also revisited the financial statements including the costing basis for the year ended 30 June 2014 and noted the difference between financial statements as audited by our Former Auditors and the financial statements as adjusted by adopting the same methodology as utilised by our Present Auditors is immaterial. Based on the Tax Opinion, it is unlikely for MIRB to re-open the assessment for year 2014 given the insignificant amount involved.

Penalty

According to the Tax Opinion, in view of the penalty rate of 35% and 15.5% based on MIRB's Public Ruling for Tax Audit Framework concerning voluntary disclosure of income understated after more than 6 months from due date of tax return submission and within 6 months from due date of tax return submission respectively, our Group has provided for an estimate tax penalty of approximately RM0.9 million and RM0.2 million for the years ended 30 June 2016 and 30 June 2017, respectively.

In June 2018, we have resubmitted and reported the revised tax computation, tax return and revised audited financial statements to MIRB for the changes. MIRB issued a Notice of Reduced Assessment with tax discharged amounting to RM1.2 million for year of assessment 2015 and two Notices of Additional Assessment amounting to RM3.6 million and RM1.6 million for years of assessment 2016 and 2017 respectively. According to the notices, the tax penalty is nil, RM0.9 million and RM0.2 million for the three years ended 30 June 2017 respectively. The aforesaid notices from MIRB are in line with the revised income tax computations and returns submitted to MIRB.

Implication

According to the Tax Opinion, in practice, upon issuance of notices of assessment where the tax payable or tax discharged as shown in the notices are similar to the tax payable or tax discharged as shown in the revised tax computations submitted to MIRB, it is implied that MIRB has reviewed and accepted such revised income tax computations and tax returns. As such, our Tax Consultant is of the view that our Group is unlikely to be subject to further tax review by MIRB in respect of any period prior to June 2017 unless new facts and documents are found by MIRB. Further, our Tax Consultant is not aware of any allegation or potential prosecution against our Group by MIRB for wilful tax evasion or criminal breach of trust.

3. *Balance tax payable and underestimation of tax payable*

Under the Malaysian income tax regime, a company in Malaysia is required to determine and submit an estimate of its tax payable for the following year of assessment. During the year of assessment 2015, 2016, 2017 and 2018, our Group's underestimation of tax payable had resulted in tax penalty of approximately RM0.1 million, RM0.3 million, RM0.6 million and RM0.2 million, respectively being imposed.

Our Group subsequently applied for repayment of such underestimated tax payable by instalments. Based on Tax Opinion, it is the normal practice for MIRB to grant the instalment payments by imposing late payment penalty which is not related to criminal offence or non-compliance in nature. During the year ended 30 June 2015, 2016, 2017 and 2018, the application of instalment payments of tax of our Group resulted in a tax penalty of approximately nil, RM0.4 million, RM0.8 million and nil, respectively.

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Set out below information in relation to (i) estimated tax payable and revised tax payable submitted to MIRB, (ii) amount of final tax payable/paid by our Group, for the year of assessment (“YA”) 2015, 2016 and 2017 respectively:

	Initial estimated tax payable amount <i>RM'000</i>	Revised estimated tax payable amount submitted in the 6th or 9th month of the year of assessment <i>RM'000</i>	Amount of tax payable/paid based on local audited accounts before re-submission of tax return <i>RM'000</i>	Amount of final tax payable/paid <i>RM'000</i>
(1) JBB Builders				
— YA2015	80	*	2,854	1,667
— YA2016	80	500	2,823	5,479
— YA2017	1,000	*	3,830	5,203
(2) Pavilion				
— YA2015	Not required to estimate	*	105	105
— YA2016	Nil	*	104	104
— YA2017	Nil	*	465	465
(3) JBB Marine				
— YA2015	Not yet commenced business operation	*	N/A	N/A
— YA2016	Not required to estimate	*	1,337	1,337
— YA2017	Not required to estimate	*	1,984	1,984
(4) Gabungan				
— YA2015	Nil	*	Nil	Nil
— YA2016	Nil	*	397	397
— YA2017	Nil	100	59	59
Group's final tax payable/paid				
— YA2015			2,959	1,772
— YA2016			4,661	7,317
— YA2017			6,338	7,711

* No filing has been made by the respective operating subsidiaries

Note:

- (1) The year of assessment refers to the respective financial period for each of the subsidiaries. During YA 2015, 2016 and 2017, both JBB Builders and JBB Marine carried the financial period ending 30 June, while Pavilion and Gabungan carried the financial period ending 31 January and 31 May respectively.

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- (2) JBB Marine was incorporated on 30 January 2015 and commenced business operation on 1 April 2015. Its first year of assessment is YA 2016.

JBB Marine was qualified to be treated as a “small and medium enterprise” and was not required to furnish a tax return with an estimate tax payable for a period of two years beginning from the year of assessment in which it commences operations, i.e. YA2016 and YA2017.

According to the Tax Opinion, it is not uncommon for a company to underestimate its tax payable. This is because under the Malaysian income tax regime, a company is required to estimate its tax payable for a year of assessment 30 days before the beginning of the financial period for each of the company. As MIRB is aware that estimated tax payable would not be the same as actual tax payable after the completion of 12 months financial period, MIRB allows a company (tax payer) to revise its estimate of tax payable in the 6th month and 9th month of its financial period.

However, according to the Tax Opinion, there are still many other unforeseen circumstances or factors which may affect business operation and thereby the accuracy of the estimated tax payable, including:

- (a) our Group, which engages in reclamation and related work, and building and infrastructure businesses, is required to recognise its revenue from various contracts by using the percentage-of-completion method. As contracts may take more than 1 year to complete, all the parameters affecting the calculation of the percentage of completion may vary. For instances,
- (i) we may secure new contracts, receive variation orders from customers, shorten delivery schedule as requested by customers;
 - (ii) prices of subcontracting costs and any other construction related materials may fluctuate and affect the actual costs incurred and the total estimation of costs,

these would affect the calculation of percentage of completion and ultimately the revenue, gross profit and chargeable income of our Group. These are beyond the control of our Group; and

- (b) as a company is only allowed to make a final revision of its estimated tax payable in the 6th month and 9th month of its financial period, variation in the contract price and other direct costs may happen during the 10th to 12th month of its financial period. As such, estimated tax payable may be lower than actual tax payable significantly.

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Due to the complex and comprehensive MIRB's guidelines in recognising revenue, and the above unforeseen circumstances and uncertainties in business operations, according to the Tax Opinion, it is not uncommon for a company to underestimate its tax payable. There were examples that other Malaysia companies, including private companies and those comprising listed groups, were also subject to tax penalty arising from underestimation of tax payable in similar circumstances. Our Group estimated the amount of tax payable based on the information available and discussions with customers and subcontractors. Based on the Tax Opinion, the underestimation of the estimated tax payable in excess of 30% of the final tax payable attracted 10% penalty, and our Group has fully settled the penalty and the underestimated tax payable. Our Tax Consultant is of the view that it is unlikely for MIRB to impose further penalty or legal action against our Group.

To prevent similar incidents from happening again in the future, our Group has employed more experienced personnel to closely monitor the contract value and the contract costing estimation. We believe that this would help us to provide a better estimate on the contract costing and maintain accounting records more accurately. We have developed a number of internal control measures to ensure that information is obtained and received by our management and finance team in a timely basis in order to provide revenue, profit, and cost estimates as accurately as possible. Such measures include regular internal updates on the work progress of our ongoing contracts and status of potential contracts and regular internal meetings between departments and our management in relation to business development and future contracts. Our Directors will also continue to review and revise estimates of contract costs as works under the relevant contract progress which would avoid any material misstatements in our financial statements, whether due to fraud or human error. In view of such measures, we believe that we will be able to ensure the payment of tax and estimation of tax payable of our Group to be more accurate and up to date.

Net assets

As at 30 June 2016, 2017 and 2018, and 31 October 2018, our net assets amounted to approximately RM42.1 million, RM68.9 million, RM43.2 million and RM47.9 million respectively. Our net assets increased to approximately RM68.9 million as at 30 June 2017 mainly due to the expansion of business as compared to previous year, while the decrease to approximately RM43.2 million as at 30 June 2018 was mainly attributable to the declaration of interim dividends of RM57.5 million, netting off the profit from the expansion of business during the year ended 30 June 2018. Our net assets amounted to approximately RM47.9 million as at 31 October 2018 which remained relatively stable.

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INDEBTEDNESS

Bank loans and overdrafts

The following table sets out a breakdown of our bank loans and overdrafts as at the dates indicated:

	As at 30 June			As at 31 October	As at 28 February
	2016	2017	2018	2018	2019
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Bank loans and overdrafts due for repayment within 1 year	398	208	208	211	216
Bank loans due for repayment after 1 year which contain a repayment on demand clause	<u>—</u>	<u>496</u>	<u>496</u>	<u>430</u>	<u>356</u>
	<u><u>398</u></u>	<u><u>704</u></u>	<u><u>704</u></u>	<u><u>641</u></u>	<u><u>572</u></u>

The interest rate as at the dates indicated is:

	As at 30 June			As at 31 October	As at 28 February
	2016	2017	2018	2018	2019
Bank loans and overdrafts	<u>8.35%</u>	<u>5.44%</u>	<u>5.83%</u>	<u>5.78%</u>	<u>5.78%</u>

Our bank loans and overdrafts were secured and guaranteed by:

- (1) Two deeds of assignment that effectively transfer and assign all rights, interests and interests under the sale and purchase agreement and to the property to the bank as at 30 June 2016, 2017 and 2018. A legal charge was created over these titles in favour of the bank as at 31 October 2018 and 28 February 2019; and
- (2) Joint and several guarantees given by directors of our Group. Such guarantees will be released upon Listing.

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Our Directors confirm that there was no material delay or default in the repayment of bank borrowings and our Group did not have any difficulties in obtaining bank borrowings during the Track Record Period and up to the Latest Practicable Date.

Bank facilities

The following table sets forth a breakdown of utilised and unutilised banking facilities of our Group as at the dates indicated.

	As at 30 June		As at 31 October	As at 28 February
	2016	2017	2018	2019
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i> (unaudited)
Total bank borrowing facilities granted to our Group	12,380	33,380	33,380	33,380
Total unutilised bank facilities	<u>11,982</u>	<u>31,698</u>	<u>31,500</u>	<u>31,500</u>
Total utilised bank facilities	<u><u>398</u></u>	<u><u>1,682</u></u>	<u><u>1,880</u></u>	<u><u>1,880</u></u>

As at 30 June 2016, 30 June 2017, 30 June 2018, 31 October 2018 and 28 February 2019, our bank facilities represented facility limit for (i) term loan; (ii) bank overdrafts; and (iii) revolving trade financing. Of the unutilised bank facilities of approximately RM31.5 million as at 28 February 2019, an aggregate amount of RM31.0 million is of trade nature while the remaining RM0.5 million represents loan of non-trade nature.

Our banking facilities were secured and guaranteed by:

- (1) Two deeds of assignment that effectively transfer and assign all rights, interests and interests under the sale and purchase agreement and to the property to the bank as at 30 June 2016, 2017 and 2018. A legal charge was created over these titles in favour of the bank as at 31 October 2018 and 28 February 2019;
- (2) Joint and several guarantees given by directors of our Group. Such guarantees will be released upon Listing; and
- (3) Deposits with licensed banks of our Group with carrying amounts of approximately RM0.4 million, RM5.9 million, RM5.6 million and RM5.6 million and RM5.4 million, as at 30 June 2016, 30 June 2017, 30 June 2018, 31 October 2018 and 28 February 2019 respectively.

To the best knowledge and belief of our Directors, our Group will not have material difficulties in obtaining new banking facilities or renewing our existing banking facilities after Listing.

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Obligations under finance leases

As at 30 June 2016, 2017, 2018, 31 October 2018 and 28 February 2019, our Group had obligations under finance leases repayable as follows:

	As at 30 June 2016		As at 30 June 2017		As at 30 June 2018		As at 31 October 2018		As at 28 February 2019	
	Present value of the minimum lease payments <i>RM'000</i>	Total minimum lease payments <i>RM'000</i>	Present value of the minimum lease payments <i>RM'000</i>	Total minimum lease payments <i>RM'000</i>	Present value of the minimum lease payments <i>RM'000</i>	Total minimum lease payments <i>RM'000</i>	Present value of the minimum lease payments <i>RM'000</i>	Total minimum lease payments <i>RM'000</i>	Present value of the minimum lease payments <i>RM'000</i>	Total minimum lease payments <i>RM'000</i>
Within 1 year	583	654	1,487	1,736	1,517	1,671	1,468	1,592	1,414	1,527
After 1 year but within 2 years	399	439	1,517	1,671	1,095	1,167	936	989	829	883
After 2 years but within 5 years	505	527	1,778	1,889	795	841	621	656	564	609
After 5 years	—	—	174	181	59	61	27	27	52	55
	904	966	3,469	3,741	1,949	2,069	1,584	1,672	1,445	1,547
	<u>1,487</u>	<u>1,620</u>	<u>4,956</u>	<u>5,477</u>	<u>3,466</u>	<u>3,740</u>	<u>3,052</u>	<u>3,264</u>	<u>2,859</u>	<u>3,074</u>
Less: total future interest expenses		(133)		(521)		(274)		(212)		(215)
Present value of lease obligations		<u>1,487</u>		<u>4,956</u>		<u>3,466</u>		<u>3,052</u>		<u>2,859</u>

Certain motor vehicles and plant and machinery of our Group are held under finance leases. The lease terms ranging from 3 to 7 years. All leases are on a fixed repayment basis and no arrangement have been entered into for contingent rental payments. The finance leases carry interests at rates ranging from 4.6% to 6.9% per annum. The obligations under the finance leases were secured by the lessor's charge over our motor vehicles and plant and machinery.

As at 30 June 2016, 2017, 2018, 31 October 2018 and 28 February 2019, the carrying amount of motor vehicles and plant and machinery held under finance leases was approximately RM1.9 million, RM5.2 million, RM3.6 million, RM3.1 million and RM3.0 million, respectively.

Amount due to immediate holding company

As at 30 June 2018, 31 October 2018 and 28 February 2019, we had amount due to immediate holding company of approximately RM2.6 million, RM5.4 million and RM7.8 million respectively. Our balances with immediate holding company are unsecured, unguaranteed, interest free and repayable on demand. Pursuant to step 8 of the Reorganisation as disclosed under the section headed "History, Reorganisation and Corporate Structure — Reorganisation" in this prospectus, the balances will be capitalised.

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Amounts due to directors

As at 30 June 2016, 30 June 2017, 30 June 2018, 31 October 2018 and 28 February 2019, we had amounts due to directors, namely Dato' Ng, Mr. Brian Lam and Mr. C. B. Ng, of approximately RM15.1 million, RM13.5 million, RM3.1 million, nil and nil, respectively.

Our balances with director were unsecured, unguaranteed, interest-free and repayable on demand. The balances have been fully settled.

Financial guarantee

As at 30 June 2016, 2017, 2018, 31 October 2018 and 28 February 2019, our Group has provided guarantee for bank facilities of a related company, Primary Bay Sdn. Bhd., of nil, approximately RM4.0 million, RM4.0 million, RM4.0 million and RM4.0 million respectively. Such guarantee will be released upon Listing.

Contingent liability

Performance bonds

Our customers of certain contracts require our Group to issue guarantees for the performance of contract works in the form of performance bonds, either in a fixed sum or in a percentage of 5% of the contract sum in the form of banker's guarantee as security for the due performance and observance of our Group's obligations under the relevant contracts. Such performance bond will be released upon completion of the contract or on the date as specified in the relevant contract. As at 30 June 2016, 30 June 2017, 30 June 2018, 31 October 2018 and 28 February 2019, the amount of performance bonds provided by our Group were approximately RM0.4 million, RM1.0 million, RM0.8 million, RM0.8 million and RM1.0 million, respectively.

During the Track Record Period, certain of the performance bonds are secured by pledged bank deposits and guaranteed by personal guarantees of our Directors. Our pledged bank deposits related to performance bond includes (i) back-to-back cash; (ii) minimum amount of deposits pledged to a bank for a facility line for performance bond; (iii) sinking fund (calculated at 6% of the progress payment from the particular contract related to the corresponding performance bond); and (iv) interest income of deposits pledged to bank.

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The following table sets out a breakdown of pledged bank deposits of our Group as at the dates indicated:

	As at 30 June			As at 31 October	As at 28 February
	2016 <i>RM'000</i>	2017 <i>RM'000</i>	2018 <i>RM'000</i>	2018 <i>RM'000</i>	2019 <i>RM'000</i> (unaudited)
Performance bonds related	415	5,674	5,355	5,387	5,419
Others	—	200	200	200	—
	<u>415</u>	<u>5,874</u>	<u>5,555</u>	<u>5,587</u>	<u>5,419</u>

Our Directors confirm that the personal guarantees provided by our Directors for any outstanding performance bonds will be released upon Listing.

As at 28 February 2019, the amounts of performance bonds provided by our Group were approximately RM1.0 million, which were secured by the pledged bank deposits and guaranteed by personal guarantees of our Directors.

Save as disclosed above and apart from intra-group liabilities, as at 28 February 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this prospectus, we did not have any other outstanding liabilities or any mortgages, charges, debentures, loan capital, bank overdrafts or loans, liabilities under acceptance or other similar indebtedness (other than normal trade bills), hire purchase commitments, finance lease obligations, any guarantees or any material contingent liabilities.

CAPITAL EXPENDITURES AND COMMITMENTS

Operating lease commitments

Our Group leases premises which are non-cancellable with lease terms between 1 and 3 years. The future aggregate minimum lease rental expenses in respect of these premises under non-cancellable operating leases are as follows:

	As at 30 June			As at 31 October
	2016 <i>RM'000</i>	2017 <i>RM'000</i>	2018 <i>RM'000</i>	2018 <i>RM'000</i>
No later than 1 year	19	92	120	102
After 1 year but within 5 years	—	—	77	49
	<u>19</u>	<u>92</u>	<u>197</u>	<u>151</u>

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Capital commitments

The following table sets out the capital commitments of our Group during the Track Record Period:

	As at 30 June			As at
	2016	2017	2018	31 October
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Capital expenditure in respect of:				
— Plant and equipment	2,037	—	—	—
— Investment properties	<u>49,612</u>	<u>32,170</u>	—	—
	<u>51,649</u>	<u>32,170</u>	—	—

Astaka Properties Restructuring

In February 2016, our Group has entered into certain sales and purchases agreements (“SPA”) with Astaka Padu to acquire 20 residential units as investment properties (“**Astaka Properties**”) with an aggregated consideration of approximately RM57.2 million. Out of the capital commitment of approximately RM49.6 million and RM32.2 million as at 30 June 2016 and 30 June 2017 respectively, approximately RM48.5 million and RM32.0 million respectively are in relation to the Astaka Properties. Having considered that investment in properties is not in line with our business, on 28 February 2018, our Group revoked and rescinded the abovementioned SPA by entering into certain deeds of revocation with Astaka Padu, in consideration that Simfoni, a company owned by Dato’ Ng and Datin Ngooi, agrees to enter into new sales and purchases agreements with Astaka Padu at the same aggregate consideration in relation to the Astaka Properties (“**Astaka Properties Restructuring**”). Simfoni has repaid approximately RM40.6 million, being the total amount of the deposits paid by our Group for the acquisitions of the Astaka Properties, to our Group during the year ended 30 June 2018. Upon the completion of the Astaka Properties Restructuring, our Group ceased to bear contractual obligation under the SPA, including the remaining capital commitment of approximately RM16.6 million for the Astaka Properties which would have been a further cash outflow in nature, and Simfoni took up such obligation.

Our Directors consider that the consideration of the purchase of the Astaka Properties by Simfoni is fair and reasonable after considering the valuation of the Astaka Properties conducted by an Independent Third Party valuer.

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Other

The remaining capital commitment of approximately RM1.1 million and RM0.2 million as at 30 June 2016 and 2017 respectively was in relation to the acquisition of two blocks of 3-storey shop office in February 2015.

Please refer to note 25(a) to the Accountants' Report in Appendix I to this prospectus for further details. Save for the above, our Group had no material capital commitments.

ANALYSIS OF KEY FINANCIAL RATIOS

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

	Year ended 30 June/As at 30 June			Four months ended 31 October 2018/ As at 31 October 2018
	2016	2017	2018	
Return on total assets ^(Note 1)	9.5%	6.6%	9.7%	8.6%
Return on equity ^(Note 2)	46.3%	38.9%	90.1%	61.4%
Current ratio ^(Note 3)	1.1 times	1.1 times	1.1 times	1.1 times
Gearing ratio ^(Note 4)	4.5%	8.2%	9.7%	7.7%
Debt to equity ratio ^(Note 5)	N/A	N/A	N/A	N/A
Interest coverage ^(Note 6)	419.2 times	142.6 times	177.9 times	176.1 times

Notes:

- Return on total assets is calculated based on the profit (after adding back the Listing expenses) for the year/period divided by the total assets multiplied by 100%. Return on total assets for the four months ended 31 October 2018 is annualised for illustrative purpose.
- Return on equity is calculated based on the profit (after adding back the Listing expenses) for the year/period divided by total equity multiplied by 100%. Return on equity for the four months ended 31 October 2018 is annualised for illustrative purpose.
- Current ratio is calculated based on the current assets divided by the current liabilities at the end of the year/period.
- Gearing ratio is calculated based on the total loans and borrowings (which represent bank loans and overdrafts and obligations under finance leases) divided by total equity at the end of the year/period.
- Debt to equity ratio is calculated by the net debt (all borrowings net of cash and cash equivalents) divided by the total equity as at the end of the year/period multiplied by 100%.
- Interest coverage is calculated by the profit before interest and tax (after adding back the Listing expenses) divided by the interest expenses for the year/period.

FINANCIAL INFORMATION

Return on total assets

Our return on total assets remained relatively stable at approximately 9.5%, 6.6%, 9.7% and 8.6% for each of the three years ended 30 June 2018 and the four months ended 31 October 2018 respectively.

Return on equity

The return on equity decreased from approximately 46.3% for the year ended 30 June 2016 to approximately 38.9% for the year ended 30 June 2017, because of the higher equity of approximately RM68.9 million when compared to that of RM42.1 million as a result of the growth in net profit of approximately 37.5%. For the year ended 30 June 2018, the return on equity (after adding back the Listing expenses) increased to approximately 90.1% which was mainly due to the declaration of dividends of RM57.5 million during the year ended 30 June 2018 leading to the decrease in equity. It decreased to approximately 61.4% for the four months ended 31 October 2018 as a result of reduction in our profit during the four months ended 31 October 2018.

Current ratio

The current ratio remained stable at approximately 1.1 times during the Track Record Period.

Gearing ratio

As at 30 June 2016, 30 June 2017, 30 June 2018 and 31 October 2018, we had gearing ratio of approximately 4.5%, 8.2%, 9.7% and 7.7%.

The gearing ratio increased from 4.5% as at 30 June 2016 to 8.2% as at 30 June 2017 as a result of the increase in obligations under finance leases for land-based machineries and motor vehicles from approximately RM1.5 million as at 30 June 2016 to approximately RM5.0 million as at 30 June 2017. The gearing ratio as at 30 June 2018 of approximately 9.7% remained relatively stable as compared to the gearing ratio as at 30 June 2017 of approximately 8.2%. The slight increase was mainly due to the decrease in total equity after the declaration of dividends of RM57.5 million during the year ended 30 June 2018. The gearing ratio remained relatively stable at 7.7% as at 31 October 2018.

Debt to equity ratio

Throughout the Track Record Period, our debt to equity ratio was consistently at a net cash position.

Interest coverage

The interest coverage of our Group for each of the three years ended 30 June 2018 and the four months ended 31 October 2018 was approximately 419.2 times, 142.6 times, 177.9 times and 176.1 times respectively.

FINANCIAL INFORMATION

The decrease in interest coverage for the year ended 30 June 2017 was due to the increase in finance costs for bank loans and overdrafts and obligations under finance leases during the year. The interest coverage ratio increased to approximately 177.9 times for the year ended 30 June 2018 due to the fact that the increase in profit before tax was relatively larger than the increase in finance costs for bank loans and overdrafts and obligations under finance leases during the year. The interest coverage ratio for the four months ended 31 October 2018 remained relatively stable at 176.1 times.

LISTING EXPENSES

The total Listing expenses, which are non-recurring in nature, primarily consisting of fees paid or payable to professional parties and underwriting commission, are estimated to be approximately HK\$36.8 million (equivalent to approximately RM18.4 million, based on HK\$1.28 per Offer Share, the mid-point of the indicative Offer Price range stated in this prospectus).

Part of these Listing expenses is covered by the funds raised from the Pre-IPO Investments of approximately HK\$15.0 million (equivalent to approximately RM7.5 million). For the Listing expenses, (i) approximately HK\$12.0 million (equivalent to approximately RM6.0 million) is directly attributable to the issue of Offer Shares which is to be accounted for as a deduction from equity; (ii) approximately HK\$14.2 million and HK\$3.8 million (equivalent to approximately RM7.1 million and RM1.9 million respectively) have been charged to profit or loss of our Group for the year ended 30 June 2018 and the four months ended 31 October 2018 respectively; and (iii) approximately HK\$6.8 million (equivalent to approximately RM3.4 million) will be further charged to profit or loss of our Group for the year ending 30 June 2019 upon the Listing of our Company.

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into consideration our Group's internal resources, available facilities and the estimated net proceeds from the Global Offering, our Group has sufficient working capital for its present requirements and for at least the next 12 months from the date of this prospectus.

RELATED PARTY TRANSACTIONS

During the Track Record Period, our Group entered into certain related party transactions, details of which are set out in note 27 to the Accountants' Report in Appendix I to this prospectus. Our Directors confirm that these related party transactions were conducted on arm's length negotiations, and would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our future performance.

OFF-BALANCE SHEET ARRANGEMENTS AND COMMITMENTS

Our Directors confirm that our Group did not have any material off-balance sheet transactions or arrangements during the Track Record Period.

FINANCIAL RISK MANAGEMENT

The financial risks arising from our Group's normal course of business include market risk (interest rate risk), credit risk and liquidity risk. For details, please refer to note 24 to the Accountants' Report as contained in Appendix I to this prospectus.

DIVIDEND

Our Company has not declared or paid any dividends during the Track Record Period and up to the Latest Practicable Date. Subsidiaries of our Company distributed interim dividends of an aggregate amount of RM57.5 million during the year ended 30 June 2018.

Out of the aggregate interim dividends of RM57.5 million, approximately RM50.3 million and RM7.2 million were distributed to our Controlling Shareholders and other non-controlling Shareholders respectively. The interim dividends were declared and paid in contemplation that Simfoni would take up the Astaka Properties, the construction of which had yet to be completed by then, and that it would also (i) repay our Group of approximately RM40.6 million, being the deposits paid for the acquisition of the Astaka Properties, and (ii) assume the contractual obligation under the SPA and pay a further RM16.6 million to complete the acquisition of the Astaka Properties.

For details, please refer to the paragraph headed "Capital commitments — Astaka Properties Restructuring" in this section above and the section headed "History, Reorganisation and Corporate Structure — Our history and business development" in this prospectus.

Our Directors consider that the aforementioned arrangement is beneficial to our Group as a whole because:

- (1) there is no material cash flow impact to our Group upon the payment of such interim dividends, as Simfoni would and had repaid approximately RM40.6 million to our Group further to the Astaka Properties Restructuring;
- (2) it is a necessary step to terminate the SPA and streamline the core business of our Group; and
- (3) Simfoni, being a company owned by Dato' Ng and Datin Ngooi, was then the only entity willing to purchase the Astaka Properties at fair value as appraised by an Independent Third Party valuer.

Our Group currently does not have any specific dividend policy. Dividends may be paid out by way of cash or by other means that our Directors consider appropriate. The declaration of future dividends will be subject to the discretion of our Board and the approval of our Shareholders and will depend on our earnings, financial condition, cash requirement and availability and any other factors our Directors may deem relevant. As such factors and the payment of dividends are at the discretion of our Board, there can be

FINANCIAL INFORMATION

no assurance that any particular dividend amount or any dividend at all, will be declared and paid in the future. Prospective investors should note that historical dividend payments should not be regarded as an indication of our future dividend.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 30 April 2018. As at 31 October 2018, our Company had no distributable reserves available for distribution to our Shareholders.

UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

Please see the section headed “Unaudited pro forma statement of adjusted combined net tangible assets” in Appendix II to this prospectus for further details.

NO MATERIAL ADVERSE CHANGE

Save for the Listing expenses which will be borne by us and recorded in our Group’s profit and loss accounts for the year ending 30 June 2019, further particulars of which are set out in the paragraph headed “Listing expenses” in this section above, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group since 31 October 2018, being the date to which the latest audited combined financial statements of our Group were made up, and there has been no event since 31 October 2018 which would materially affect the information shown in the Accountants’ Report set out in Appendix I to this prospectus.

RECENT DEVELOPMENTS

As at the Latest Practicable Date, our contracts on hand, which represent contracts that have commenced but not yet completed and contracts that have engagement confirmed but not yet commenced, are as follows:

	Number of contracts on hand	Aggregate original contract sum (RM’ million)	Revenue recognised as at the Latest Practicable Date (RM’ million)	Outstanding contract sum (taking into account the adjustments and variation orders) (RM’ million)	Revenue to be recognised subsequent to the Latest Practicable Date (RM’ million)
Marine construction contracts	9	687.2	219.1	493.5	493.5 ⁽¹⁾
Building and infrastructure contracts	<u>12</u>	<u>457.4</u>	<u>163.8</u>	<u>324.3</u>	<u>324.3</u>
Total:	<u><u>21</u></u>	<u><u>1,144.6</u></u>	<u><u>382.9</u></u>	<u><u>817.8</u></u>	<u><u>817.8</u></u>

Note:

- Inclusive of 3 on-going marine transportation contracts expected to contribute approximately RM117.2 million.

FINANCIAL INFORMATION

For further details, please refer to the section headed “Business — Our contracts” in this prospectus.

Subsequent to the Track Record Period and up to the Latest Practicable Date, we had submitted 5 tenders and 1 quotation for building and infrastructure contracts, 2 tenders and 9 quotations for marine construction contracts, and we had been awarded with a marine construction contract (inclusive of reclamation and related works and marine transportation) by a new customer, which is an Independent Third Party, with an original contract sum of approximately RM323.9 million.

A summary of the tenders or quotations submitted by our Group which we had yet to receive results as at the Latest Practicable Date is set out below:

	No. of tender or quotation submitted subsequent to the Track Record Period	Expected contract sum (RM' million)	No. of contracts awarded	Contract sum (RM' million)	No. of remaining tender or quotation	Expected contract sum from remaining tender or quotation (RM' million)	No. of tender or quotation submitted during the Track Record Period and pending result	Expected contract sum (RM' million)	Total no. of tender or quotation pending result	Aggregate expected contract sum (RM' million)
Marine construction contracts	11	121.6	4	91.1	5 (Note 1)	27.5 (Note 1)	2	180.6	7	208.1
Building and infrastructure contracts	6	256.7	2	5.4	3 (Note 2)	233.3 (Note 2)	1	23.8	4	257.1
Total:	17	378.3	6	96.5	8	260.8	3	204.4	11	465.2

Notes:

1. Excluding 1 tender and 1 quotation with aggregate contract sum of approximately RM3.0 million which were rejected.
2. Excluding the tender with contract sum of approximately RM18.0 million which was rejected.

Based on the contracts on hand, we expect our profitability for the year ending 30 June 2019 will be negatively affected by (i) the expected decrease in the revenue generated from marine transportation as the duration of marine transportation contracts is relatively short-term in nature and will only be concluded shortly before the service is required; (ii) Listing expenses; (iii) utilisation of net proceeds from the Global Offering on recruiting and expanding our management team for our building and infrastructure works, and upgrading our information technology and project management systems; and (iv) increase in administration and compliance cost after Listing. For details, please refer to the section headed “Risk Factors” in this prospectus.

Save as the aforesaid, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group since 31 October 2018, being the date to which the latest audited combined financial statements of our Group were made up, and there has been no event since 31 October 2018 which would materially affect the information shown in the Accountants’ Report set out in Appendix I to this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, except as otherwise disclosed in this prospectus, as at the Latest Practicable Date, they were not aware of any circumstances which could give rise to a disclosure obligation pursuant to Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF PROCEEDS

BUSINESS OBJECTIVES AND STRATEGIES

To continue to develop our business and achieve long-term growth, we intend to utilise the following key business strategies:

- expand and invest in procuring our own vessel and new machineries;
- continue to strengthen our presence and market position in marine construction industry in Malaysia, in particular in Johor;
- enhance our operational efficiency; and
- expand our capacity to capture attractive growth opportunities in building and infrastructure works.

Please refer to the section headed “Business — Business strategies” in this prospectus for our Group’s objective and strategies.

REASONS FOR LISTING

1. Enhance corporate profile, brand awareness and competitiveness among industry players

Our Directors believe that the Listing will enhance our corporate profile among business stakeholders such as customers, subcontractors, developers, project owners and sand concession owners. We believe that the Listing will foster enhanced internal control and corporate governance practice, and promote confidence in us from the perspective of potential business stakeholders.

Given the public listing status and the consequential regulatory supervision, and publication of financial information, the Listing will naturally be associated with better reputation and confidence. Upon Listing, our Directors expect our Group to be in a better position and become more competitive in the market as potential customers will likely give preference to publicly listed company. In particular, our Group’s operation and financial position will be strengthened by certain fixed assets acquired by utilising the proceeds of Listing, enabling our Group to bid for more sizeable contracts.

2. Enhance work morale, recruitment and retention of talents

Our Directors believe that a Listing status will facilitate us in attracting talents to join our Group, and retaining our existing staff more effectively, at both operational and administrative level. Staff will be motivated to further develop their career with us in view of the perceived status associated with working for a listed company. The implementation of our Group’s future plan with proceeds from the Listing will also signify the development and growth of our Group, and strengthen the morale of staff in general. In turn, an integrated workforce will improve the quality of our work and optimise our daily operations to the benefit of our long term development.

FUTURE PLANS AND USE OF PROCEEDS

3. Provide sufficient funds for the implementation of our future plans

During the Track Record Period and up to the Latest Practicable Date, we have funded our business activities primarily from internally generated cash. Our Directors believe that if we are to implement our future plans solely with debt financing and our internal resources (without considering the expected net proceeds from the Listing), our financial conditions and liquidity may be subject to material burden.

Our unutilised banking facilities are in the amount of approximately RM31.5 million as at 31 October 2018. However, such unutilised banking facilities could not be applied to implement our future plans as the purposes for such facilities are for other specific purposes, in particular, an aggregate amount of RM31.0 million is of trade nature. Given our future plans comprise mainly of acquisition of vessel and machinery which are significant capital investment in nature, equity financing is one of our available choices. Fund raising through debt financing normally would require pledge of assets to the satisfactory nature and value as appraised by the financial institutions. Based on the understanding of our Directors, debt financing for the acquisition of vessel is unavailable to our Group as financial institutions do not accept our available machineries, nor our target sand carrier to be acquired using our proceeds from the Listing, as collaterals. As at 31 October 2018, we have recorded cash and cash equivalents of approximately RM66.9 million. The monthly working capital required for our daily operations as further elaborated under paragraph 3.1 below, is approximately RM41.1 million, on average and based on the financial information for the year ended 30 June 2018, subject to the possible fluctuation depending on the number, status and scale of our ongoing contracts. Our Directors are of the view that our available cash on hand is the working capital required to maintain the daily operations of our Group, including the payment to subcontractors and operating expenses.

Furthermore, we believe that most of our customers would consider the financial viability of our Group, including gearing ratio and current ratio, as one of the critical criteria for selecting contractors in the tendering process. As at 30 June 2016, 30 June 2017, 30 June 2018 and 31 October 2018, we had gearing ratio of approximately 4.5%, 8.2%, 9.7% and 7.7% respectively, and current ratio of approximately 1.1, 1.1, 1.1 and 1.1 respectively. If the purchase of sand carrier were to be funded through debt financing, our gearing ratio would increase significantly and our current ratio would have dropped. Hence, debt financing may negatively affect the financial viability and liquidity level of our Group and affect our competitiveness in securing new contracts, in particular, during tendering process where potential customers consider whether our Group is financially healthy and capable of meeting the working capital requirements to complete the prospective contract. In addition, we may require performance bonds for future contracts. Based on our past experience, performance bonds would require pledged bank deposits, on top of personal guarantee or pledge of personal assets from our Controlling Shareholders. Despite equity financing via initial public offering may cost more than debt financing, it will nevertheless allow our Group to gain access to the equity market for future fund-raising exercise. As such, our Directors are of the view that equity financing is a more appropriate source at this

FUTURE PLANS AND USE OF PROCEEDS

stage and is for the benefit of our Group as we will gain flexibility to finance any future contracts by either debt financing or equity financing depending on the availability and cost in future.

3.1 Cash and cash equivalents balance was just sufficient to maintain our existing business operation

As at 30 June 2016, 2017 and 2018, and as at 31 October 2018, our cash and cash equivalents balance was approximately RM11.0 million, RM14.1 million, RM41.6 million and RM66.9 million respectively. As at 28 February 2019, our cash and cash equivalents balance was approximately RM27.3 million, representing a decrease of approximately RM39.6 million from the balance as at 31 October 2018. Such decrease was mainly due to (i) the decrease in trade and other payables of approximately RM39.1 million; and (ii) increase of contract assets of approximately RM6.9 million, netting off the decrease in trade and other receivables of approximately RM6.7 million. For reason of fluctuation in recent period/year and dates, please refer to the section headed “Financial Information — Selected items of combined statements of financial position — Cash and cash equivalents” in this prospectus. Given these were year/period end balances, such snapshot figures may not be indicative of our Group’s available cash during the Track Record Period.

Based on our Group’s current scale of operations, and the costs incurred during the year ended 30 June 2018, it is estimated that our Group’s average monthly working capital requirement is approximately RM41.1 million, which primarily comprised of our Group’s direct costs (including subcontracting charges, site consumables and other expenses but excluding depreciation), general operating expenses (excluding depreciation and the Listing expenses), finance costs, and tax (which is payable monthly in advance to the Malaysian government). As such, our Directors consider that the cash and cash equivalents balance as at 30 June 2018 was of similar level of our working capital requirement, and just sufficient to maintain our existing business operation, and would not allow room for further business expansion.

Our Group’s working capital requirement fluctuates depending on the number, status and scale of the ongoing contracts. There can be no assurance that our Group will receive payments from customers before our Group is required to settle subcontractors’ invoices and other liabilities, which may result in cash flow mismatch, leading to additional working capital requirement.

Other risks set out in the section headed “Risk Factors” in this prospectus may also lead to unforeseen circumstances, which may result in an increase in working capital requirement.

FUTURE PLANS AND USE OF PROCEEDS

3.2 Need to maintain certain working capital level for project execution

During the Track Record Period, we submit tender documents or quotations to potential customers to source for new contracts, which would normally require information of our Group's financial strength as part of the assessment. Our Directors believe potential customers generally assess whether our financial resources are sufficient to implement and complete the new contracts. Cash and bank balances as well as fixed assets are important indicators as to whether the contractors are financially capable and committed in the industry when potential customers may require such information to be provided during the tendering or quotation process, and accordingly it is vital for our Group to maintain cash and cash equivalents of approximately RM40.0 million in order to secure future contracts.

As at 30 June 2016, 2017 and 2018, and as at 31 October 2018, our trade and other payables are approximately RM136.7 million, RM270.1 million, RM320.5 million and RM277.8 million respectively, while our trade and other receivables are approximately RM56.4 million, RM213.7 million, RM289.0 million and RM167.5 million respectively. In general, customers settle our bills after around 4 months upon receipt, and it is the understanding between our subcontractors and our Group that we would then settle payments to the subcontractors around 1 month thereafter. There were, however, also occasions that our Group had to settle payment application from our subcontractors before we received fund from the customers of the corresponding contracts. Our Directors consider cash and cash equivalents of approximately RM40.0 million is required for our daily operation, based on the scale of operation and cost incurred in the year ended 30 June 2018.

For contracts awarded, customers may require performance bonds in favour of them to guarantee the quality of work. For banks to issue such performance bonds, they would normally require bank deposits pledged in favour of them. For details, please refer to the section headed "Business — Business strategies — We plan to continue to strengthen our presence and market position in marine construction industry in Malaysia, in particular in Johor" in this prospectus. Given the contract value of the potential contracts that we have submitted tenders or quotations for, and that we are in advanced negotiation stage close to conclusion of contract in respect of 7 of such potential contracts, our Directors believe that there are sufficient contracts in the pipeline and further financing is clearly required for our Group to continue its development and progress to work on projects of larger scale.

3.3 Further debt financing is unavailable

As at 30 June 2016, 30 June 2017, 30 June 2018 and 31 October 2018, our bank facilities represented facility limit for (i) term loan; (ii) bank overdrafts; and (iii) revolving trade financing. Of the unutilised bank facilities of approximately RM31.5 million as at 28 February 2019, an aggregate amount of RM31.0 million is of trade nature while the remaining RM0.5 million represents loan of non-trade nature.

FUTURE PLANS AND USE OF PROCEEDS

Our Directors confirm that the abovementioned facilities are mostly granted on a project basis and are thus of a trade nature, which are not available to be used for implementation of expansion plan such as acquisition of rebuilt sand carrier and land-based machinery, or payment for performance bond. The drawdown of the aforesaid unutilised bank facilities is subject to a number of restrictions including, *inter alia*, (1) amounts that can be drawn down are subject to 80% of the progress claim of the pre-approved contract; (2) draw down request should be made within 30 days of the customer's certification; (3) repayment is due within 90 days; (4) not more than 3 claims per contract can be subsisting concurrently; (5) financing of each single progress claim is limited to RM19.7 million for one particular contract, and RM0.5 million for other contracts. Due to such limitations and restrictions, our Directors are of the view that the RM31.0 million bank facilities are unlikely to be utilised in full, and that they are considered as last resort of cash for bridging purpose.

Additional debt financing for expansion plan is also not available, for instance, as several banks rejected the request of funding for acquisition of sand carrier, regardless of whether it is to be secured by a new sand carrier or by a rebuilt sand carrier, and regardless of whether security to be provided is the sand carrier itself or other assets such as land-based machinery. Our investment properties were also purchased under mortgage loan and are therefore unavailable for pledging as security for further debt financing.

Having considered the unutilised banking facilities and the absence of further debt financing, our Directors believe that equity financing is suitable for us in order to achieve sustainable growth in the long run. Our Directors also believe that our customers and suppliers will give preference to companies which have little debt burden and thus have a lower risk of defaulting.

Our Directors consider both debt and equity financing as option of financing, and, given the unavailability of loans for sand carrier, our Directors believe it is suitable to expand the capital base to equity. Despite the initial cost of equity is relatively higher as compared with overall cost of debt, our Directors consider equity financing to be more beneficial to our Group's medium and long term development as (i) adequate amount of fund could be raised through Listing for our expansion plan; (ii) further debt financing is unavailable for our expansion plan; and (iii) our Group may enjoy flexibility on future financing options after Listing, as banks may be more willing to lend to a publicly listed company and our Group may access secondary market in case of need.

FUTURE PLANS AND USE OF PROCEEDS

REASONS FOR LISTING IN HONG KONG

Our Directors had considered and evaluated different listing venues including Hong Kong and Malaysia and have concluded that, notwithstanding that our business is primarily based in Malaysia, Hong Kong is the suitable venue for us to pursue a listing. According to the global ranking of stock exchanges by market capitalisation table available on the SFC website, the Stock Exchange ranked the fifth largest market of the world's leading stock exchanges in terms of market capitalisation as at the end of December 2018 with a total market capitalisation of approximately US\$3,819.22 billion. It was also the third largest stock market in Asia falling behind Japan and Shanghai as at the end of December 2018.

Our Directors recognised that our Group's presence in Hong Kong capital markets could create a higher level of visibility for our Group, and therefore Listing in Hong Kong will facilitate us to implement our future plans as well as to realise our business strategies. Visibility among international investors will also be enhanced and hence our Group can gain better access to international funding, which is important for our Group's future sustainable growth as this will provide us with diversified means to fund our future expansion plans.

Our Directors concluded that the Main Board is the suitable place to pursue a Listing due to the following reasons:

(1) Better access to capital and expanding and diversifying our shareholder base

The table below highlights the differences between the Stock Exchange and Bursa Malaysia in terms of (i) number of new listings, (ii) total funds raised from new listings; and (iii) total market capitalisation:

	Stock Exchange			Bursa Malaysia		
	Year ended 31 December			Year ended 31 December		
	2016	2017	2018	2016	2017	2018
Number of new listings	126 ¹	174 ¹	218 ³	11 ²	14 ⁴	22 ⁴
Total funds raised from new listings	HK\$195.3 billion ¹	HK\$128.5 billion ¹	HK\$288 billion ³	RM0.6 billion ² (equivalent to approximately HK\$1.2 billion)	RM7.4 billion ⁴ (equivalent to approximately HK\$14.8 billion)	RM0.7 billion ⁴ (equivalent to approximately HK\$1.4 billion)
	As at 31 December			As at 31 December		
	2016	2017	2018	2016	2017	2018
Total market capitalisation	HK\$24.8 trillion ¹	HK\$34.0 trillion ¹	HK\$29.9 trillion ³	RM1.7 trillion ² (equivalent to approximately HK\$3.4 trillion)	RM1.9 trillion ⁴ (equivalent to approximately HK\$3.8 trillion)	RM1.7 trillion ⁴ (equivalent to approximately HK\$3.4 trillion)

FUTURE PLANS AND USE OF PROCEEDS

In addition, the (i) average daily trading volume of the equity market; and (ii) equity funds raised in the secondary market in Hong Kong are larger than that on Bursa Malaysia. For details, please refer to the table below:

	Stock Exchange		Bursa Malaysia	
	Year ended 31 December		Year ended 31 December	
	2017	2018	2017	2018
Average daily equities turnover	HK\$71.2 billion ¹	HK\$84.2 billion ³	RM2.3 billion ² (equivalent to approximately HK\$4.6 billion)	RM2.4 billion ⁴ (equivalent to approximately HK\$4.8 billion)
	Year ended 31 December		Year ended 31 December	
	2017	2018	2017	2018
Equity funds raised in the secondary market	HK\$452.9 billion ¹	HK\$256.1 billion ³	RM14.5 billion ² (equivalent to approximately HK\$29.0 billion)	RM8.6 billion ⁴ (equivalent to approximately HK\$17.2 billion)

Notes:

1. 2017 Annual Report of Stock Exchange
2. 2017 Annual Report of Bursa Malaysia
3. 2018 Annual Report of Stock Exchange
4. 2018 Annual Report of Bursa Malaysia

Our Directors believe that the Hong Kong stock market is a larger and more liquid secondary fund raising platform for Hong Kong listed companies. Hence, our Directors consider that the Listing would (i) provide our Group the opportunity to enhance its profile internationally; (ii) increase our presence among international corporations planning to expand to and invest in Malaysia; and (iii) attract international institutional investors, thereby expanding our sources of funding.

As the Listing and the Global Offering will allow institutional and professional investors to invest in our Shares, it would help to expand and diversify our shareholder base, thereby establishing a broader shareholder base which benefits our Company and Shareholders as whole.

(2) High level of internationalism

Hong Kong stock market has a high level of internationalism, sound legal system and regulatory framework, mature financial system, wide diversity of investors, established reputation in the global financial market, with sufficient institutional capital and funds following the companies listed in Hong Kong. As such, the Stock Exchange would be recognised by existing and potential customers as having offered a certain standard of corporate governance and financial strength and will further enhance our corporate profile and recognition and reinforce our brand awareness and image, which may assist us to further develop our customer base, including the property developers from the PRC and Hong Kong which develop property projects in Malaysia.

In view of the influx of direct investments from the PRC in Malaysia, we believe that the status as a listed company on the Stock Exchange will allow us to promote our brand further and improve our chances to secure contracts under PRC property developers' projects in Malaysia. In particular, our Directors consider that a public listing status on the Main Board in Hong Kong can attract potential customers, including the property developers from the PRC and Hong Kong, who are more willing to establish a business relationship with companies which have a well-established internal control and corporate governance system. Accordingly, our Directors believe that Listing in Hong Kong will achieve our goals in relation to our future plans by allowing and assisting us to expand our operations and strengthen our market position in Malaysia.

Besides, having considered the increasing number of Malaysian companies which have already been listed on the Stock Exchange and in order to distinguish ourselves from other engineering contractors in Malaysia, our Directors believe that a public listing status in Hong Kong will further enhance our competitiveness in the market since some customers and suppliers may prefer to work with companies with more transparent financial disclosure and regulatory supervision.

(3) Larger pool of talents accessed

Our Directors believe that being listed on the Hong Kong stock market will further facilitate us in attracting talents to join our Group and accessing to a larger pool of talents which will improve our quality of work. In addition, the status of being a listed company of Stock Exchange in Hong Kong will also facilitate our in-house talent management, through staff retention and development, whereby our existing staff may be motivated to further develop their career with us in view of the perceived status associated with working for a company which is listed on the Hong Kong stock market.

FUTURE PLANS AND USE OF PROCEEDS

(4) Our operating location should not be the deciding factor of where we pursue our Listing

Our Directors are of the view that the location of our operations in Malaysia should not be the deciding factor of where we pursue our Listing status. Instead, it should be based on an evaluation of factors as elaborate in the preceding paragraphs. Given the development of information technology, investors could trade in various stock exchanges regardless of the physical location. The location of business operations is therefore of little relevance as to listing avenue.

Having considered the above, our Directors decided that it is more preferential for our Group to be listed on the Stock Exchange in Hong Kong than in Bursa Malaysia.

USE OF PROCEEDS

We estimate that we will receive total net proceeds from the Global Offering of approximately HK\$138.2 million or approximately RM69.1 million after (i) deducting underwriting commission and other estimated expenses paid and payable by us in the Global Offering without taking into account any additional discretionary incentive fee, assuming the Over-allotment Option is not exercised and (ii) deducting approximately HK\$21.8 million, being Listing expenses of approximately HK\$36.8 million which have been partially offset by the proceeds from the Pre-IPO Investments of HK\$15 million, calculated at an Offer Price of HK\$1.28 per Share, being the mid-point of the indicative Offer Price range of HK\$1.18 to HK\$1.38 per Share. We intend to use the total net proceeds we receive from the Global Offering for the following purposes:

- approximately HK\$80.0 million or RM40.0 million (or approximately 57.9% of the total net proceeds of the Global Offering) will be used for the full settlement of consideration for acquiring one rebuilt sand carrier from one of our existing subcontractors for marine transportation services;
- approximately HK\$10.1 million or RM5.05 million (or approximately 7.3% of the total net proceeds of the Global Offering) will be used for purchasing new land-based machineries;
- approximately HK\$32.4 million or RM16.2 million (or approximately 23.4% of the total net proceeds of the Global Offering) will be used for satisfying performance bonds requirement of prospective projects;
- approximately HK\$0.8 million or RM0.4 million (or approximately 0.6% of the total net proceeds of the Global Offering) will be used for upgrading our information technology and project management systems;

FUTURE PLANS AND USE OF PROCEEDS

- approximately HK\$4.7 million or RM2.35 million (or approximately 3.4% of the total net proceeds of the Global Offering) will be used for recruiting and expanding management team for our building and infrastructure works; and
- approximately HK\$10.2 million or RM5.1 million (or approximately 7.4% of the total net proceeds of the Global Offering) will be used for working capital purposes and for general corporate purposes.

If the Offer Price is set at the high-end or low-end of the proposed Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK\$12.5 million (assuming the Over-allotment Option is not exercised). We will adjust the allocation of the net proceeds for the abovementioned purposes on a pro rata basis.

In the event that the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds from the sale of these additional Offer Shares of approximately HK\$24.0 million, after deducting the underwriting commissions and other estimated offering expenses payable by us and assuming the same initial Offer Price as stated above. We intend to apply the additional net proceeds to the abovementioned purposes on a pro rata basis. To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above, they will be placed on deposit with banks or other financial institutions or held in other treasury instruments.

IMPLEMENTATION PLANS

Our Group's implementation plans are set forth below for each of the six-month periods until 31 December 2020. Investors should note that the implementation plans and their scheduled times for attainment are formulated on the bases and assumptions referred to in the paragraph headed "Bases and assumptions" in this section. These bases and assumptions are inherently subject to many uncertainties, variables and unpredictable factors, in particular the risk factors set out in the section headed "Risk Factors" in this prospectus. Our Group's actual course of business may vary from the business objective set out in this prospectus. There can be no assurance that the plans of our Group will materialise in accordance with the expected time frame or that the objective of our Group

FUTURE PLANS AND USE OF PROCEEDS

will be accomplished at all. Based on our Group's business objectives, our Directors intend to carry out the following implementation plans:

From the Latest Practicable Date to 30 June 2019

Business strategy	Implementation activities
Purchasing new land-based machineries	<ul style="list-style-type: none">● Acquisition of one new excavator for our reclamation works
Satisfying performance bonds requirement	<ul style="list-style-type: none">● Arranging for performance bonds for potential contracts that we have tendered
Recruiting and expanding management team for building and infrastructure services	<ul style="list-style-type: none">● Recruiting staff members with relevant experience in the building and infrastructure industry
Upgrading our information technology and project management systems	<ul style="list-style-type: none">● Purchasing new information technology, cost management and project management systems● Conducting test runs and refining the new systems

From 1 July 2019 to 31 December 2019

Business strategy	Implementation activities
Acquiring one rebuilt sand carrier	<ul style="list-style-type: none">● Acquisition of one rebuilt sand carrier from one of our existing subcontractors for marine transportation services● Recruiting staff members for the operation of the sand carrier
Purchasing new land-based machineries	<ul style="list-style-type: none">● Acquisition of one new excavator for our reclamation works
Upgrading our information technology and project management systems	<ul style="list-style-type: none">● Conducting test runs and refining the new systems
Recruiting and expanding management team for building and infrastructure services	<ul style="list-style-type: none">● Recruiting and retaining staff members with relevant experience in the building and infrastructure industry

FUTURE PLANS AND USE OF PROCEEDS

From 1 January 2020 to 30 June 2020

Business strategy	Implementation activities
Acquiring one rebuilt sand carrier	<ul style="list-style-type: none"> ● Recruiting and retaining staff members for the operation of the sand carrier
Purchasing new land-based machineries	<ul style="list-style-type: none"> ● Acquisition of one new excavator for our reclamation works
Recruiting and expanding management team for building and infrastructure services	<ul style="list-style-type: none"> ● Recruiting and retaining staff members with relevant experience in the building and infrastructure industry

From 1 July 2020 to 31 December 2020

Business strategy	Implementation activities
Acquiring one rebuilt sand carrier	<ul style="list-style-type: none"> ● Recruiting and retaining staff members for the operation of the sand carrier
Purchasing new land-based machineries	<ul style="list-style-type: none"> ● Acquisition of one new excavator for our reclamation works
Recruiting and expanding management team for building and infrastructure services	<ul style="list-style-type: none"> ● Recruiting and retaining staff members with relevant experience in the building and infrastructure industry

The following table sets forth a breakdown of how the net proceeds to be received by us from the Global Offering are intended to be applied and the timing of application:

	From the Latest Practicable Date to 30 June 2019 <i>(HK\$ million)</i>	From 1 July 2019 to 31 December 2019 <i>(HK\$ million)</i>	From 1 January 2020 to 30 June 2020 <i>(HK\$ million)</i>	From 1 July 2020 to 31 December 2020 <i>(HK\$ million)</i>	Total <i>(HK\$ million)</i>
Acquiring one rebuilt sand carrier	0.0	77.8	0.7	1.5	80.0
Purchasing new land-based machineries	2.5	2.5	2.5	2.6	10.1
Satisfying performance bonds requirement	32.4	0.0	0.0	0.0	32.4
Upgrading our information technology and project management systems	0.7	0.1	0.0	0.0	0.8
Recruiting and expanding management team for building and infrastructure services	0.6	1.2	1.2	1.7	4.7
Working capital purposes	1.7	3.4	3.4	1.7	<u>10.2</u>
					<u><u>138.2</u></u>

FUTURE PLANS AND USE OF PROCEEDS

BASES AND ASSUMPTIONS

The future plans set out by our Directors are based on the following bases and assumptions:

- the Global Offering will be completed in accordance with and as set out in the section headed “Structure and Conditions of the Global Offering” in this prospectus;
- there will be no change in the funding requirement for each of the near term future plans described in this prospectus from the amount as estimated by our Directors;
- there will be no material changes in existing laws, rules and regulations, or other governmental policies relating to our Group, or in the political, economic or market conditions in which our Group operates;
- we continue our existing operations in substantially the same manner as they were carried out during the Track Record Period and we will also be able to carry out our development plans without material disruptions;
- we are able to retain key staff in the management and the main operational departments;
- we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the future plans relate;
- there will be no material changes in existing accounting policies from those stated in the audited combined financial statements of our Group for the Track Record Period;
- there will be no material changes in the bases or rates of taxation applicable to the activities of our Group;
- there will be no disasters, natural, political or otherwise, which would materially disrupt the business or operations of our Group; and
- our Group will not be materially affected by the risk factors as set out in the section headed “Risk Factors” in this prospectus.

UNDERWRITING

HONG KONG UNDERWRITERS

Alliance Capital Partners Limited

Upbest Securities Company Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering which forms part of the Global Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis on the terms and conditions set out in this prospectus, the related Application Forms and the Hong Kong Underwriting Agreement. The International Placing is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed among our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 62,500,000 Hong Kong Public Offer Shares and the International Placing of initially 62,500,000 International Placing Shares, subject, in each case, to reallocation as well as to the Over-allotment Option in the case of the International Placing on the basis as described in the section headed “Structure and Conditions of the Global Offering” in this prospectus.

RESTRICTIONS ON THE OFFER SHARES

Each person acquiring the Hong Kong Public Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her/its acquisition of the Hong Kong Public Offer Shares to, confirm that he/she/it is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is initially offering 62,500,000 Shares for subscription by the public in Hong Kong at the Offer Price on and subject to the terms and conditions set out in this prospectus and the related Application Forms.

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Subject to (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options granted under the Share Option Scheme), and certain other conditions set out in the Hong Kong Underwriting Agreement (including, among others, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company agreeing on the Offer Price), the Hong Kong Underwriters have agreed severally, but not jointly or jointly and severally, to subscribe or procure subscribers for their respective applicable proportions (set out in the Hong Kong Underwriting Agreement) of the Hong Kong Public Offer Shares now being offered and which are not taken up under the Hong Kong Public Offering, on the terms and the conditions set out in this prospectus, the related Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed, becoming unconditional and not having been terminated.

Grounds for termination of the Hong Kong Underwriting Agreement

The respective obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Public Offer Shares will be subject to termination with immediate effect by the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters), subject to the consent of the Sole Sponsor, if any of the following events occurs prior to 8:00 a.m. on the Listing Date:

- (i) there shall develop, occur, exist or come into effect:
 - (a) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government or orders of any courts, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, nuclear leakage, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism); or
 - (b) any change or any development involving a prospective change, or any event or series of events likely to result in any change or development or a prospective change, in any local, regional, national, or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in any stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets); or

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- (c) any new law or any change or any development involving a prospective change or any event or circumstance likely to result in a change in existing laws or development involving a prospective change in (or in the interpretation or application by any court or other competent authority in or affecting Hong Kong, Malaysia, the PRC, Singapore, the BVI, the Cayman Island, Australia, Japan, U.S. or any other jurisdiction relevant to any member of our Group (together, the “**Specific Jurisdictions**”)); or
- (d) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the Bursa Malaysia; or the imposition of any general moratorium on commercial banking activities in the Specific Jurisdictions declared by the relevant authorities or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services or procedures in any of the Specific Jurisdictions; or
- (e) the imposition of economic sanctions, in whatever form, directly or indirectly, by or on any of the Specific Jurisdictions; or
- (f) a change or development involving a prospective change in or affecting Taxation or exchange control, currency exchange rates or foreign investment laws (including, without limitation, a material devaluation of the Hong Kong dollars or Malaysian Ringgit against any foreign currencies), or the implementation of any exchange control, in any of the Specific Jurisdictions; or
- (g) save as disclosed in this prospectus, any material litigation or claim of any third party being threatened or instigated against any member of our Group; or
- (h) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (i) our chairman or chief executive officer or financial controller vacating his office; or
- (j) the commencement by any governmental, regulatory or political body or organisation in any relevant jurisdiction commencing any investigation or take other action, against any Director; or
- (k) a prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including Shares to be allotted and issued under the Over-allotment Option) pursuant to the terms of the Global Offering; or

UNDERWRITING

- (l) a contravention by any member of our Group of the Listing Rules or applicable Laws; or
- (m) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or
- (n) the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
- (o) a petition or an order for the winding-up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group,

which, individually or in the aggregate, in the sole opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

- (1) has or will have or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Company or any of its subsidiaries taken as a whole; or
- (2) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Placing; or
- (3) makes or will make or may make it inadvisable or inexpedient or impracticable for the Global Offering to proceed; or
- (4) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

UNDERWRITING

- (ii) the Joint Global Coordinators have come to the notice that:
- (a) that any statement contained in this prospectus and the relevant Application Forms, the formal notice issued or used by or on behalf of our Group in connection with the Hong Kong Public Offering (the “**HKPO Documents**”) and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue or incorrect in any material respect or misleading, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the HKPO Documents is not fair and honest and based on reasonable assumptions, when taken as a whole; or
 - (b) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute an omission in any material respect from any of the HKPO Documents and/or in any notices, announcements, advertisements, communications or other documents including any supplement or amendment thereto; or
 - (c) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or
 - (d) any event, act or omission which gives or is likely to give rise to any liability of our Group, the executive Directors or the Controlling Shareholders; or
 - (e) any material adverse change, or any development involving a prospective adverse change or development in conditions, in the assets, liabilities, business affairs, management, prospects, shareholders’ equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of any member of our Group; or
 - (f) any breach of any warranties under the Hong Kong Underwriting Agreement or any event or circumstances rendering such warranties be or would be when repeated untrue, incorrect or misleading in any respect; or
 - (g) that any person (other than the Joint Global Coordinators the Sole Sponsor or any of the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the HKPO Documents and supplemental offering materials thereto (including any other documents published or issued on behalf of our Company or the International Underwriters for the purposes of or in connection with the Global Offering) (the “**Offer Documents**”) or to the issue of any of the Offer Documents; or

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- (h) approval by the Listing Committee of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (i) we withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering.

Upon the occurrence of any event as above provided, the Joint Global Coordinators, in their absolute discretion, may, for themselves and on behalf of the Hong Kong Underwriters, upon giving notice, in writing, to us, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further shares or securities convertible into our equity securities may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of shares or our securities will be completed within six months from the commencement of dealing), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and us that, except pursuant to the Global Offering and the Over-allotment Option, it shall not and shall procure that the relevant registered holder shall not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with the Listing Rules:

- (a) in the period commencing on the date with reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is six months from the Listing Date (“**First Six-month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares or securities in respect of which it is shown by this prospectus to be the beneficial owner; or

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- (b) in the period of six months commencing on the date on which the First Six-month Period expires (“**Second Six-month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the shares or securities referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling Shareholder of our Company.

In addition, in accordance with Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has also undertaken to the Stock Exchange and us that within the period commencing on the date with reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/she/it will immediately inform us of:

- (a) any pledges or charges of any of our Shares or other securities beneficially owned by any of the Controlling Shareholders in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules for a bona fide commercial loan and, and the number of such Shares or securities so pledged or charged; and
- (b) when he/she/it receives indication, either verbal or written, from any pledgee or chargee that any of our Shares or other securities so pledged or charged will be disposed of.

We shall inform the Stock Exchange upon receiving such information in writing from any of our Controlling Shareholders (if any) and disclose such information by way of an announcement which is published in accordance with the Listing Rules.

Undertakings by our Company pursuant to the Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Sole Sponsor that except for the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option and the allotment and issue of the Shares pursuant to the exercise of options granted under the Share Option Scheme), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date, we will not, without the prior written consent of the Joint Lead Managers, (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules:

- (a) offer, accept subscription for, pledge, lend, assign, mortgage, charge, allot, issue, sell, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, or buyback, any of the share capital of our Company or other securities of any subsidiary or any securities convertible into or

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exercisable or exchangeable for or that represent the right to receive, or interests in, such share capital or any derivatives with the Shares or the shares of any subsidiary as underlying securities; or

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein; or
- (c) enter into any transaction with the same economic effect as any transaction described in paragraphs (a) or (b) above;

whether any of the foregoing transactions described above is to be settled by delivery of share capital or such other securities, in cash or otherwise or publicly disclose that our Group will or may enter into any transaction described above. We have further agreed that, in the event of an issue or disposal of any Shares or any interest therein during the Second Six-Months Period, we shall take all reasonable steps to ensure that such an issue or disposal will not, and no other act of our Group will, create a disorderly or false market for any of our Shares or other securities of our Company.

Undertakings by our Controlling Shareholders pursuant to the Hong Kong Underwriting Agreement

Each of our Controlling Shareholders has respectively undertaken to us, the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners and the Hong Kong Underwriters that:

- (a) during the First Six Months Period, he/she/it shall not, and shall procure that the relevant registered holder(s) and his/her/its associates and companies controlled by him/it and any nominee or trustee holding in trust for him/her/it shall not, without the prior written consent of the Joint Bookrunners and unless in compliance with the requirements of the Listing Rules, (i) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of the Shares or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive any such Shares or such securities (together, the “**Relevant Securities**”); or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities, whether any of the foregoing transactions is to be settled by delivery of the Shares or such other securities, in cash or otherwise; or (iii) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (i) or (ii) above; or (iv) announce any intention to enter into or effect any of the transactions referred to in paragraphs (i), (ii) or (iii) above;

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- (b) during the Second Six Months Period, he/she/it shall not, and shall procure that the relevant registered holder(s) and their respective associates or companies controlled by him/her/it and any nominee or trustee holding in trust for him/her/it shall not, without the prior written consent of the Joint Bookrunners and unless in compliance with the Listing Rules, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Relevant Securities held by him/her/it or any of his/her/its associates or companies controlled by him/her/it or any nominee or trustee holding in trust for him/her/it if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a controlling shareholder (as defined in the Listing Rules) or would together with other Controlling Shareholders cease to be a group of controlling shareholders (as defined in the Listing Rules);
- (c) in the event of a disposal of any Relevant Securities or our Company's securities or any interest therein within Second Six Months Period, he/she/it shall take all reasonable steps to ensure that such a disposal shall not create a disorderly or false market for any Shares or our other securities of our Company; and
- (d) he/she/it shall, and shall procure that his/her/its associates and companies controlled by and nominees or trustees holding in trust for him/her/it shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by him/her/it or by the registered holder controlled by him/her/it of any Shares.

Each of our Controlling Shareholders has further undertaken to us, the Sole Sponsor, the Joint Bookrunners and the Hong Kong Underwriters that, from the date hereof up to the expiry of the first 12 months from the Listing Date, he/she/it will:

- (a) when he/she/it pledges or charges any securities or interests in the Relevant Securities, immediately inform us, the Sole Sponsor and the Joint Bookrunners in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and
- (b) when he/she/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in our securities will be sold, transferred or disposed of, immediately inform us, the Sole Sponsor and the Joint Bookrunners in writing of such indications.

International Placing

In connection with the International Placing, it is expected that our Company will enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement, it is expected that the International Underwriters would, subject to certain conditions, severally but not jointly, agree to purchase the International Placing Shares being offered pursuant to the International Placing or procure purchasers for their respective applicable proportions of International Placing Shares.

UNDERWRITING

Under the International Underwriting Agreement, our Company intends to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators (for themselves and on behalf of the International Underwriters) at any time from the date of the International Underwriting Agreement until the 30th day from the last day for the lodging of applications under the Hong Kong Public Offering, to require us to issue an aggregate of 18,750,000 additional Shares, representing 15% of the number of Offer Shares initially available under the Global Offering. These additional Shares will be sold at the Offer Price per Offer Share (plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% of the Offer Price) and will be for the purpose of, among other things, covering over-allocations, if any, in the International Placing.

Commissions and expenses

According to the Hong Kong Underwriting Agreement, the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) will receive an underwriting commission of 3.5% of the aggregate Offer Price payable for the Hong Kong Public Offer Shares. For unsubscribed Hong Kong Public Offer Shares reallocated to the International Placing, if any, our Company will pay an underwriting commission at the rate applicable to the International Placing and such commission will be paid to the relevant International Underwriters (but not the Hong Kong Underwriters).

The total commission and expenses relating to the Global Offering and the Listing (including the listing fees, legal and other professional fees, and printing), are estimated to be approximately HK\$36.8 million, assuming an Offer Price of HK\$1.28 per Offer Share (being the midpoint of the indicative offer price range of HK\$1.18 to HK\$1.38 per Offer Share) and assuming that the Over-allotment Option is not exercised. All such commission and expenses shall be borne by our Company.

The commission and expenses were determined after arm's length negotiations between our Company and the Hong Kong Underwriters by reference to the current market conditions.

Indemnity

We have agreed to indemnify each of the the Sole Sponsor, Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for itself and on trust of its directors, officers, employees and the directors, officers, employees of its subsidiaries, branches, associates and affiliates for certain losses which they may suffer, including, among other matters, losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

UNDERWRITING

Hong Kong Underwriters' Interests

Except as disclosed in this prospectus and except for its obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interests in our Company or in any of our subsidiaries or has any right, legally enforceable or not, to subscribe for or to nominate persons to subscribe for our securities or securities of any of our subsidiaries.

Following the completion of the Global Offering, the Underwriters and their affiliates may hold a certain portion of our Shares in connection with the performance of their obligations under the Underwriting Agreements.

Sole Sponsor' Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering which forms part of the Global Offering. The Global Offering comprises (assuming the Over-allotment Option is not exercised):

- the Hong Kong Public Offering of initially 62,500,000 Shares (subject to reallocation as mentioned below) (representing 50% of the initial total number of Offer Shares) in Hong Kong as described in the paragraph headed “The Hong Kong Public Offering” in this section; and
- the International Placing of initially 62,500,000 Shares (subject to reallocation and the Over-allotment Option as mentioned below) (representing 50% of the initial total number of Offer Shares) as described below under the paragraph headed “The International Placing” in this section.

Investors may apply for Hong Kong Public Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest in International Placing Shares under the International Placing, but may not do both.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Placing, respectively, may be subject to reallocation and, in the case of the International Placing only, the Over-allotment Option as described below in the paragraph headed “The International Placing — Over-allotment Option” in this section.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) agreeing on the Offer Price. Our Company expects to enter into the International Underwriting Agreement relating to the International Placing on the Price Determination Date. These underwriting arrangements, and the respective Underwriting Agreements, are summarised in the section headed “Underwriting” in this prospectus.

THE HONG KONG PUBLIC OFFERING

Number of Shares Initially Offered

Under the Hong Kong Public Offering, our Company is initially offering 62,500,000 Shares at the Offer Price for subscription by the public in Hong Kong, representing 50% of the total number of Shares initially available under the Global Offering, subject to reallocation as described in this section below. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters subject to the Offer Price being agreed on or before the Price Determination Date.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers and companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

Conditions of the Hong Kong Public Offering

Acceptance of all applications for the Hong Kong Public Offer Shares in the Hong Kong Public Offering will be conditional on:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued pursuant to the Global Offering (including any Shares which may be made available pursuant to the exercise of the Over-allotment Option), and upon the exercise of the options which may be granted under the Share Option Scheme, and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (ii) the Offer Price having been determined and the execution of the agreement for such determination on or around the Price Determination Date;
- (iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (iv) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed on or before Thursday, 2 May 2019, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Placing is conditional upon, among other things, the other offering becoming and remaining unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by us on the website of the Stock Exchange at www.hkexnews.hk and our website at www.jbb.com.my on the next business day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed “How to apply for

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Hong Kong Public Offer Shares” in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on Friday, 10 May 2019 provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in the section headed “Underwriting — Underwriting arrangements and expenses — Grounds for termination of the Hong Kong Underwriting Agreement” has not been exercised.

Allocation

Allocation of the Hong Kong Public Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Public Offer Shares.

The total number of the Offer Shares available under the Hong Kong Public Offering (after taking into account of any reallocation of the Offer Shares between the Hong Kong Public Offering and the International Placing) is to be divided into two pools (subject to adjustment of odd lot size (where applicable)) for allocation purposes: pool A and pool B. The Hong Kong Public Offer Shares in pool A will be allocated on an equitable basis to successful applicants who have applied for the Hong Kong Public Offer Shares with an aggregate price of HK\$5 million or below (excluding the brokerage, SFC transaction levy and Stock Exchange trading fee payable). The Hong Kong Public Offer Shares in pool B will be allocated on an equitable basis to successful applicants who have applied for the Hong Kong Public Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, SFC transaction levy and Stock Exchange trading fee payable) and up to the value of pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Public Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Hong Kong Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for the Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of the Hong Kong Public Offer Shares from either pool A or pool B but not from both pools and can only apply for the Hong Kong Public Offer Shares in either pool A or pool B.

Multiple or suspected multiple applications and any application for more than 31,250,000 Shares (being 50% of the Hong Kong Public Offer Shares initially comprised in the Hong Kong Public Offering) are liable to be rejected.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Reallocation

If the Hong Kong Public Offering is not fully subscribed, the Joint Global Coordinators may reallocate all or any unsubscribed Hong Kong Public Offer Shares to the International Placing, in such proportions as the Joint Global Coordinators deem appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or if he or she has been or will be placed or allocated Offer Shares under the International Placing.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$1.38 per Hong Kong Public Offer Share plus a 1.0% brokerage, a 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy. If the Offer Price, as finally determined in the manner described in the paragraph headed "Pricing of the Global Offering" in this section below, is less than the maximum price of HK\$1.38 per Hong Kong Public Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to apply for Hong Kong Public Offer Shares" in this prospectus.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL PLACING

Number of Shares offered

Subject to reallocation as described above, the International Placing will consist of 62,500,000 Shares, representing 50% of the total number of Offer Shares initially available under the Global Offering, and subject to reallocation as described in the paragraph headed "The Hong Kong Public Offering — Reallocation" in this section above and the Over-allotment Option as mentioned below.

The International Placing is subject to the Hong Kong Public Offering being unconditional.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Allocation

The International Placing will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers and companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Placing will be effected in accordance with the “book-building” process described in the paragraph headed “Pricing of the Global Offering” in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit, of our Company and our Shareholders as a whole.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Placing, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application of the Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Placing may change as a result of any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

Over-allotment Option

In connection with the Global Offering, our Company is expected to grant the Over-allotment Option to the International Underwriters exercisable by the Joint Global Coordinators on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the Joint Global Coordinators have the right, exercisable at any time from the date of the International Underwriting Agreement until 30 days from the date of the last day of lodging applications under the Hong Kong Public Offering, to require our Company to allot and issue up to 18,750,000 additional Shares, representing 15% of the number of the Offer Shares initially available under the Global Offering, at the Offer Price, to cover over-allocation in the International Placing, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.61% of our enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made in accordance with the Listing Rules.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

PRICING OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring the Offer Shares in the International Placing. Prospective professional and institutional investors will be required to specify the number of the Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Tuesday, 30 April 2019, and in any event on or before Thursday, 2 May 2019, by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$1.38 per Offer Share and is expected to be not less than HK\$1.18 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.**

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, our Company will, as soon as practicable following the decision to make any such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published on the website of the Stock Exchange at www.hkexnews.hk and our Company at www.jbb.com.my, an announcement, or a supplemental prospectus (as appropriate), in connection with such reduction. Upon issue of such an announcement or supplemental prospectus (as appropriate), the revised number of Offer Shares and/or indicative Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range. **Applicants should have regard to the possibility that any announcement or supplemental prospectus (as appropriate) in connection with any such reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.** Such announcement or supplemental prospectus (as appropriate) will also include confirmation or revision, as appropriate, of the working capital statement, the use of proceeds and the Global Offering

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statistics as currently set out in this prospectus and any other financial information which may change as a result of such reduction. If the number of Offer Shares and/or the indicative Offer Price range is so reduced, applicant(s) who have already submitted an application may or may not (depending on the information contained in the announcement or supplemental prospectus (as appropriate)) be notified that they are required to confirm their applications. All applicant(s) who have already submitted an application need to confirm their applications in accordance with the procedures set out in the announcement or supplemental prospectus (as appropriate) and all unconfirmed applications will not be valid. In the absence of any such announcement or supplemental prospectus (as appropriate) published in relation to the reduction in the Offer Price, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The final Offer Price, the indications of interest in the Global Offering, the results of applications and the basis of allotment of Hong Kong Public Offer Shares available under the Hong Kong Public Offering, are expected to be announced on Thursday, 9 May 2019, in the manner set out in the section headed “How to apply for Hong Kong Public Offer Shares — 11. Publication of results” in this prospectus.

STABILISATION ACTION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the market price of the securities below the offer price. It may be effected in jurisdictions where it is permissible to do so and subject to all applicable laws and regulatory requirements. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the offer price.

Upbest Securities Company Limited has been appointed by us as the Stabilising Manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) made under the SFO. In connection with the Global Offering, the Stabilising Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilising transactions with a view to stabilising or maintaining the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Short sales involve the sale by the Stabilising Manager of a greater number of Shares than the Underwriters are required to purchase in the Global Offering. “Covered” short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilising Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional Offer Shares or purchasing Shares in the open market. In determining the source of the Offer Shares to close out the covered short position, the Stabilising Manager will consider, among other things, the price of Offer Shares in the open market as compared to the price at which they may purchase additional Offer Shares pursuant to the Over-allotment Option. Stabilising transactions consist of certain bids or purchases made for the purpose of preventing or curbing a decline

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

in the market price of the Offer Shares while the Global Offering is in progress. Any market purchases of our Offer Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager, or any person acting for it to conduct any such stabilising action. Such stabilisation, if commenced, will be conducted at the absolute discretion of the Stabilising Manager, its affiliates or any person acting for it and may be discontinued at any time, and must be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not exceed the number of Shares which may be made available upon exercise of the Over-allotment Option, being up to 18,750,000 Shares, which is in aggregate 15% of the Shares initially available under the Global Offering.

In Hong Kong, stabilising activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilising actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

- (i) over-allocating for the purpose of preventing or minimising any reduction in the market price of our Shares;
- (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares;
- (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above;
- (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price;
- (v) selling or agreeing to sell any of our Shares in order to liquidate any position established as a result of those purchases; and
- (vi) offering or attempting to do anything as described in paragraphs (ii), (iii), (iv) or (v) above.

Stabilising actions by the Stabilising Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilisation.

Specifically, prospective applicants for and investors in our Shares should note that:

- (i) as a result of effecting transactions to stabilise or maintain the market price of the Shares, the Stabilising Manager or any person acting for it, may, in connection with the stabilising action, maintain a long position in the Shares;

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

- (ii) there is no certainty as to the extent to which and the time period for which the Stabilising Manager will maintain such a long position;
- (iii) investors should be warned of the possible impact of any liquidation of the long position by the Stabilising Manager or any person acting for it, which may include a decline in the market price of the Shares;
- (iv) stabilisation cannot be used to support the price of the Shares for longer than the stabilisation period, which begins on the Listing Date and ends on Thursday, 30 May 2019, being the 30th day after the last day for lodging of applications under the Hong Kong Public Offering. The stabilisation period is expected to expire on Thursday, 30 May 2019. As a result, demand for the Shares, and their market price, may fall after the end of the stabilising period;
- (v) the price of any security (including the Shares) cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and
- (vi) stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, our Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilising period.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilising Manager (or its affiliates and agents) may choose to borrow Shares from Shareholders of our Company under stock borrowing arrangements (being the maximum number of Shares which may be allotted and issued by our Company upon full exercise of the Over-allotment Option), or acquire Shares from other sources, including the exercise of the Over-allotment Option.

The Stabilising Manager will enter into the Stock Borrowing Agreement with JBB Jade, one of our Controlling Shareholders, whereby the Stabilising Manager may borrow Shares from JBB Jade on the following conditions:

- (a) the stock borrowing will only be effected by the Stabilising Manager for the settlement of over-allocations in connection with the International Offering;
- (b) the maximum number of Shares borrowed from JBB Jade will be limited to 18,750,000 Shares, being the maximum number of Shares which may be allotted and issued by our Company upon full exercise of the Over-allotment Option;

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

- (c) the same number of Shares borrowed from JBB Jade must be returned to it or its nominees (as the case may be) no later than the third Business Day following the earlier of (i) the last day on which the Over-allotment Option may be exercised; (ii) the date on which the Over-allotment Option is exercised in full and the Shares to be allotted and issued upon exercise of the Over-allotment Option have been allotted and issued; or (iii) such earlier time as may be agreed in writing between JBB Jade and the Stabilising Manager;
- (d) the stock borrowing arrangement will be effected in compliance with all applicable Listing Rules, laws and other regulatory requirements; and
- (e) no payments will be made to JBB Jade by the Stabilising Manager in relation to such stock borrowing arrangement.

The Stock Borrowing Agreement will be effected in compliance with all applicable laws, rules and regulatory requirements. The Stock Borrowing Arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that it complies with the requirements set forth in Rule 10.07(3) of the Listing Rules. No payment will be made to JBB Jade by the Stabilising Manager or its agent in relation to such Stock Borrowing Agreement.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 10 May 2019, it is expected that dealings in the Shares on the Stock exchange will commence at 9:00 a.m. on Friday, 10 May 2019.

The Shares will be traded in board lots of 2,000 Shares each.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Public Offer Shares, then you may not apply for or indicate an interest for International Placing Shares.

To apply for Hong Kong Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at www.hkeipo.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Hong Kong Public Offer Shares.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Public Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering;
- an associate (as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for any International Placing Shares or otherwise participate in the International Placing.

3. APPLYING FOR HONG KONG PUBLIC OFFER SHARES

Which application channel to use

For Hong Kong Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through the **HK eIPO White Form** service.

For Hong Kong Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours between 9:00 a.m. on Thursday, 25 April 2019 until 12:00 noon on Tuesday, 30 April 2019 from:

- (i) any of the following offices of the Underwriters:

Underwriters	Address
Alliance Capital Partners Limited	Room 1502-03A, 15/F, Wing On House 71 Des Voeux Road Central Hong Kong
Upbest Securities Company Limited	2/F Wah Kit Commercial Centre 302 Des Voeux Road Central Hong Kong

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

(ii) any of the following branches of DBS Bank (Hong Kong) Limited:

District	Branch Name	Address
Hong Kong Island	Head Office	G/F, The Center, 99 Queen's Road Central, Central
	Queen's Road East — DBS Treasures Centre	Shop A, G/F, Jonsim Place, 228 Queen's Road East, Wanchai
Kowloon	Amoy Plaza Branch	Shops G193–195, Amoy Plaza, 77 Ngau Tau Kok Road, Ngau Tau Kok
New Territories	Tuen Mun Town Plaza — SME Banking Centre	Shop 23, G/F, Tuen Mun Town Plaza (II), 3 Tuen Lung Street, Tuen Mun

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 25 April 2019 until 12:00 noon on Tuesday, 30 April 2019 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Ting Hong Nominees Limited — JBB Builders Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

- 9:00 a.m. to 5:00 p.m. on Thursday, 25 April 2019
- 9:00 a.m. to 5:00 p.m. on Friday, 26 April 2019
- 9:00 a.m. to 1:00 p.m. on Saturday, 27 April 2019
- 9:00 a.m. to 5:00 p.m. on Monday, 29 April 2019
- 9:00 a.m. to 12:00 noon on Tuesday, 30 April 2019

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, 30 April 2019, the last application day or such later time as described in the paragraph headed "10. Effect of bad weather on the opening of the application lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Forms carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you:

- (i) **undertake** to execute all relevant documents and instruct and authorise our Company and/or the Joint Global Coordinators (or their respective agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) **agree** to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- (iii) **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) **confirm** that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) **confirm** that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) **agree** that none of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) **undertake** and **confirm** that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing nor participated in the International Placing;
- (viii) **agree** to disclose to our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

- (ix) if the laws of any place outside Hong Kong apply to your application, **agree** and **warrant** that you have complied with all such laws and none of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Mangers, the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) **agree** that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) **agree** that your application will be governed by the laws of Hong Kong;
- (xii) **represent, warrant** and **undertake** that (i) you understand that the Hong Kong Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) **warrant** that the information you have provided is true and accurate;
- (xiv) **agree** to accept the Hong Kong Public Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) **authorise** our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) **declare** and **represent** that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) **understand** that our Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) **warrant** that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) **warrant** that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in “2. Who can apply” section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.hkeipo.hk.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for submitting applications under the HK eIPO White Form

You may submit your application to the **HK eIPO White Form** Service Provider at www.hkeipo.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, 25 April 2019 until 11:30 a.m. on Tuesday, 30 April 2019 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, 30 April 2019 or such later time under the “10. Effect of bad weather on the opening of the applications lists” section.

No multiple applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System <https://ip.ccass.com> (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square, 8 Connaught Place,
Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Global Coordinators and our Hong Kong Branch Share Registrar.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - **agree** that the Hong Kong Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - **agree** to accept the Hong Kong Public Offer Shares applied for or any lesser number allocated;
 - **undertake** and **confirm** that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing;
 - if the **electronic application instructions** are given for your benefit, declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) **declare** that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
 - **confirm** that you understand that our Company, our Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - **authorise** our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
 - **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
 - **confirm** that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

- **agree** that none of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- **agree** to disclose your personal data to our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents;
- **agree** (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- **agree** that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- **agree** that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;
- **agree** to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Public Offer Shares; and
- **agree** that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- **instructed** and **authorised** HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Public Offer Shares on your behalf;
- **instructed** and **authorised** HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- **instructed** and **authorised** HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum purchase amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 2,000 Hong Kong Public Offer Shares. Instructions for more than 2,000 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Public Offer Shares will be considered and any such application is liable to be rejected.

Time for inputting electronic application instructions⁽¹⁾

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- 9:00 a.m. to 8:30 p.m. on Thursday, 25 April 2019
- 8:00 a.m. to 8:30 p.m. on Friday, 26 April 2019
- 8:00 a.m. to 8:30 p.m. on Monday, 29 April 2019
- 8:00 a.m. to 12:00 noon on Tuesday, 30 April 2019

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, 25 April 2019 until 12:00 noon on Tuesday, 30 April 2019 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, 30 April 2019, the last application day or such later time as described in the paragraph headed “10. Effect of bad weather on the opening of the application lists” in this section.

Note:

- (1) The times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

No multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit.

Any **electronic application instructions** to make an application for the Hong Kong Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Joint Global Coordinators, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, 30 April 2019.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

“**Unlisted company**” means a company with no equity securities listed on the Stock Exchange.

“**Statutory control**” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 2,000 Hong Kong Public Offer Shares. Each application or **electronic application instruction** in respect of more than 2,000 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.hkeipo.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure and Conditions of the Global Offering — Pricing of the Global Offering” in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 30 April 2019. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

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If the application lists do not open and close on Tuesday, 30 April 2019 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable” in this prospectus, announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Placing, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Public Offer Shares on Thursday, 9 May 2019 on our Company’s website at www.jbb.com.my and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company’s website at www.jbb.com.my and the Stock Exchange’s website at www.hkexnews.hk by no later than 9:00 a.m. on Thursday, 9 May 2019;
- from the designated results of allocations website at www.tricor.com.hk/ipo/result (alternatively <https://www.hkeipo.hk/IPOResult>) with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Thursday, 9 May 2019 to 12:00 midnight on Wednesday, 15 May 2019;
- by telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 9 May 2019 to Wednesday, 15 May 2019 (excluding Saturday, Sunday and Hong Kong public holiday);
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 9 May 2019 to Tuesday, 14 May 2019 at all the receiving bank’s designated branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Public Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed “Structure and Conditions of the Global Offering” in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG PUBLIC OFFER SHARES

You should note the following situations in which the Hong Kong Public Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

(iii) If the allotment of Hong Kong Public Offer Shares is void:

The allotment of Hong Kong Public Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Public Offer Shares and International Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Public Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if Offer Price as finally determined is less than the maximum offer price of HK\$1.38 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with “Structure and Conditions of the Global Offering — The Hong Kong Public Offering — Conditions of the Hong Kong Public Offering” in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on Thursday, 9 May 2019.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Public Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Thursday, 9 May 2019. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, 10 May 2019 provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Branch Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 9 May 2019 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Thursday, 9 May 2019, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Public Offer Shares or more, please follow the same instructions as described above for collection of your refund cheque(s). If you have applied for less than 1,000,000 Hong Kong Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Thursday, 9 May 2019, by ordinary post and at your own risk.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, 9 May 2019, or upon contingency on any other date determined by HKSCC or HKSCC Nominees.

If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)

For Hong Kong Public Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offer Shares allotted to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "11. Publication of results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 9 May 2019 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Hong Kong Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Branch Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 9 May 2019, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Thursday, 9 May 2019 by ordinary post at your own risk.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via electronic application instructions to HKSCC

Allocation of Hong Kong Public Offer Shares

For the purposes of allocating Hong Kong Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share certificates into CCASS and refund of application monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, 9 May 2019, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "11. Publication of Results" above on Thursday, 9 May 2019. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 9 May 2019 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 9 May 2019. Immediately following the credit of the Hong Kong Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 9 May 2019.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

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

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of inclusion in this prospectus, received from the reporting accountants of the Company, Crowe (HK) CPA Limited, Certified Public Accountants.



國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

25 April 2019

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF JBB BUILDERS INTERNATIONAL LIMITED AND ALLIANCE CAPITAL PARTNERS LIMITED

Introduction

We report on the historical financial information of JBB Builders International Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-79, which comprises the combined statements of financial position as at 30 June 2016, 2017 and 2018 and 31 October 2018 and the statement of financial position of the Company as at 30 June 2018 and 31 October 2018, and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the years ended 30 June 2016, 2017 and 2018 and the four months ended 31 October 2018 (the “Track Record Period”) and a summary of significant accounting policies and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-79 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 25 April 2019 (the “Prospectus”) in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2.2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2.2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 30 June 2016, 2017 and 2018 and 31 October 2018 and Company's financial position as at 30 June 2018 and 31 October 2018, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2.2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises statements of combined profit or loss and other comprehensive income, changes in equity and cash flows for the four months ended 31 October 2017 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2.2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review

Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2.2 to the Historical Financial Information.

Report on matters under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 23(d) to the Historical Financial Information which contains information about the dividends paid by the Group in respect of the Track Record Period.

No historical financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong

Lau Kwok Hung

Practising Certificate No: P04169

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which form an integral part of the accountants' report.

The combined financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by Crowe (HK) CPA Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Malaysian Ringgit ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

(a) Combined statements of profit or loss and other comprehensive income

	Section II Note	Year ended 30 June			Four months ended 31 October	
		2016 RM'000	2017 RM'000	2018 RM'000	2017 RM'000 (Unaudited)	2018 RM'000
Revenue	4	281,696	514,071	537,816	184,416	120,262
Direct costs		(246,513)	(461,958)	(466,821)	(154,893)	(107,238)
Gross profit		35,183	52,113	70,995	29,523	13,024
Other revenue	5	883	2,719	2,901	1,099	2,735
Other net income/(loss)	5	(90)	195	(2,034)	(241)	356
General and administrative expenses		(9,150)	(18,381)	(27,187)	(7,222)	(4,972)
Profit from operations		26,826	36,646	44,675	23,159	11,143
Share of loss of a joint venture		—	(2)	(47)	(3)	(4)
Finance costs	6(a)	(64)	(257)	(291)	(106)	(74)
Profit before taxation	6	26,762	36,387	44,337	23,050	11,065
Income tax expenses	9	(7,257)	(9,573)	(12,569)	(5,883)	(3,041)
Profit for the year/period		19,505	26,814	31,768	17,167	8,024
Other comprehensive loss for the year/period						
Items that will not be reclassified to profit or loss:						
Currency translation differences		—	—	—	—	(282)
Total comprehensive income for the year/period		<u>19,505</u>	<u>26,814</u>	<u>31,768</u>	<u>17,167</u>	<u>7,742</u>
Profit for the year/period attributable to						
Owners of the Company		16,448	21,235	23,077	11,929	7,165
Non-controlling interests		3,057	5,579	8,691	5,238	859
		<u>19,505</u>	<u>26,814</u>	<u>31,768</u>	<u>17,167</u>	<u>8,024</u>
Total comprehensive income for the year/period attributable to						
Owners of the Company		16,448	21,235	23,077	11,929	6,883
Non-controlling interests		3,057	5,579	8,691	5,238	859
		<u>19,505</u>	<u>26,814</u>	<u>31,768</u>	<u>17,167</u>	<u>7,742</u>

(b) Combined statements of financial position

	Section II Note	As at 30 June			As at
		2016 RM'000	2017 RM'000	2018 RM'000	31 October 2018 RM'000
Non-current assets					
Property, plant and equipment	11	17,269	20,438	14,462	11,945
Investment properties	12	—	—	—	3,300
Interest in a joint venture	13	—	448	401	397
Deposits paid for acquisition of investment properties	14	11,356	28,797	3,766	—
Deposits paid for acquisition of property, plant and equipment	14	138	600	—	—
Deferred tax assets	22(b)	185	115	296	725
		<u>28,948</u>	<u>50,398</u>	<u>18,925</u>	<u>16,367</u>
Current assets					
Trade and other receivables	14	56,390	213,694	288,953	167,483
Amounts due from related companies	27(c)	3,665	1,343	72	—
Amounts due from contract customers	15(a)	104,016	111,593	44,252	—
Contract assets	15(b)	—	—	—	85,643
Amounts due from directors	16	—	11,000	—	—
Tax recoverable	22(a)	—	—	257	363
Pledged bank deposits	17	415	5,874	5,555	5,587
Cash and cash equivalents	18	10,996	14,082	41,644	66,881
		<u>175,482</u>	<u>357,586</u>	<u>380,733</u>	<u>325,957</u>
Current liabilities					
Trade and other payables	19	136,671	270,054	320,546	277,831
Amounts due to contract customers	15(a)	575	37,122	7,788	—
Bank loans and overdrafts	20	398	704	704	641
Dividend payable		—	—	7,200	—
Obligations under finance leases	21	583	1,487	1,517	1,468
Amount due to immediate holding company	27(c)	—	—	2,574	5,400
Amounts due to directors	16	15,064	13,503	3,107	—
Provision for taxation	22(a)	6,760	11,018	9,765	6,248
		<u>160,051</u>	<u>333,888</u>	<u>353,201</u>	<u>291,588</u>
Net current assets		<u>15,431</u>	<u>23,698</u>	<u>27,532</u>	<u>34,369</u>
Total assets less current liabilities		<u>44,379</u>	<u>74,096</u>	<u>46,457</u>	<u>50,736</u>
Non-current liabilities					
Obligations under finance leases	21	904	3,469	1,949	1,584
Deferred tax liabilities	22(b)	1,371	1,709	1,322	1,206
		<u>2,275</u>	<u>5,178</u>	<u>3,271</u>	<u>2,790</u>
Net assets		<u>42,104</u>	<u>68,918</u>	<u>43,186</u>	<u>47,946</u>
Capital and reserves					
Share capital	23	6,500	6,500	6,500	6,500
Reserves		<u>29,627</u>	<u>50,862</u>	<u>23,639</u>	<u>27,813</u>
Total equity attributable to owners of the Company		<u>36,127</u>	<u>57,362</u>	<u>30,139</u>	<u>34,313</u>
Non-controlling interests		<u>5,977</u>	<u>11,556</u>	<u>13,047</u>	<u>13,633</u>
		<u>42,104</u>	<u>68,918</u>	<u>43,186</u>	<u>47,946</u>

(c) Statement of financial position of the Company

	<i>Section II</i>	As at	As at
	<i>Note</i>	30 June	31 October
		2018	2018
		<i>RM'000</i>	<i>RM'000</i>
Non-current asset			
Investment in a subsidiary		<u>—</u>	<u>—</u>
		<u>—</u>	<u>—</u>
Current assets			
Cash and cash equivalents		—	217
Prepayment and deposits		<u>829</u>	<u>528</u>
		<u>829</u>	<u>745</u>
Current liabilities			
Accruals and other payables		2,328	1,651
Amount due to immediate holding company		2,574	5,400
Amount due to a director		155	—
Amount due to a subsidiary		<u>3,002</u>	<u>3,272</u>
		<u>8,059</u>	<u>10,323</u>
Net liabilities		<u><u>(7,230)</u></u>	<u><u>(9,578)</u></u>
Capital and reserves			
Share capital	23(b)	—	—
Reserves	23(c)	<u>(7,230)</u>	<u>(9,578)</u>
		<u><u>(7,230)</u></u>	<u><u>(9,578)</u></u>

(d) Combined statements of changes in equity

	Attributable to owners of the Company			Total RM'000	Non- controlling interest RM'000	Total equity RM'000
	Combined capital RM'000 (Note 23)	Exchange reserve RM'000	Retained earnings RM'000			
At 1 July 2015	5,052	—	13,629	18,681	2,440	21,121
Changes in equity for the year ended 30 June 2016:						
Profit and total comprehensive income for the year	—	—	16,448	16,448	3,057	19,505
Issuance of new ordinary shares	998	—	—	998	480	1,478
Bonus issue of shares	450	—	(450)	—	—	—
At 30 June 2016	6,500	—	29,627	36,127	5,977	42,104
At 1 July 2016	6,500	—	29,627	36,127	5,977	42,104
Changes in equity for the year ended 30 June 2017:						
Profit and total comprehensive income for the year	—	—	21,235	21,235	5,579	26,814
At 30 June 2017	6,500	—	50,862	57,362	11,556	68,918
At 1 July 2017	6,500	—	50,862	57,362	11,556	68,918
Changes in equity for the year ended 30 June 2018:						
Profit and total comprehensive income for the year	—	—	23,077	23,077	8,691	31,768
Interim dividends declared (Note 23(d))	—	—	(50,300)	(50,300)	(7,200)	(57,500)
At 30 June 2018	6,500	—	23,639	30,139	13,047	43,186
Changes in equity for the four months ended 31 October 2017 (unaudited):						
At 1 July 2017	6,500	—	50,862	57,362	11,556	68,918
Profit and total comprehensive income for the period	—	—	11,929	11,929	5,238	17,167
At 31 October 2017 (unaudited)	6,500	—	62,791	69,291	16,794	86,085
Changes in equity for the four months ended 31 October 2018:						
At 1 July 2018	6,500	—	23,639	30,139	13,047	43,186
Impact on initial application of HKFRS 9	—	—	(2,709)	(2,709)	(273)	(2,982)
Adjusted balance at 1 July 2018	6,500	—	20,930	27,430	12,774	40,204
Profit for the period	—	—	7,165	7,165	859	8,024
Other comprehensive loss for the period Currency translation differences	—	(282)	—	(282)	—	(282)
Total comprehensive income for the period	—	(282)	7,165	6,883	859	7,742
At 31 October 2018	6,500	(282)	28,095	34,313	13,633	47,946

(e) Combined statements of cash flows

	<i>Section II Note</i>	Year ended 30 June			Four months ended 31 October	
		2016 <i>RM'000</i>	2017 <i>RM'000</i>	2018 <i>RM'000</i>	2017 <i>RM'000</i> (Unaudited)	2018 <i>RM'000</i> (Unaudited)
Operating activities						
Profit before Taxation		26,762	36,387	44,337	23,050	11,065
Adjustments for:						
Allowance/(reversal) for impairment loss on trade receivables and contract assets	6(c)	—	—	231	231	(1,635)
Bad debts written off/(recovered)	5, 6(c)	82	1,020	18	—	(946)
Depreciation	6(c)	3,290	5,485	6,256	2,082	1,768
Loss/(gain) on disposal of property, plant and equipment	5	44	—	—	—	(720)
Fair value loss on investment properties		—	—	—	—	581
Share of (loss) of a joint venture		—	2	47	3	4
Interest expenses	6(a)	64	257	291	106	74
Interest income	5	(245)	(644)	(365)	(88)	(86)
Operating cash flows before movements in working capital		29,997	42,507	50,815	25,384	10,105
Decrease/(increase) in trade and other receivables		58,813	(158,324)	(75,508)	(30,980)	64,951
(Increase)/decrease in amounts due from contract customers and contract assets		(53,838)	(7,577)	67,341	48,599	13,809
(Decrease)/increase in trade and other payables		(15,214)	133,383	50,492	(26,032)	(42,879)
(Decrease)/increase in amounts due to contract customers and contract liabilities		148	36,547	(29,334)	2,802	(7,788)
Cash generated from operations		19,906	46,536	63,806	19,773	38,198
Income tax paid		(3,592)	(4,907)	(14,647)	(1,675)	(6,266)
Net cash generated from operating activities		16,314	41,629	49,159	18,098	31,932
Investing activities						
Interest received		245	644	365	88	86
Proceeds from disposal of property, plant and equipment		104	—	—	—	—
Payments for purchase of property, plant and equipment		(7,270)	(4,007)	(280)	(216)	(101)
Payments for purchases of investment properties		—	—	—	—	(115)
Deposits paid for acquisition of investment properties		(10,960)	(17,441)	(15,544)	(8,939)	—
Deposits paid for acquisition of property, plant and equipment		(138)	(600)	600	—	—
Investment in a joint venture (Advance to) related company		(3,593)	(450)	—	—	—
Repayment from related companies		—	2,772	41,846	—	72
(Advance to) directors		—	(11,000)	(3,000)	(2,000)	—
Repayment from directors		—	—	14,000	10,000	—
(Increase)/decrease in pledged bank deposits		3,270	(5,459)	319	(32)	(32)
Net cash (used in)/generated from investing activities		(18,342)	(35,991)	38,306	(1,099)	(90)

<i>Section II</i>	Year ended 30 June			Four months ended	
	2016	2017	2018	2017	2018
<i>Note</i>	RM'000	RM'000	RM'000	RM'000	RM'000
				(Unaudited)	
Financing activities					
Issue of shares	998	—	—	—	—
Contribution from NCI	480	—	—	—	—
Advance from immediate holding company	—	—	2,574	—	2,686
Advance from directors	21,183	16,768	10,739	—	—
Dividends paid	—	—	(50,300)	—	(7,200)
(Repayment to) directors	(11,706)	(18,329)	(21,135)	(4,000)	(1,540)
Proceeds from bank borrowings	—	1,684	200	197	6
(Repayment of) bank borrowings	—	(980)	(200)	(69)	(69)
Capital element of finance leases rentals paid	(444)	(1,040)	(1,490)	(494)	(414)
Interest element on finance leases rentals paid	(61)	(186)	(247)	(94)	(62)
Interest on bank borrowings	(3)	(71)	(44)	(12)	(12)
Net cash generated from/(used in) financing activities	10,447	(2,154)	(59,903)	(4,472)	(6,605)
Net increase in cash and cash equivalents	8,419	3,484	27,562	12,527	25,237
Cash and cash equivalents at beginning of the years/periods	2,179	10,598	14,082	14,082	41,644
Cash and cash equivalents at end of the years/periods	18	10,598	14,082	26,609	66,881

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liabilities on 30 April 2018 under the Companies Law (Cap. 22) (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The respective address of the registered office and principal place of business of the Company are stated at the "Corporate Information" section of the Prospectus.

The Company is an investment holding company. During the Track Record Period, the Company's subsidiaries are engaged in the provision of marine construction services and building and infrastructure services. As at 31 October 2018, the Company's immediate and ultimate holding company was JBB Builders Investment Limited, a private company incorporated in the British Virgin Islands (the "BVI"). The Company is ultimately controlled by Mr. Ng Say Piyu and Ms. Ngooi Leng Swee Mary (the "Controlling Shareholders"), who have entered into a Concert Party Deed as stated in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus.

Pursuant to the reorganisation details which set out in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group.

As at the date of this report, the Company had direct and indirect interests in the following subsidiaries, all of which are private limited liability companies:

Company name	Place and date of incorporation and place of business	Issued and fully paid-up capital	Principal activities	Effective interest attributable to the Group				
				As at 30 June 2016	As at 30 June 2017	As at 30 June 2018	As at 31 October 2018	At date of the report
JBB Delima Investment Limited (Note 1) ("JBB Delima Investment")	British Virgin Islands 30 April 2018	USD1	Investment holding	N/A	N/A	100%	100%	100%
JBB Builders (M) Sdn. Bhd. (Note 2) ("JBB Builders")	Malaysia 4 May 1996	RM5,000,000	Marine construction, building and infrastructure services	100%	100%	100%	100%	100%
JBB Marine (M) Sdn. Bhd. (Note 3) ("JBB Marine")	Malaysia 30 January 2015	RM1,000,000	Marine transportation and fleet management	52%	52%	52%	52%	52%
Gabungan Jaspadu Sdn. Bhd. (Note 4) ("Gabungan")	Malaysia 3 June 2013	RM1,000,000	Land based machinery works and rental	50%	50%	50%	50%	50%
Pavilion Ingenious Sdn. Bhd. (Note 5) ("Pavilion")	Malaysia 6 February 2014	RM1,000,000	Sand dredging and loading works	100%	100%	100%	100%	100%

Notes:

- JBB Delima Investment is directly held by the Company and all other subsidiaries are indirectly held by the Company. No statutory financial statements have been prepared for JBB Delima Investment since its incorporation as this entity is not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

- (2) The statutory financial statements of JBB Builders for the years ended 30 June 2016, 2017 and 2018 were prepared in accordance with the relevant accounting principles and rules and regulations in Malaysia. The statutory financial statements were audited by the following Chartered Accountants:

Years ended 30 June 2016 and 2017	H. Y. Lim & Co., Chartered Accountants
Year ended 30 June 2018	Crowe Malaysia (AF1018)

- (3) The statutory financial statements of JBB Marine for the period from 30 January 2015 (date of incorporation) to 30 June 2016 and the years ended 30 June 2017 and 2018 were prepared in accordance with the relevant accounting principles and rules and regulations in Malaysia. The statutory financial statements were audited by the following Chartered Accountants:

30 January 2015 (date of incorporation) to 30 June 2016 and year ended 30 June 2017	H. Y. Lim & Co., Chartered Accountants
Year ended 30 June 2018	Crowe Malaysia (AF1018)

- (4) Gabungan is considered to be a subsidiary of the Company despite the Company holds indirectly not more than half of the equity interest therein as the Company has the power to cast the majority of votes at meetings of the board of directors of this entity, and has power to affect the returns of this entity.

The statutory financial statements of Gabungan for the years ended 31 May 2016 and 2017 and for the period from 1 June 2017 to 30 June 2018 were prepared in accordance with the relevant accounting principles and rules and regulations in Malaysia. The statutory financial statements were audited by the following Chartered Accountants:

Years ended 31 May 2016 and 2017 and for the period from 1 June 2017 to 30 June 2018	H. Y. Lim & Co., Chartered Accountants
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- (5) The statutory financial statements of Pavilion for years ended 31 January 2016 and 2017 and for the period from 1 February 2017 to 30 June 2018 were prepared in accordance with the relevant accounting principles and rules and regulations in Malaysia. The statutory financial statements were audited by the following Chartered Accountants:

Years ended 31 January 2016 and 2017	Lim Chong Wee & Co. (AF 1027), Chartered Accountants
For the period from 1 February 2017 to 30 June 2018	Crowe Malaysia (AF1018)

These companies were beneficially owned and directly or indirectly controlled by the Controlling Shareholders during the Track Record Period.

2.1 STATEMENT OF COMPLIANCE

The Historical Financial Information set out in this report has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the HKICPA. Further details of the significant accounting policies adopted are set out in Note 3.1.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing the Historical Financial Information, the Group has adopted all the new and revised HKFRSs that are effective for the accounting period beginning on 1 January 2017 for the years ended 30 June 2016, 2017 and 2018 and the four months ended 31 October 2017.

The Group has adopted all the new and revised HKFRSs that are effective for the accounting period beginning on 1 January 2018 for the four months ended 31 October 2018. Of these, the following development are relevant to the financial information for the four months ended 31 October 2018:

HKFRS 9	“Financial Instruments”
HKFRS 15	“Revenue from Contracts with Customers”

HKFRS 9, Financial instruments

HKFRS 9 replaces HKAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 July 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity as at 1 July 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on retained earnings and reserves and the related tax impact as at 1 July 2018.

Retained earnings	<i>RM'000</i>
Recognition of additional expected credit losses on:	
— financial assets measured at amortised cost	(3,424)
— contract assets	(141)
Related tax	<u>856</u>
Net decrease in retained earnings as at 1 July 2018	<u><u>(2,709)</u></u>
 Non-controlling interests	
Recognition of additional expected credit losses on financial assets measured at amortised cost and contract asset, net of tax, and decrease in non-controlling interests as at 1 July 2018	<u><u>(273)</u></u>

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

a. Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The following table shows the original measurement categories for each class of the Group's financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS 39 carrying amount as at 30 June 2018 <i>RM'000</i>	Reclassification <i>RM'000</i>	Remeasurement <i>RM'000</i>	HKFRS 9 carrying amount as at 1 July 2018 <i>RM'000</i>
Financial assets carried at amortised cost				
Cash and cash equivalents	41,644	—	—	41,644
Pledged bank deposits	5,555	—	—	5,555
Trade and other receivables (<i>note (i)</i>)	288,953	(55,321)	(3,783)	229,849
Amount due from related companies	<u>72</u>	<u>—</u>	<u>—</u>	<u>72</u>
	<u>336,224</u>	<u>(55,321)</u>	<u>(3,783)</u>	<u>277,120</u>

Note:

- (i) Trade and other receivables of RM55,321,000 were reclassified to contract assets as at 1 July 2018 as a result of the initial application of HKFRS 15.

For an explanation of how the Group classifies and measures financial assets and recognises related gains and losses under HKFRS 9, see respective accounting policy notes in Notes 3.1(g), (h) and (k).

The measurement categories for all financial liabilities remain the same, except for financial guarantee contracts (see Note 3.1(g)). The carrying amounts for all financial liabilities (including financial guarantee contracts) as at 1 July 2018 have not been impacted by the initial application of HKFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL as at 1 July 2018.

b. Credit losses

HKFRS 9 replaces the “incurred loss” model in HKAS 39 with the “expected credit loss” (ECL) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the “incurred loss” accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

- financial assets measured at amortised cost;
- contract assets as defined in HKFRS 15 (see Note 3.1(p));
- financial guarantee contracts issued (see Note 3.1(g)); and

For further details on the Group's accounting policy for accounting for credit losses (see Note 3.1(g)).

The following table reconciles the closing loss allowance determined in accordance with HKAS 39 as at 30 June 2018 with the opening loss allowance determined in accordance with HKFRS 9 as at 1 July 2018.

	<i>RM'000</i>
Loss allowance as at 30 June 2018 under HKAS 39	867
Additional credit loss recognised at 1 July 2018 on:	
— Trade receivables	3,783
— Contract assets recognised on adoption of HKFRS 15	141
Loss allowance at 1 July 2018 under HKFRS 9	4,791

HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity as at 1 July 2018. Therefore, comparative information has not been restated and continues to be reported under HKASs 11 and 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 July 2018. There are no significant impact of the requirements of HKFRS 15 on the Group's retained earnings and reserves as at 1 July 2018.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

a. Timing of revenue recognition

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue, the Group continues to recognise revenue from reclamation and related works and building and infrastructure services over time and continue to recognise its revenue on marine transportation services at a point in time.

b. Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. 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 (see Note 3.1(p)).

To reflect these changes in presentation, the Group has made the following adjustments as at 1 July 2018, as a result of the adoption of HKFRS 15:

- (i) Amounts due from contract customers and trade and other receivables amounting to RM44,252,000 and RM55,321,000 respectively are now included under contract assets (Note 15); and
- (ii) Amounts due to contract customers amounting to RM7,788,000 are now included under contract liabilities (Note 15).

c. Disclosure of the estimated impact on the amounts reported in respect of the four months ended 31 October 2018 as a result of the adoption of HKFRS 15 on 1 July 2018

The following tables summarise the estimated impact of adoption of HKFRS 15 on the Group's combined financial statements for the four months ended 31 October 2018, by comparing the amounts reported under HKFRS 15 in these combined financial statements with estimates of the hypothetical amounts that would have been recognised under HKAS 18 and HKAS 11 if those superseded standards had continued to apply after 1 July 2018 instead of HKFRS 15. These tables show only those line items impacted by the adoption of HKFRS 15:

	Amounts reported in accordance with HKFRS 15 RM'000	Hypothetical amounts under HKASs 18 and 11 RM'000	Difference: Estimated impact of adoption of HKFRS 15 RM'000
Line items in the combined statement of financial position as at 31 October 2018 impacted by the adoption of HKFRS 15:			
Trade and other receivables	167,483	220,568	(53,085)
Contract assets	85,643	—	85,643
Amounts due from contract customers	—	32,558	(32,558)
Line items in the reconciliation of profit before taxation to cash generated from operation for the four months ended 31 October 2018 impacted by the adoption of HKFRS 15:			
Profit before taxation	11,065	11,065	—
Decrease in amounts due from contract customers and contract assets	13,809	11,631	2,178
Decrease in trade and other receivables	64,951	67,129	(2,178)

The significant differences arise as a result of the changes in accounting policies described above.

The Group has not adopted any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period and not yet adopted in this Historical Financial Information are set out in Note 30.

2.2 BASIS OF PREPARATION AND PRESENTATION

The Historical Financial Information comprising the Company and its subsidiaries and the Group's interest in a joint venture has been prepared using the principles of merger accounting as if the Group had always been in existence. Information regarding the Company and its subsidiaries is set out in Note 1 above.

Pursuant to the Reorganisation, details of which are set out in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group.

All the companies now comprising the Group that took part in the Reorganisation were controlled by the same Controlling Shareholders before and after the Reorganisation. As the control is not transitory and consequently, there was a continuation of risks and benefits to the Controlling Shareholders and the Reorganisation is considered to be a restructuring of entities under common control. The Historical Financial Information has been prepared using the merger basis of accounting as if the Group has always been in existence and the net assets of the companies now comprising the Group are combined using the existing book values from the Controlling Shareholders' perspective.

The combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flow of the Group for the Track Record Period as set out in section I of this report include the financial performance and cash flows of the companies now comprising the Group (or where the companies were incorporated at a date later than 1 July 2015, for the period from the date of incorporation to 31 October 2018) as if the current group structure had been in existence throughout the Track Record Period. The combined statements of financial position of the Group as at 30 June 2016, 2017 and 2018 and 31 October 2018 as set out in section I of this report have been prepared to present the financial position of the companies now comprising the Group as at those dates as if the current group structure had been in existence at the respective dates.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information.

The Historical Financial Information has been prepared under the historical cost convention except for investment properties (see Note 3.1(e)) which is stated at fair value. Items included in the Historical Financial Information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The combined financial statements are presented in Malaysia Ringgit ("RM"), rounded to the nearest thousand, unless otherwise stated. RM is the Company's presentation currency and the functional currency of the principal operating subsidiaries of the Group. The functional currency of the Company is Hong Kong Dollars ("HK\$").

The preparation of the Historical Financial Information in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

Judgments made by management in the application of HKFRSs that have a significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.2.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of combination

(i) *Business combinations involving entities under common control*

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets and liabilities of the entities being combined are measured at the carrying amounts as recorded by the entities being combined at the combination date. The difference between the carrying amount of the net assets

obtained and the carrying amount of consideration paid for the combination (or the total face value of shares issued) is adjusted to equity. The combination date is the date on which one combining entity effectively obtains control of the other combining entities.

(ii) *Business combinations involving entities not under common control*

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. The acquirer, at the acquisition date, allocates the cost of the business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at their fair value at that date.

(b) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is included in the Historical Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in the former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as fair value on initial recognition of a financial asset.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the combined statements of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the combined statements of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the combined statements of financial position.

(c) Joint venture

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in a joint venture is accounted for in the combined financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the

group's share of the investee's net assets and any impairment loss relating to the investment. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year and the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income are recognised in the combined statements of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when joint control is lost recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses (see Note 3.1(g)):

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives. The principal annual rates used for this purpose are as follows:

Leasehold improvements	40%
Plant and machinery	20%
Motor vehicles	20%
Furniture, fittings and equipment	10% to 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are recognised in profit or loss during the reporting period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(e) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in Note 3.1(o).

When the group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see Note 3.1(f)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in Note 3.1(f).

(f) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset or, if lower, the present value of the minimum lease payments of such assets are recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in Note 3.1(d). Impairment losses are accounted for in accordance with the accounting policy as set out in Note 3.1(g). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(iii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived

from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(g) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

(A) Policy applicable from 1 July 2018

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables).
- contract assets as defined in HKFRS 15 (see Note 3.1(p));

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs 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 and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with Note 3.1(o)(iv) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(B) Policy applicable prior to 1 July 2018

Prior to 1 July 2018, an “incurred loss” model was used to measure impairment losses on financial assets not classified as at FVPL (e.g. trade and other receivables, available-for-sale investments and held-to-maturity debt securities). Under the “incurred loss” model, an impairment loss was recognised only when there was objective evidence of impairment. Objective evidence of impairment included:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence existed, an impairment loss was determined and recognised as follows:

For trade and other receivables and other financial assets carried at amortised cost, impairment loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where the effect of discounting was material. This assessment was made collectively where these financial assets shared similar risk characteristics, such as similar past due status, and had not been individually assessed as impaired. Future cash flows for financial assets which were assessed for impairment collectively were based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreased and the decrease could be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss was reversed through profit or loss. A reversal of an impairment loss was only recognised to the extent that it did not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

When the recovery of a trade debtor or other financial assets carried at amortised cost was considered doubtful but not remote, associated impairment losses were recorded using an allowance account. When the Group was satisfied that recovery was remote, the amount considered irrecoverable was written off against the gross carrying amount of those assets directly. Subsequent recoveries of amounts previously charged to the allowance account were reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly were recognised in profit or loss.

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within "trade and other payables" at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

(A) Policy applicable from 1 July 2018

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in "trade and other payables" in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in Note 3.1(g)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(B) Policy applicable prior to 1 July 2018

Prior to 1 July 2018, a provision would be recognised if and when it became probable that (i) the holder of the guarantee would call upon the Group under the guarantee and (ii) the amount of the claim on the Group was expected to exceed the amount carried in “trade and other payables” in respect of the guarantee.

(iii) impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- *property, plant and equipment*
- *deposits paid for acquisition of investment properties*
- *deposits paid for acquisition of property, plant and equipment*

If any such indication exists, the asset's recoverable amount is estimated.

- *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(h) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see Note 3.1 (p)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 3.1 (g)(i)).

(i) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost, using the effective interest method. Interest expense, is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 3.1(r)).

(j) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with Note 3.1(g)(ii), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the combined cash flow statement. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 3.1(g)(i).

(l) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are recognised in profit or loss in the period in which the associated services are rendered by employees.

(ii) Defined contribution plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(m) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future or, in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 3.1(e), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates (and tax laws) enacted or substantively enacted at the end of the reporting period.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the deferred tax assets and settle the deferred tax liabilities on a net basis or realise and settle simultaneously.

(n) Provisions and contingent liabilities

(i) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Onerous contracts

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.

(o) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Construction contracts

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively 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.

The likelihood of the Group earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

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 the policy set out in Note 3.1(n)(ii).

Revenue for construction contracts was recognised on a similar basis in the previous year/period under HKAS 11.

(ii) Marine transportation services

Revenue is recognised upon the transportation services have been provided to customers.

(iii) Sale of goods

Revenue is recognised when the customer takes possession of and accepts the products.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

(v) Rental income

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term.

(p) Construction contracts

(i) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 3.1(o)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in Note 3.1(g)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 3.1(h)).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see Note 3.1(o)). 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 (see Note 3.1(h)).

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.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

Policy prior to 1 July 2018

Contract balances were recorded for construction contracts at the net amount of costs incurred plus recognised profit less recognised losses and progress billings. These net balances were presented as the “Amounts due from contract customers” (as an asset) or the “Amounts due to contract customers” (as a liability), as applicable, on a contract-by-contract basis. Progress billings not yet paid by the customer were included under “Trade and other receivable”. Amounts received before the related work was performed were presented as “Advances received” under “Trade and other payables” (see Note 3.1(j)).

(ii) Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory, property, plant and equipment or intangible assets.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised.

(q) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognised such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The functional currency of the Company is Hong Kong Dollars (“HK\$”). The results of companies comprising the Group are translated into RM at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Combined statements of financial position items are translated into RM at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

(r) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(s) Related parties

A party is considered to be related to the Group if:

- (a) the party is a person, or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) the party is an entity where any of the following conditions applies:
 - (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(t) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's board of directors (the chief operating decision maker) for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3.2 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The Group's financial position and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the Historical Financial Information. Management bases the assumptions and estimates on historical experience and on other factors that the management believes to be reasonable and which form the basis for making judgments about matters that are not readily apparent from other sources. On an on-going basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of significant accounting policies, the judgments and other uncertainties affecting the application of those policies and the sensitivity of reporting results to changes in conditions and assumptions are factors to be considered when reviewing the Historical Financial Information. The significant accounting policies are set out in Note 3.1 above. Management believes the following significant accounting policies involve the most significant judgments and estimates used in the preparation of the Historical Financial Information.

Key sources of estimation uncertainty

(i) Construction contracts

The Group recognises contract revenue and profit of a construction contract according to the management's estimation of the total outcome of the project as well as the progress towards complete satisfaction of a performance obligation of construction works. Estimated construction revenue is determined in accordance with the terms set out in the relevant contract. Construction costs which mainly comprise subcontracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major contractors/suppliers/vendors involved and the experience of the management. Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

(ii) Impairment of trade and other receivables and contract assets

Before adoption of HKFRS 9, management of the Group estimates the recoverability of trade receivables and contract assets based on objective evidence. When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

Since the adoption of HKFRS 9 on 1 July 2018, management estimates the amount of loss allowance for ECL on trade receivables and contract assets based on the changes in credit risk. The loss allowance amount is measured as the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses. The assessment of the credit risk involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise.

(iii) Impairment of property, plant and equipment

If circumstances indicate that the carrying amounts of property, plant and equipment may not be recoverable, the assets may be considered impaired, and an impairment loss may be recognised to reduce the carrying amounts to the recoverable amount in accordance with the accounting policy for impairment of these assets as described in Note 3.1(g). The recoverable amount is the greater of the fair value less costs of disposal and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to level of the revenue and the amount of operating costs. Management uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and the amount of operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(iv) Depreciation of property, plant and equipment

Management estimates the useful lives of property, plant and equipment based on the periods over which the assets are expected to be available for use. Management reviews annually their estimated useful lives, based on factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase depreciation charges and decrease the carrying amount of property, plant and equipment.

Critical accounting judgements in applying the Group's accounting policies*Recognition of income taxes and deferred tax assets*

Determining income tax provision involves judgment on the future tax treatment of certain transactions. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised in respect of deductible temporary differences, unused tax losses and unused tax credits. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

4. REVENUE AND SEGMENT REPORTING**(a) Revenue**

The principal activities of the Group are engaged in the provision of marine construction services and buildings and infrastructure services.

The amount of each significant category of revenue from contracts with customers recognised during the Track Record Period was as follows:

	Year ended 30 June			Four months ended 31 October	
	2016 <i>RM'000</i>	2017 <i>RM'000</i>	2018 <i>RM'000</i>	2017 <i>RM'000</i>	2018 <i>RM'000</i>
Construction contracts					
— Reclamation and related works	156,395	222,002	98,186	32,006	8,084
— Building and infrastructure	<u>8,614</u>	<u>27,496</u>	<u>78,983</u>	<u>20,308</u>	<u>44,152</u>
	165,009	249,498	177,169	52,314	52,236
Marine transportation	<u>116,687</u>	<u>264,573</u>	<u>360,647</u>	<u>132,102</u>	<u>68,026</u>
Total	<u><u>281,696</u></u>	<u><u>514,071</u></u>	<u><u>537,816</u></u>	<u><u>184,416</u></u>	<u><u>120,262</u></u>

Revenue from construction contracts is recognised over time and revenue from marine transportation is recognised at a point in time.

As at 31 October 2018, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RM220,045,000. This amount represents revenue expected to be recognised in future from construction contracts and marine transportation 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 30 June 2019 to 30 June 2020.

(b) Segment reporting

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the board of directors of the Company, being the chief operating decision maker (the "CODM"), for the purpose of allocating resources to segments and assessing their performance.

For management purpose, the Group is organised into business units based on their products and services and has three reportable segments as follows:

Marine construction services

- Reclamation and related work, which includes land reclamation and other marine civil work and may involve soil and site investigation, land and hydrographic survey, pre-reclamation design, sand handling/filling, ground treatment and sand surcharge and removal work.
- Marine transportation, which involves transportation of marine sand including the extraction of marine sand from the approved sand source onto sand carriage and delivery of marine sand to designated sites where the marine sand is unloaded to be used for land reclamation.

Building and infrastructure services

— General building work in construction of properties and infrastructure work.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3.1. Segment profit represents the profit earned by each segment without allocation of central administrative and corporate expenses, listing expenses, unallocated other revenue, finance costs and share of loss of a joint venture. This is the measure reported to the CODM, for the purposes of resources allocation and performance assessment.

No segment assets and liabilities are presented as they were not regularly provided to the CODM for the purpose of resource allocation and performance assessment.

Information regarding the above segments is reported below.

The following is an analysis of the Group's revenue and results by reportable segments for the year/period:

*For the year ended 30 June 2016**Revenue*

	Marine construction		Building and infrastructure	Elimination of inter-segment revenue	Total
	Reclamation and related work	Marine transportation			
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Revenue from external customers	156,395	116,687	8,614	—	281,696
Inter-segment revenue	<u>36,495</u>	<u>72,095</u>	<u>—</u>	<u>(108,590)</u>	<u>—</u>
Reportable segment revenue	<u>192,890</u>	<u>188,782</u>	<u>8,614</u>	<u>(108,590)</u>	<u>281,696</u>
Reportable segment profit	<u>22,384</u>	<u>7,873</u>	<u>905</u>	<u>—</u>	31,162
Unallocated central administrative and corporate expenses:					
— General and administrative expenses					(4,572)
Other revenue					236
Finance costs					<u>(64)</u>
Profit before taxation					<u>26,762</u>
Other segment information					
Depreciation	2,887	45	—	—	2,932
Bad debts written off	<u>28</u>	<u>54</u>	<u>—</u>	<u>—</u>	<u>82</u>

*For the year ended 30 June 2017**Revenue*

	Marine construction		Building and infrastructure	Elimination of inter-segment revenue	Total
	Reclamation and related works	Marine transportation			
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Revenue from external customers	222,002	264,573	27,496	—	514,071
Inter-segment revenue	56,430	125,192	—	(181,622)	—
Reportable segment revenue	<u>278,432</u>	<u>389,765</u>	<u>27,496</u>	<u>(181,622)</u>	<u>514,071</u>
Reportable segment profit	<u>20,338</u>	<u>26,076</u>	<u>367</u>	<u>—</u>	<u>46,781</u>
Unallocated central administrative and corporate expenses:					
— General and administrative expenses					(10,779)
Other revenue					644
Finance costs					(257)
Share of (loss) of a joint venture					(2)
Profit before taxation					<u>36,387</u>
Other segment information					
Depreciation	4,970	39	—	—	5,009
Bad debts written off	74	—	946	—	1,020

*For the year ended 30 June 2018**Revenue*

	Marine construction		Building and infrastructure	Elimination of inter-segment revenue	Total
	Reclamation and related works	Marine transportation			
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Revenue from external customers	98,186	360,647	78,983	—	537,816
Inter-segment revenue	27,760	147,730	—	(175,490)	—
Reportable segment revenue	<u>125,946</u>	<u>508,377</u>	<u>78,983</u>	<u>(175,490)</u>	<u>537,816</u>
Reportable segment profit	<u>11,148</u>	<u>45,195</u>	<u>8,689</u>	<u>—</u>	<u>65,032</u>
Unallocated central administrative and corporate expenses:					
— General and administrative expenses					(13,587)
— Listing expenses					(7,135)
Other revenue					365
Finance costs					(291)
Share of (loss) of a joint venture					(47)
Profit before taxation					<u>44,337</u>
Other segment information					
Depreciation	5,682	40	—	—	5,722
Allowance for impairment loss on trade receivables	231	—	—	—	231
Bad debts written off	18	—	—	—	18

*For the period ended 31 October 2017 (unaudited)**Revenue*

	<u>Marine construction</u>			<u>Elimination of inter-segment revenue</u>	<u>Total</u>
	<u>Reclamation and related works</u>	<u>Marine transportation</u>	<u>Building and infrastructure</u>		
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Revenue from external customers	32,006	132,102	20,308	—	184,416
Inter-segment revenue	<u>27,645</u>	<u>97,796</u>	<u>—</u>	<u>(125,441)</u>	<u>—</u>
Reportable segment revenue	<u>59,651</u>	<u>229,898</u>	<u>20,308</u>	<u>(125,441)</u>	<u>184,416</u>
Reportable segment profit	<u>4,815</u>	<u>19,089</u>	<u>3,577</u>	<u>—</u>	<u>27,481</u>
Unallocated central administrative and corporate expenses:					
— General and administrative expenses					(4,456)
Other revenue					134
Finance costs					(106)
Share of (loss) of a joint venture					<u>(3)</u>
Profit before taxation					<u>23,050</u>
Other segment information					
Allowance for impairment loss on trade receivables	231	—	—	—	231
Depreciation	<u>1,893</u>	<u>14</u>	<u>—</u>	<u>—</u>	<u>1,907</u>

*For the period ended 31 October 2018**Revenue*

	<u>Marine construction</u>			<u>Elimination of inter-segment revenue</u>	<u>Total</u>
	<u>Reclamation and related works</u>	<u>Marine transportation</u>	<u>Building and infrastructure</u>		
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Revenue from external customers	8,084	68,026	44,152	—	120,262
Inter-segment revenue	<u>5,332</u>	<u>17,969</u>	<u>—</u>	<u>(23,301)</u>	<u>—</u>
Reportable segment revenue	<u>13,416</u>	<u>85,995</u>	<u>44,152</u>	<u>(23,301)</u>	<u>120,262</u>
Reportable segment profit	<u>3,126</u>	<u>8,340</u>	<u>3,817</u>	<u>—</u>	<u>15,283</u>
Unallocated central administrative and corporate expenses:					
— General and administrative expenses					(2,474)
— Listing expenses					(1,892)
Other revenue					226
Finance costs					(74)
Share of (loss) of a joint venture					<u>(4)</u>
Profit before taxation					<u>11,065</u>
Other segment information					
(Reversal) for impairment loss on trade receivables and contract assets	(736)	(650)	(249)	—	(1,635)
Bad debt (recovered)	(946)	—	—	—	(946)
Depreciation	<u>1,573</u>	<u>13</u>	<u>—</u>	<u>—</u>	<u>1,586</u>

Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, deposits paid for acquisition of investment properties and properties, plant and equipment and interest in a joint venture. The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of property, plant and equipment and deposits paid for acquisition of investment properties and properties, plant and equipment are based on the physical location of the asset under consideration. In the case of interest in a joint venture, it is the location of operations of such joint venture.

(a) Revenue from external customers

	Year ended 30 June			Four months ended 31 October	
	2016 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000
Malaysia (place of domicile)	281,696	474,078	416,636	142,644	120,262
Singapore	—	39,993	121,180	41,772	—
	<u>281,696</u>	<u>514,071</u>	<u>537,816</u>	<u>184,416</u>	<u>120,262</u>

(b) Non-current assets

No geographical information is presented as all of the Group's non-current assets are located in Malaysia as at 30 June 2016, 2017 and 2018 and 31 October 2018.

Information about major customers

Revenue from customers during the Track Record Period contributing individually over 10% or more of the Group's revenue is as follows:

	Year ended 30 June			Four months ended 31 October	
	2016 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000
Customer A ¹	78,142	*	*	*	*
Customer B ³	121,482	251,221	300,984	107,156	101,123
Customer C ¹	58,447	*	*	*	*
Customer D ¹	*	169,263	*	*	*
Customer E ²	*	*	121,180	41,772	*
	<u>258,071</u>	<u>420,484</u>	<u>422,164</u>	<u>148,928</u>	<u>101,123</u>

¹ Revenue from the Group's marine construction — reclamation and related works.

² Revenue from the Group's marine construction — marine transportation.

³ Revenue from the Group's marine construction — marine transportation and building and infrastructure.

* Revenue from the relevant customer was less than 10% of the Group's total revenue for the respective year/period.

5. OTHER REVENUE AND OTHER NET INCOME/(LOSS)

	Year ended 30 June			Four months ended 31 October	
	2016 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000
Other revenue					
Interest income	245	644	365	88	86
Total interest income on financial assets not at fair value through profit or loss	245	644	365	88	86
Handling service fee on provision of diesel	137	1,702	903	160	—
Reversal for impairment loss on trade receivables and contract assets	—	—	—	—	1,635
Bad debts recovered	—	—	—	—	946
Others	501	373	1,633	851	68
	<u>883</u>	<u>2,719</u>	<u>2,901</u>	<u>1,099</u>	<u>2,735</u>
Other net income/(loss)					
Net foreign exchange gain/(loss)	(46)	195	(2,034)	(241)	217
Fair value (loss) on investment properties	—	—	—	—	(581)
Gain/(loss) on disposal of property, plant and equipment	(44)	—	—	—	720
	<u>(90)</u>	<u>195</u>	<u>(2,034)</u>	<u>(241)</u>	<u>356</u>

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Year ended 30 June			Four months ended 31 October	
	2016 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000
Interest on bank loans and overdrafts	3	71	44	13	12
Finance charge on obligations under finance leases	61	186	247	93	62
Total interest expenses on financial liabilities not at fair value through profit or loss	<u>64</u>	<u>257</u>	<u>291</u>	<u>106</u>	<u>74</u>

(b) Staff costs (including directors' emoluments)

	Year ended 30 June			Four months ended 31 October	
	2016 RM'000	2017 RM'000	2018 RM'000	2017 RM'000 (Unaudited)	2018 RM'000
Salaries, wages and other benefits	6,786	14,215	17,318	6,444	2,563
Contributions to defined contribution retirement plan	487	606	1,126	403	228
	7,273	14,821	18,444	6,847	2,791
Less: Amount included in direct costs	(2,194)	(3,283)	(2,780)	(1,178)	(567)
	<u>5,079</u>	<u>11,538</u>	<u>15,664</u>	<u>5,669</u>	<u>2,224</u>

(c) Other items

	Year ended 30 June			Four months ended 31 October	
	2016 RM'000	2017 RM'000	2018 RM'000	2017 RM'000 (Unaudited)	2018 RM'000
Depreciation	3,290	5,485	6,256	2,082	1,768
Less: Amount included in direct costs	(2,587)	(4,412)	(5,078)	(1,693)	(1,508)
	<u>703</u>	<u>1,073</u>	<u>1,178</u>	<u>389</u>	<u>260</u>
Operating lease charges minimum lease payments in respect of					
— properties	143	227	316	60	83
— equipment	7,327	10,356	7,252	3,908	429
	7,470	10,583	7,568	3,968	512
Less: Amount included in direct costs	(7,347)	(10,477)	(7,465)	(3,934)	(478)
	<u>123</u>	<u>106</u>	<u>103</u>	<u>34</u>	<u>34</u>
Allowance/(reversal) for impairment loss on trade receivables and contract assets	—	—	231	231	(1,635)
Bad debts written off	82	1,020	18	—	—
Bad debts (recovered)	—	—	—	—	(946)
Auditors' remuneration	91	120	207	69	36
Listing expenses	—	—	7,135	—	1,892
Net foreign exchange (gain)/loss	46	(195)	2,034	241	(217)
Fair value loss on investment properties	—	—	—	—	581
(Gain)/loss on disposal of property, plant and equipment	44	—	—	—	(720)

7. DIRECTORS' EMOLUMENTS

Mr. Ng Say Piyu and Ms. Ngooi Leng Swee Mary were appointed as directors on 30 April 2018 and Mr. Lam Fung Eng and Mr. Ng Chong Boon were appointed on 10 May 2018. Mr. Tai Lam Shin, Mr. Wong Kwok Wai, Albert, Ms. Chan Pui Kwan were appointed as independent non-executive directors of the Company on 11 April 2019. Details of the emoluments paid or payable by the subsidiaries comprising the Group to these directors for their services as the subsidiaries' director during the Track Record Period are as follows:

Year ended 30 June 2016

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonus	Contribution to defined contribution plan	Total
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Executive directors					
Mr. Ng Say Piyu (Chairman)	—	—	—	—	—
Mr. Lam Fung Eng	—	180	30	26	236
Mr. Ng Chong Boon	—	180	30	26	236
Non-executive director					
Ms. Ngooi Leng Swee Mary	—	—	—	—	—
	<u>—</u>	<u>360</u>	<u>60</u>	<u>52</u>	<u>472</u>

Year ended 30 June 2017

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonus	Contribution to defined contribution plan	Total
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Executive directors					
Mr. Ng Say Piyu (Chairman)	—	—	5,000	—	5,000
Mr. Lam Fung Eng	—	184	61	30	275
Mr. Ng Chong Boon	—	184	61	30	275
Non-executive director					
Ms. Ngooi Leng Swee Mary	—	—	—	—	—
	<u>—</u>	<u>368</u>	<u>5,122</u>	<u>60</u>	<u>5,550</u>

Year ended 30 June 2018

	Directors' fees <i>RM'000</i>	Salaries, allowances and benefits in kind <i>RM'000</i>	Discretionary bonus <i>RM'000</i>	Contribution to defined contribution plan <i>RM'000</i>	Total <i>RM'000</i>
Executive directors					
Mr. Ng Say Piyu (Chairman)	—	—	3,920	—	3,920
Mr. Lam Fung Eng	—	189	1,763	225	2,177
Mr. Ng Chong Boon	—	189	1,763	225	2,177
Non-executive director					
Ms. Ngooi Leng Swee Mary	—	—	—	—	—
	—	378	7,446	450	8,274

Four months ended 31 October 2017 (Unaudited)

	Directors' fees <i>RM'000</i>	Salaries, allowances and benefits in kind <i>RM'000</i>	Discretionary bonus <i>RM'000</i>	Contribution to defined contribution plan <i>RM'000</i>	Total <i>RM'000</i>
Executive directors					
Mr. Ng Say Piyu (Chairman)	—	—	1,500	—	1,500
Mr. Lam Fung Eng	—	63	674	88	825
Mr. Ng Chong Boon	—	63	674	88	825
Non-executive director					
Ms. Ngooi Leng Swee Mary	—	—	—	—	—
	—	126	2,848	176	3,150

Four months ended 31 October 2018

	Directors' fees <i>RM'000</i>	Salaries, allowances and benefits in kind <i>RM'000</i>	Discretionary bonus <i>RM'000</i>	Contribution to defined contribution plan <i>RM'000</i>	Total <i>RM'000</i>
Executive directors					
Mr. Ng Say Piyu (Chairman)	—	—	—	—	—
Mr. Lam Fung Eng	—	63	—	7	70
Mr. Ng Chong Boon	—	63	—	7	70
Non-executive director					
Ms. Ngooi Leng Swee Mary	—	—	—	—	—
	—	126	—	14	140

Notes:

- (i) No director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the Track Record Period. No director waived or agreed to waive any emoluments during the Track Record Period.
- (ii) The Company did not have any share option scheme for the purchase of ordinary shares in the Company during the Track Record Period.
- (iii) Certain executive directors of the Group are entitled to bonus payments which are determined with reference to individual performance of the director.
- (iv) No remuneration was paid to the independent non-executive directors during the Track Record Period.

8. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, 2, 3, 3, 3 and 2 for the years ended 30 June 2016, 2017 and 2018 and the four months ended 31 October 2017 and 2018 respectively, are directors whose emoluments are disclosed in Note 7. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	Year ended 30 June			Four months ended 31 October	
	2016 <i>RM'000</i>	2017 <i>RM'000</i>	2018 <i>RM'000</i>	2017 <i>RM'000</i>	2018 <i>RM'000</i>
Salaries allowances and benefits in kind	652	525	545	185	288
Contribution to defined contribution plan	<u>80</u>	<u>64</u>	<u>47</u>	<u>20</u>	<u>19</u>
	<u>732</u>	<u>589</u>	<u>592</u>	<u>205</u>	<u>307</u>

The emoluments of the 3,2,2, 2 and 3 individuals with the highest emoluments for the years ended 30 June 2016, 2017 and 2018 and the four months ended 31 October 2017 and 2018, respectively, are within the following bands:

	Year ended 30 June			Four months ended 31 October	
	2016 Number of Individuals	2017 Number of Individuals	2018 Number of Individuals	2017 Number of Individuals	2018 Number of Individuals
HK\$0 to HK\$1,000,000	<u>3</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>3</u>

No emoluments were paid or payable by the Group to these employees as an inducement to join or upon joining the Group or as compensation for loss of office during the Track Record Period.

9. INCOME TAX IN THE COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Income tax in the combined statements of profit or loss and other comprehensive income represents:

	Year ended 30 June			Four months ended 31 October	
	2016 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000
				(Unaudited)	
Current tax					
Charge for the year/ period	6,038	9,165	13,123	6,115	2,646
Under/(over)provision in prior years	—	—	14	—	(2)
Deferred tax <i>(Note 22(b))</i>					
Origination and reversal of temporary differences	<u>1,219</u>	<u>408</u>	<u>(568)</u>	<u>(232)</u>	<u>397</u>
Income tax expense for the year/period	<u><u>7,257</u></u>	<u><u>9,573</u></u>	<u><u>12,569</u></u>	<u><u>5,883</u></u>	<u><u>3,041</u></u>

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (ii) Corporate income tax in Malaysia is calculated at the statutory rate of 24%, 24%, 24%, 24% and 24% of the estimated taxable profit for the financial years ended 30 June 2016, 2017 and 2018 and the four months ended 31 October 2017 and 2018.

Group's entities in Malaysia with a paid up capital of RM2,500,000 and below can enjoy lower corporate income tax rate of 19%, 18%, 18%, 18% and 18% on the first RM500,000 chargeable income and the above statutory rate shall be charged on chargeable income in excess of RM500,000 for the financial years ended 30 June 2016, 2017 and 2018 and the four months ended 31 October 2017 and 2018, respectively.

In addition, for the years of assessment 2017 and 2018 in Malaysia, a further reduction in the corporate income tax rate from 24% to 20%, which applies progressively at 23%, 22%, 21% and 20% on entities with an incremental chargeable income of 5% to 9.99%, 10% to 14.99%, 15% to 19.99% and 20% and above respectively, as compared to the immediate preceding year of assessment is available.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended 30 June			Four months ended 31 October	
	2016 RM'000	2017 RM'000	2018 RM'000	2017 RM'000 (Unaudited)	2018 RM'000
Profit before taxation	<u>26,762</u>	<u>36,387</u>	<u>44,337</u>	<u>23,050</u>	<u>11,065</u>
Notional tax on profit before taxation, calculated at the rates applicable to the profits in the countries concerned	6,423	8,733	10,641	5,532	2,642
Tax effect of exemption in respect of the increase in chargeable income from business	—	(339)	(968)	(423)	—
Tax effect of non-deductible expenses	1,025	1,254	2,486	346	688
Tax effect on non-taxable income	(158)	(70)	(92)	—	(253)
Tax effect of tax loss not recognised	—	—	470	458	—
Under/(over) provision in prior years/periods	—	—	14	—	(2)
Others	<u>(33)</u>	<u>(5)</u>	<u>18</u>	<u>(30)</u>	<u>(34)</u>
	<u>7,257</u>	<u>9,573</u>	<u>12,569</u>	<u>5,883</u>	<u>3,041</u>

10. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion for the purpose of this Historical Financial Information is not considered meaningful due to the Reorganisation and the preparation of the results of the Group for the Track Record Period on a combined basis as disclosed on Note 2.2.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>RM'000</i>	Plant and machinery <i>RM'000</i>	Motor vehicles <i>RM'000</i>	Furniture, fittings and equipment <i>RM'000</i>	Total <i>RM000</i>
Cost:					
At 1 July 2015	10	11,717	2,518	1,095	15,340
Additions	107	7,507	316	85	8,015
Disposal/written off	—	—	(132)	(90)	(222)
At 30 June 2016	117	19,224	2,702	1,090	23,133
At 1 July 2016	117	19,224	2,702	1,090	23,133
Additions	59	6,209	2,165	221	8,654
At 30 June 2017	176	25,433	4,867	1,311	31,787
At 1 July 2017	176	25,433	4,867	1,311	31,787
Additions	20	65	39	156	280
At 30 June 2018	196	25,498	4,906	1,467	32,067
At 1 July 2018	196	25,498	4,906	1,467	32,067
Additions	4	—	—	97	101
Disposal	—	—	(2,082)	—	(2,082)
At 31 October 2018	200	25,498	2,824	1,564	30,086
Accumulated depreciation:					
At 1 July 2015	6	1,952	577	113	2,648
Depreciation for the year	10	2,600	554	126	3,290
Disposal/written off	—	—	(65)	(9)	(74)
At 30 June 2016	16	4,552	1,066	230	5,864
At 1 July 2016	16	4,552	1,066	230	5,864
Depreciation for the year	58	4,424	867	136	5,485
At 30 June 2017	74	8,976	1,933	366	11,349
At 1 July 2017	74	8,976	1,933	366	11,349
Depreciation for the year	71	5,095	923	167	6,256
At 30 June 2018	145	14,071	2,856	533	17,605
At 1 July 2018	145	14,071	2,856	533	17,605
Depreciation for the period	24	1,514	169	61	1,768
Disposal	—	—	(1,232)	—	(1,232)
At 31 October 2018	169	15,585	1,793	594	18,141
Net book value:					
At 30 June 2016	101	14,672	1,636	860	17,269
At 30 June 2017	102	16,457	2,934	945	20,438
At 30 June 2018	51	11,427	2,050	934	14,462
At 31 October 2018	31	9,913	1,031	970	11,945

During the years ended 30 June 2016, 2017 and 2018 and the period ended 31 October 2018, additions to motor vehicles and plant and machinery of the Group which were financed by new finance leases were approximately RM745,000, RM4,509,000, RMnil and RMnil respectively. As at 30 June 2016, 2017 and 2018 and 31 October 2018, the net book value of plant and equipment held under finance leases as follow:

	As at 30 June			As at
	2016	2017	2018	31 October
	RM'000	RM'000	RM'000	2018
				RM'000
Motor vehicles	1,322	1,522	1,077	929
Plant and machinery	<u>532</u>	<u>3,650</u>	<u>2,506</u>	<u>2,188</u>
	<u>1,854</u>	<u>5,172</u>	<u>3,583</u>	<u>3,117</u>

12. INVESTMENT PROPERTIES

	RM'000
At 1 July 2015 and 30 June 2016, 2017 and 2018	—
Additions	3,881
Fair value adjustment	<u>(581)</u>
At 31 October 2018	<u>3,300</u>

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at	Fair value measurements as at		
	31 October	31 October 2018 categorised into		
	2018	Level 1	Level 2	Level 3
	RM'000	RM'000	RM'000	RM'000
Recurring fair value measurement				
Investment properties:				
— Commercial — Malaysia	<u>3,300</u>	<u>—</u>	<u>3,300</u>	<u>—</u>

During the four months period ended 31 October 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 31 October 2018. The valuations were carried out by an independent firm, KGV International Property Consultant (Johor) Sdn. Bhd., who have among their valuers registered with The Board of Valuers, Appraisers and Estate Agents, Malaysia, with recent experience in the location and category of property being valued. The Group's management have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of investment properties located in Malaysia is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis using market data which is publicly available.

13. INTEREST IN A JOINT VENTURE

	As at 30 June			As at
	2016	2017	2018	31 October
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Cost of investment in an unlisted joint venture	—	450	450	450
Share of post-acquisition loss and other comprehensive loss, net of dividends received	—	(2)	(49)	(53)
	<u>—</u>	<u>448</u>	<u>401</u>	<u>397</u>

The joint venture is accounted for using the equity method in these combined financial statements.

The followings are the particulars of the joint venture which is an unlisted corporate entity and which quoted market price is not available:

Name of company	Place of incorporation and business	Class of shares held	Particulars of issued and paid up capital	Percentage of			Principal activity
				Ownership interest	Voting power	Profit sharing	
JBB Kimlun Sdn. Bhd. ("JBB Kimlun")	Malaysia	Ordinary	RM750,000	60%	50%	60%	Building construction

JBB Kimlun was incorporated on 2 May 2017 and the Group's interest in this joint venture is held indirectly by the Company. The Group, together with its joint venture partner, intend to carry out general building construction services.

Pursuant to a shareholders' agreement dated 3 May 2017 and its supplemental agreements dated 9 May 2017, 16 May 2017 and 31 March 2019 respectively entered into between the Group and the joint venture partner (the "Parties"), decisions about the relevant activities of JBB Kimlun require the unanimous consent of the Parties. As such, the interest of the Group in JBB Kimlun is considered to be a joint venture despite that the Group holds more than half of the equity interest therein.

Summarised financial information in respect of the JBB Kimlun is set out below. The summarised financial information represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

Information of joint venture, JBB Kimlun, that is not individually material:

	For the year ended 30 June			As at
	2016	2017	2018	31 October
	RM'000	RM'000	RM'000	2018
				RM'000
Carrying amount of the Group's interest in this joint venture	N/A	448	401	397
The Group's share of loss	N/A	(2)	(47)	(4)
The Group's share of other comprehensive income	N/A	—	—	—
The Group's share of total comprehensive income	<u>N/A</u>	<u>(2)</u>	<u>(47)</u>	<u>(4)</u>

14. TRADE AND OTHER RECEIVABLES

	As at 30 June			As at	As at
	2016	2017	2018	1 July	31 October
	RM'000	RM'000	RM'000	2018	2018
				RM'000	RM'000
Trade receivables	43,048	147,191	217,534	217,534	158,421
Less: allowance for doubtful debts (<i>Note 24(a)</i>)	<u>(636)</u>	<u>(636)</u>	<u>(867)</u>	<u>(4,650)</u>	<u>(3,035)</u>
	<u>42,412</u>	<u>146,555</u>	<u>216,667</u>	<u>212,884</u>	<u>155,386</u>
Deposits, prepayments and other receivable (<i>Note (i)</i>)	15,200	71,076	20,731	20,731	12,097
Retention receivables (<i>Note 24(a)</i>)	<u>10,272</u>	<u>25,460</u>	<u>55,321</u>	<u>—</u>	<u>—</u>
	<u>67,884</u>	<u>243,091</u>	<u>292,719</u>	<u>233,615</u>	<u>167,483</u>
Less: non-current portion					
Deposits paid for the acquisition of investment properties	(11,356)	(28,797)	(3,766)	(3,766)	—
Deposits paid for acquisition of property, plant and equipment	<u>(138)</u>	<u>(600)</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>56,390</u>	<u>213,694</u>	<u>288,953</u>	<u>229,849</u>	<u>167,483</u>

All of the trade receivables are expected to be recovered within one year.

Note:

- (i) Except for the amounts of approximately RM11,494,000, RM29,397,000, RM3,766,000 and RMnil as at 30 June 2016, 2017 and 2018 and 31 October 2018 respectively, which are expected to be recognised as assets after one year, all of the remaining balances are expected to be recovered or recognised as expenses within one year.

Aging analysis of trade receivables

As at the end of each reporting period, the aging analysis of trade receivables based on the invoice date and net of allowance of doubtful debts, are as follows:

	As at 30 June			As at
	2016	2017	2018	31 October
	RM'000	RM'000	RM'000	2018
				RM'000
Within 30 days	33,076	34,591	44,839	25,761
31 to 60 days	5,715	60,553	36,146	20,297
61 to 90 days	66	47,729	37,680	37,002
Over 90 days	<u>3,555</u>	<u>3,682</u>	<u>98,002</u>	<u>72,326</u>
	<u>42,412</u>	<u>146,555</u>	<u>216,667</u>	<u>155,386</u>

Trade receivables are generally due within 14 to 90 days from the date of invoice. Further details on the Group's credit policy are set out in Note 24(a).

15. CONSTRUCTION CONTRACTS

(a) Amounts due from/to contract customers

	As at 30 June			As at
	2016	2017	2018	31 October
	RM'000	RM'000	RM'000	2018
				RM'000
Contract costs incurred plus recognised profits less recognised losses	390,616	600,380	758,795	—
Less: progress billings	<u>(287,175)</u>	<u>(525,909)</u>	<u>(722,331)</u>	<u>—</u>
	<u>103,441</u>	<u>74,471</u>	<u>36,464</u>	<u>—</u>
Analysed for reporting purpose as:				
Amounts due from contract customers	104,016	111,593	44,252	—
Amounts due (to) contract customers	<u>(575)</u>	<u>(37,122)</u>	<u>(7,788)</u>	<u>—</u>
	<u>103,441</u>	<u>74,471</u>	<u>36,464</u>	<u>—</u>

All amounts due from/(to) contract customers are expected to be recovered/settled within one year.

(b) Contract assets

Amounts represent the Group's rights to considerations from customers for the provision of marine construction services and building and infrastructure services, which arise when: (i) the Group completed the relevant services under such contracts; and (ii) the customers withhold certain amounts payable to the Group as retention money to secure the due performance of the contracts for a period of generally 3 to 27 months (defect liability period) after completion of the relevant works. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it becomes unconditional and is invoiced to the customer.

The Group's contract assets are analysed as follows:

		30 June 2018	1 July 2018	31 October
	<i>Notes</i>	<i>RM'000</i>	<i>RM'000</i>	2018
			<i>(note (i))</i>	<i>RM'000</i>
Contract assets				
Arising from performance				
under construction contracts	(ii), (iv)	—	44,189	32,558
Retention receivables	(ii), (iii)	—	<u>55,242</u>	<u>53,085</u>
		<u>—</u>	<u>99,431</u>	<u>85,643</u>
Receivables from contracts with customers within the scope of HKFRS 15, which are included in "Trade and other receivables" (Note 14)				
			<u>212,884</u>	<u>155,386</u>

Notes:

- (i) The Group has initially applied HKFRS 9 and HKFRS 15 using the cumulative effect method and adjusted the opening balances as at 1 July 2018.
- (ii) Upon the adoption of HKFRS 9, opening adjustments were made as at 1 July 2018 to recognise additional expected credit losses (ECLs) on contract assets. This has resulted in a decrease in this balance as at that date (see Note 2.1).
- (iii) Upon the adoption of HKFRS 15, retention receivables, for which the Group's entitlement to the consideration was conditional on achieving certain milestones or satisfactory completion of the retention period, were reclassified from "Trade and other receivables" to contract assets (see Note 2.1).
- (iv) Upon the adoption of HKFRS 15, amounts previously included as "Amounts due from contract customers" were reclassified to contract assets (see Note 2.1).

Typical payment terms which impact on the amount of contract assets recognised are as follows:

The Group's construction contracts include payment schedules which require stage payments over the construction period once milestones are reached and progress certificate was issued by customer. The Group also typically agrees to a retention period of 3 to 27 months for 5% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection.

The amount of contract assets that is expected to be recognised after more than one year is RM12,489,000, all of which related to retention.

(c) **Contract liabilities**

		30 June 2018	1 July 2018	31 October
	<i>Note</i>	<i>RM'000</i>	<i>RM'000</i>	2018
			<i>(note (i))</i>	<i>RM'000</i>
Contract liabilities				
Construction contracts				
— Billings in advance of performance	(ii)	<u>—</u>	<u>7,788</u>	<u>—</u>

Notes:

- (i) The Group has initially applied HKFRS 15 using the cumulative effect method and adjusted the opening balance at 1 July 2018.
- (ii) Upon the adoption of HKFRS 15, amounts previously included as “Amounts due to contract customers” were reclassified to contract liabilities (see Note 2.1).

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

When the Group receives a deposit before the production activity commences this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the project exceeds the amount of the deposit. The amount of the deposit, if any, was negotiated on a case by case basis with customers.

Movements in contract liabilities

	Four months ended
	31 October 2018
	<i>RM'000</i>
Balance as at 1 July 2018	7,788
Decrease in contract liabilities as a result of recognising revenue during the period that was included in the contract liabilities at the beginning of the period	(7,788)
Increase in contract liabilities as a result of billing in advance of construction activities	<u>—</u>
Balance as at 31 October 2018	<u><u>—</u></u>

18. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2016	As at 30 June 2017	2018	As at 31 October 2018
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Deposits with bank	—	1,000	1,000	30,000
Cash and bank balances	<u>10,996</u>	<u>13,082</u>	<u>40,644</u>	<u>36,881</u>
Cash and cash equivalents in the combined statements of financial position	10,996	14,082	41,644	66,881
Less: Bank overdrafts (Note 20)	<u>(398)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Cash and cash equivalents in the combined statements of cash flows	<u><u>10,598</u></u>	<u><u>14,082</u></u>	<u><u>41,644</u></u>	<u><u>66,881</u></u>

(b) Reconciliation of liabilities arising from financing activities

	Amounts due to directors	Amount due to immediate holding company	Finance lease liabilities	Bank loan	Dividend payable	Total
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
At 1 July 2015	5,587	—	1,186	—	—	6,773
Non-cash — new finance leases	—	—	745	—	—	745
Non-cash — interest cost	—	—	61	—	—	61
Cash flow — financing activities	<u>9,477</u>	<u>—</u>	<u>(505)</u>	<u>—</u>	<u>—</u>	<u>8,972</u>
At 30 June 2016	<u><u>15,064</u></u>	<u><u>—</u></u>	<u><u>1,487</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>16,551</u></u>

	Amounts due to directors <i>RM'000</i>	Amount due to immediate holding company <i>RM'000</i>	Finance lease liabilities <i>RM'000</i>	Bank loan <i>RM'000</i>	Dividend payable <i>RM'000</i>	Total <i>RM'000</i>
At 1 July 2016	15,064	—	1,487	—	—	16,551
Non-cash — new finance leases	—	—	4,509	—	—	4,509
Non-cash — interest cost	—	—	186	71	—	257
Cash flow — financing activities	<u>(1,561)</u>	<u>—</u>	<u>(1,226)</u>	<u>633</u>	<u>—</u>	<u>(2,154)</u>
At 30 June 2017	<u>13,503</u>	<u>—</u>	<u>4,956</u>	<u>704</u>	<u>—</u>	<u>19,163</u>
	Amounts due to directors <i>RM'000</i>	Amount due to immediate holding company <i>RM'000</i>	Finance lease liabilities <i>RM'000</i>	Bank loan <i>RM'000</i>	Dividend payable <i>RM'000</i>	Total <i>RM'000</i>
At 1 July 2017	13,503	—	4,956	704	—	19,163
Non-cash — interest cost	—	—	247	44	—	291
Non-cash — dividend declared	—	—	—	—	57,500	57,500
Cash flow — financing activities	<u>(10,396)</u>	<u>2,574</u>	<u>(1,737)</u>	<u>(44)</u>	<u>(50,300)</u>	<u>(59,903)</u>
At 30 June 2018	<u>3,107</u>	<u>2,574</u>	<u>3,466</u>	<u>704</u>	<u>7,200</u>	<u>17,051</u>
	Amounts due to directors <i>RM'000</i>	Amount due to immediate holding company <i>RM'000</i>	Finance lease liabilities <i>RM'000</i>	Bank loan <i>RM'000</i>	Dividend payable <i>RM'000</i>	Total <i>RM'000</i>
At 1 July 2018	3,107	2,574	3,466	704	7,200	17,051
Non-cash — interest cost	—	—	62	12	—	74
Non-cash — Disposal of property, plant and equipment	(1,570)	—	—	—	—	(1,570)
Cash flow — financing activities	<u>(1,540)</u>	<u>2,686</u>	<u>(476)</u>	<u>(75)</u>	<u>(7,200)</u>	<u>(6,605)</u>
Currency translation difference	<u>3</u>	<u>140</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>143</u>
At 31 October 2018	<u>—</u>	<u>5,400</u>	<u>3,052</u>	<u>641</u>	<u>—</u>	<u>9,093</u>

	Amounts due to directors <i>RM'000</i> (Unaudited)	Amount due to immediate holding company <i>RM'000</i> (Unaudited)	Finance lease liabilities <i>RM'000</i> (Unaudited)	Bank loan <i>RM'000</i> (Unaudited)	Dividend payable <i>RM'000</i> (Unaudited)	Total <i>RM'000</i> (Unaudited)
At 1 July 2017	13,503	—	4,956	704	—	19,163
Non-cash —						
interest cost	—	—	94	12	—	106
Cash flow —						
financing activities	<u>(4,000)</u>	<u>—</u>	<u>(588)</u>	<u>116</u>	<u>—</u>	<u>(4,472)</u>
At 31 October 2017	<u>9,503</u>	<u>—</u>	<u>4,462</u>	<u>832</u>	<u>—</u>	<u>14,797</u>

19. TRADE AND OTHER PAYABLES

	2016 <i>RM'000</i>	As at 30 June 2017 <i>RM'000</i>	2018 <i>RM'000</i>	As at 31 October 2018 <i>RM'000</i>
Trade payables	112,237	232,816	284,840	239,110
Other payables and accruals	18,871	18,910	24,592	24,285
Retention payables	<u>5,563</u>	<u>18,328</u>	<u>11,114</u>	<u>14,436</u>
	<u>136,671</u>	<u>270,054</u>	<u>320,546</u>	<u>277,831</u>

Note: Except for the amounts of approximately RM2,288,000, RM9,343,000, RM5,688,000 and RM7,487,000 included in the retention payables as at 30 June 2016, 2017 and 2018 and 31 October 2018 respectively which are expected to be settled after one year, all of the trade and other payables are expected to be settled within one year or are repayable on demand.

Aging analysis of trade payables

As at 30 June 2016, 2017 and 2018 and 31 October 2018, the aging analysis of trade payables, based on the invoice date, is as follows:

	2016 <i>RM'000</i>	As at 30 June 2017 <i>RM'000</i>	2018 <i>RM'000</i>	As at 31 October 2018 <i>RM'000</i>
Within 30 days	56,120	119,358	102,611	42,546
31 to 90 days	15,234	64,976	62,669	43,806
Over 90 days	<u>40,883</u>	<u>48,482</u>	<u>119,560</u>	<u>152,758</u>
	<u>112,237</u>	<u>232,816</u>	<u>284,840</u>	<u>239,110</u>

20. BANK LOANS AND OVERDRAFTS

	As at 30 June		As at
	2016	2017	31 October
	RM'000	RM'000	2018
			RM'000
Bank overdrafts, secured (<i>Note 18</i>)	398	—	—
Bank loans, secured	—	704	641
	<u>398</u>	<u>704</u>	<u>641</u>

At 30 June 2016, 2017 and 2018 and 31 October 2018, the bank loans and overdrafts were repayable as follows:

	As at 30 June		As at
	2016	2017	31 October
	RM'000	RM'000	2018
			RM'000
Within 1 year or on demand	398	704	641
	<u>398</u>	<u>704</u>	<u>641</u>

As at 30 June 2016, 2017 and 2018 and 31 October 2018, the Group's banking facilities (including bank loans, overdrafts and performance bonds) were secured and guaranteed by:

- (i) as security for a loan obtained in the purchase of the investment properties, two deed of assignments that effectively transfers and assigns all rights, interest and interest under the sale and purchase agreement and to the properties were assigned to bank as at 30 June 2016, 2017 and 2018. Upon the individual titles to the properties have been issued during the four months ended 31 October 2018, a legal charge was created over these titles in favour of the bank.
- (ii) joint and several guarantees given by directors of the Group (*Note 27(c)(iv)*) as at 30 June 2016, 2017 and 2018 and 31 October 2018. The directors have confirmed that the joint and several guarantees will be released and replaced by a corporate guarantee provided by the Company upon listing of the Company's shares on the Stock Exchange; and
- (iii) deposits with licensed banks of the Group with carrying amounts of approximately RM415,000, RM5,874,000, RM5,555,000 and RM5,587,000, as at 30 June 2016, 2017, 2018 and 31 October 2018 respectively.

The bank loans and overdrafts during the Track Record Period bear interest as follow:

	As at 30 June		As at
	2016	2017	31 October
			2018
Bank loans and overdrafts	<u>8.35%</u>	<u>5.44%</u>	<u>5.78%</u>

As at 30 June 2016, 2017 and 2018 and 31 October 2018, the Group had aggregate banking facilities of approximately RM12,380,000, RM33,380,000, RM33,380,000 and RM33,380,000 respectively, for loans and borrowings. Unused facilities as at the same date amounted to approximately RM11,982,000, RM31,698,000, RM31,500,000 and RM31,500,000 respectively.

21. OBLIGATIONS UNDER FINANCE LEASES

As at 30 June 2016, 2017 and 2018 and 31 October 2018, the Group had obligations under finance leases payable as follows:

	As at 30 June 2016		As at 30 June 2017		As at 30 June 2018		As at 31 October 2018	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Within 1 year	583	654	1,487	1,736	1,517	1,671	1,468	1,592
After 1 year but within 2 years	399	439	1,517	1,671	1,095	1,167	936	989
After 2 years but within 5 years	505	527	1,778	1,889	795	841	621	656
After 5 years	—	—	174	181	59	61	27	27
	904	966	3,469	3,741	1,949	2,069	1,584	1,672
	<u>1,487</u>	<u>1,620</u>	<u>4,956</u>	<u>5,477</u>	<u>3,466</u>	<u>3,740</u>	<u>3,052</u>	<u>3,264</u>
Less: total future interest expenses		(133)		(521)		(274)		(212)
Present value of lease obligations		<u>1,487</u>		<u>4,956</u>		<u>3,466</u>		<u>3,052</u>

22. INCOME TAX IN THE COMBINED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the combined statements of financial position represents:

	As at 30 June			As at
	2016	2017	2018	31 October 2018
	RM'000	RM'000	RM'000	RM'000
Tax recoverable	—	—	257	363
Income tax payable	(6,760)	(11,018)	(9,765)	(6,248)
	<u>(6,760)</u>	<u>(11,018)</u>	<u>(9,508)</u>	<u>(5,885)</u>

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax (assets)/liabilities recognised in the combined statements of financial position and the movements during the year are as follows:

	Depreciation allowances in excess of depreciation <i>RM'000</i>	Unrealised foreign exchange gain/(loss) <i>RM'000</i>	Credit loss allowance <i>RM'000</i> <i>(Note (i))</i>	Unused tax loss <i>RM'000</i>	Total <i>RM'000</i>
At 1 July 2015	126	—	(159)	—	(33)
Charge/(credit) to profit or loss <i>(Note 9(a))</i>	<u>1,307</u>	<u>—</u>	<u>6</u>	<u>(94)</u>	<u>1,219</u>
At 30 June 2016 and 1 July 2016	1,433	—	(153)	(94)	1,186
Charge to profit or loss <i>(Note 9(a))</i>	<u>258</u>	<u>56</u>	<u>—</u>	<u>94</u>	<u>408</u>
At 30 June 2017 and 1 July 2017	1,691	56	(153)	—	1,594
(Credit) to profit or loss <i>(Note 9(a))</i>	<u>(350)</u>	<u>(218)</u>	<u>—</u>	<u>—</u>	<u>(568)</u>
At 30 June 2018	1,341	(162)	(153)	—	1,026
Impact on initial application of HKFRS 9 as at 1 July 2018	—	—	(942)	—	(942)
Charge/(credit) to profit or loss <i>(Note 9(a))</i>	<u>(165)</u>	<u>225</u>	<u>337</u>	<u>—</u>	<u>397</u>
At 31 October 2018	<u><u>1,176</u></u>	<u><u>63</u></u>	<u><u>(758)</u></u>	<u><u>—</u></u>	<u><u>481</u></u>

Note (i): Upon the initial application of HKFRS 9, the Group has recognised deferred tax assets on the additional credit losses recognised under the ECL model (see Note 3.1(g)(i)).

For the purpose of presentation in the combined statements of financial position, certain deferred tax assets and liabilities have been offset in the table above. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2016 <i>RM'000</i>	As at 30 June 2017 <i>RM'000</i>	2018 <i>RM'000</i>	As at 31 October 2018 <i>RM'000</i>
Deferred tax assets	185	115	296	725
Deferred tax liabilities	<u>(1,371)</u>	<u>(1,709)</u>	<u>(1,322)</u>	<u>(1,206)</u>
	<u><u>(1,186)</u></u>	<u><u>(1,594)</u></u>	<u><u>(1,026)</u></u>	<u><u>(481)</u></u>

(c) Deferred tax assets and liabilities not recognised:

There were no significant unrecognised deferred tax assets and liabilities as at 30 June 2016, 2017, 2018 and 31 October 2018.

23. CAPITAL AND RESERVES**(a) Movement in components of equity**

The reconciliation between the opening and closing balances during the Track Record Period of each component of the Group's combined equity is set out in the combined statements of changes in equity.

(b) Share capital

Combined capital for the purpose of these combined financial statements of the Group represents the combined share capital attributable to the owners of JBB Builders, Gabungan, Pavilion, JBB Delima Investment and the Company.

The Company was incorporated in the Cayman Islands on 30 April 2018 and became the holding company of the Group as part of the Reorganisation. Its initial authorised share capital was HK\$380,000 divided into 38,000,000 shares of a par value of HK\$0.01 each. During the Track Record Period, one share was allotted and issued fully paid to the initial subscriber, which was transferred to JBB Builders Investment Limited on 30 April 2018. Further 9,999 shares were allotted and issued fully paid to JBB Builders Investment Limited on the same date.

Details of the share capital of the Company are disclosed as follows:

	No. of shares	Amount <i>RM'000</i>	
Ordinary shares of HK\$0.01 each			
Authorised:			
At 30 April 2018 (date of incorporation), 30 June 2018 and 31 October 2018	<u>38,000,000</u>	<u>190</u>	
Issued and fully paid:			
At 30 April 2018 (date of incorporation)	1	—	
Issue of shares	<u>9,999</u>	<u>—</u>	
At 30 June 2018 and 31 October 2018	<u>10,000</u>	<u>—</u>	
(c) Reserves of the Company:			
	Exchange reserve <i>RM'000</i>	Accumulated losses <i>RM'000</i>	Total <i>RM'000</i>
At 30 April 2018 (date of incorporation)	—	—	—
Loss and total comprehensive loss for the period	<u>—</u>	<u>(7,230)</u>	<u>(7,230)</u>
At 30 June 2018	<u>—</u>	<u>(7,230)</u>	<u>(7,230)</u>
At 1 July 2018	—	(7,230)	(7,230)
Loss for the period	—	(2,066)	(2,066)
Other comprehensive loss for the period			
— Currency translation differences	<u>(282)</u>	<u>—</u>	<u>(282)</u>
At 31 October 2018	<u>(282)</u>	<u>(9,296)</u>	<u>(9,578)</u>

(d) Dividends

No dividend has been declared or paid by the Company during the Track Record Period.

Dividends declared or paid during the year ended 30 June 2018 representing dividends declared or paid by the companies now comprising the Group to the then equity holders of the companies. The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report. No dividend has been declared or paid by the companies now comprising the Group to the then equity holders of the companies during the years ended 30 June 2016, 2017 and the four months ended 31 October 2017 and 2018.

(e) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, or sell assets to reduce debt. No changes in the objective, policies or processes for managing capital were made during the Track Record Period.

The management of the Group reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risk associated with each class of capital. Based on recommendation of the management, the Group will balance its overall capital structure through the payment of dividends as well as issue of new debt or the redemption of the debt.

The Group monitors capital using, *inter alia*, a gearing ratio which is net debt divided by total equity. Net debt includes bank overdrafts, interest-bearing bank loans and obligations under finance leases, less pledged deposit and cash and cash equivalents. The gearing ratio as at 30 June 2016, 2017 and 2018 and 31 October 2018 is as follows:

	2016	As at 30 June	2018	As at
	<i>RM'000</i>	<i>2017</i>	<i>RM'000</i>	31 October
		<i>RM'000</i>		2018
			<i>RM'000</i>	<i>RM'000</i>
Obligations under finance leases	1,487	4,956	3,466	3,052
Bank loans and overdrafts	<u>398</u>	<u>704</u>	<u>704</u>	<u>641</u>
Total debt	1,885	5,660	4,170	3,693
Less: Pledged bank deposits	(415)	(5,874)	(5,555)	(5,587)
Cash and cash equivalents	<u>(10,996)</u>	<u>(14,082)</u>	<u>(41,644)</u>	<u>(66,881)</u>
Net debt	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total equity	<u>42,104</u>	<u>68,918</u>	<u>43,186</u>	<u>47,946</u>
Net debt-to-equity ratio	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Effective on 1 July 2018, the Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade and retention receivables and contract assets as at 31 October 2018:

	Expected loss rate %	Gross carrying amount RM'000	Loss allowance RM'000
Current (not past due)	0.14	106,858	152
Less than 3 months past due	0.63	68,276	430
3 to 6 months past due	2.50	68,185	1,707
6 months to 1 year past due	14.50	—	—
Over 1 year past due	100	<u>867</u>	<u>867</u>
		<u>244,186</u>	<u>3,156</u>

Expected loss rates are based on actual loss experience over the past 1 year. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Comparative information under HKAS 39

(a) Trade receivables

Prior to 1 July 2018, an impairment loss was recognised only when there was objective evidence of impairment. As at 30 June 2016, 2017 and 2018 trade receivables of RM636,000, RM636,000 and RM867,000, respectively, were individually determined to be impaired.

The aging analysis of trade receivables that are not impaired are as follows:

	As at 30 June		
	2016	2017	2018
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Neither past due nor impaired	32,627	50,182	20,759
Past due but not impaired:			
Less than 3 months past due	6,230	92,440	137,709
3 to 6 months past due	124	3,356	46,291
Over 6 months past due	<u>3,431</u>	<u>577</u>	<u>11,908</u>
At the end of the year	<u>42,412</u>	<u>146,555</u>	<u>216,667</u>

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

(b) *Retention receivables*

The following is a maturity analysis of retention receivables which are to be settled, based on the expiry of defect liability period, at the end of each reporting period.

	As at 30 June		
	2016 RM'000	2017 RM'000	2018 RM'000
On demand or within one year	3,138	16,208	46,750
After one year	<u>7,134</u>	<u>9,252</u>	<u>8,571</u>
	<u>10,272</u>	<u>25,460</u>	<u>55,321</u>

Retention receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Included in the Group's retention receivables are debtors with a carrying amount of RM250,000, RM565,000 and RM4,640,000 as at 30 June 2016, 2017 and 2018, respectively, which are past due but not impaired within one year as at the end of respective reporting periods. There has not been a significant change in credit quality and the balances are still considered fully recoverable.

Movements in the loss allowance account in respect of trade receivables and contract assets are as follows:

	As at 30 June			As at	As at
	2016 RM'000	2017 RM'000	2018 RM'000	1 July 2018 RM'000	31 October 2018 RM'000
At the beginning of year/period	636	636	636	867	4,791
Impact on initial application of HKFRS 9	—	—	—	3,924	—
Impairment loss/ (reversal) recognised	<u>—</u>	<u>—</u>	<u>231</u>	<u>—</u>	<u>(1,635)</u>
At the end of the year/period	<u>636</u>	<u>636</u>	<u>867</u>	<u>4,791</u>	<u>3,156</u>

Amounts due from related parties

The Group has concentration of credit risk on the amounts due from directors and related companies respectively at the end of the reporting period during the Track Record Period. The Group closely monitors the repayment from each of the directors as set out in Note 16 and the related companies respectively in order to minimise the credit risk. The Group's exposure to credit risk arising from default of the counterparties are limited as the counterparties have good history of repayment and the Group does not expect to incur a significant loss for uncollected advances to directors and related companies.

Cash and cash equivalents

The credit risk of liquid fund is limited as cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution.

Financial guarantee

The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in Note 28.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables shows the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash outflows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

For bank loans and overdrafts which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is, if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank loans and overdrafts and obligations under finance leases is prepared on the scheduled repayment dates.

As at 30 June 2016

	On demand or within 1 year <i>RM'000</i>	More than 1 year but less than 2 years <i>RM'000</i>	More than 2 years but less than 5 years <i>RM'000</i>	More than 5 years <i>RM'000</i>	Total contractual undiscounted cash flows <i>RM'000</i>	Carrying amounts <i>RM'000</i>
Non-derivative financial liabilities						
Trade and other payables	136,331	—	—	—	136,331	136,331
Bank loans and overdrafts	398	—	—	—	398	398
Obligations under finance leases	654	439	527	—	1,620	1,487
Amounts due to directors	15,064	—	—	—	15,064	15,064
	<u>152,447</u>	<u>439</u>	<u>527</u>	<u>—</u>	<u>153,413</u>	<u>153,280</u>

As at 30 June 2017

	On demand or within 1 year <i>RM'000</i>	More than 1 year but less than 2 years <i>RM'000</i>	More than 2 years but less than 5 years <i>RM'000</i>	More than 5 years <i>RM'000</i>	Total contractual undiscounted cash flows <i>RM'000</i>	Carrying amounts <i>RM'000</i>
Non-derivative financial liabilities						
Trade and other payables	269,736	—	—	—	269,736	269,736
Bank loans and overdrafts	704	—	—	—	704	704
Obligations under finance leases	1,736	1,671	1,889	181	5,477	4,956
Amounts due to directors	13,503	—	—	—	13,503	13,503
	<u>285,679</u>	<u>1,671</u>	<u>1,889</u>	<u>181</u>	<u>289,420</u>	<u>288,899</u>
Financial guarantee issued:						
Maximum amount guaranteed (<i>Note 28</i>)	<u>3,945</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,945</u>	<u>—</u>

As at 30 June 2018

	On demand or within 1 year <i>RM'000</i>	More than 1 year but less than 2 years <i>RM'000</i>	More than 2 years but less than 5 years <i>RM'000</i>	More than 5 years <i>RM'000</i>	Total contractual undiscounted cash flows <i>RM'000</i>	Carrying amounts <i>RM'000</i>
Non-derivative financial liabilities						
Trade and other payables	320,546	—	—	—	320,546	320,546
Bank loans and overdrafts	704	—	—	—	704	704
Dividend payable	7,200	—	—	—	7,200	7,200
Obligations under finance leases	1,671	1,167	841	61	3,740	3,466
Amount due to immediate holding company	2,574	—	—	—	2,574	2,574
Amounts due to directors	3,107	—	—	—	3,107	3,107
	<u>335,802</u>	<u>1,167</u>	<u>841</u>	<u>61</u>	<u>337,871</u>	<u>337,597</u>
Financial guarantee issued:						
Maximum amount guaranteed (<i>Note 28</i>)	<u>3,945</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,945</u>	<u>—</u>

As at 31 October 2018

	On demand or within 1 year <i>RM'000</i>	More than 1 year but less than 2 years <i>RM'000</i>	More than 2 years but less than 5 years <i>RM'000</i>	More than 5 years <i>RM'000</i>	Total contractual undiscounted cash flows <i>RM'000</i>	Carrying amounts <i>RM'000</i>
Non-derivative financial liabilities						
Trade and other payables	277,591	—	—	—	277,591	277,591
Bank loans and overdrafts	641	—	—	—	641	641
Dividend payable	—	—	—	—	—	—
Amount due to immediate holding company	5,400	—	—	—	5,400	5,400
Obligations under finance leases	1,592	989	656	27	3,264	3,052
	<u>285,224</u>	<u>989</u>	<u>656</u>	<u>27</u>	<u>286,896</u>	<u>286,684</u>
Financial guarantee issued:						
Maximum amount guaranteed (<i>Note 28</i>)	<u>3,945</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,945</u>	<u>—</u>

The table below summarises the maturity analysis of bank loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts are greater than the amounts disclosed in the “On demand or within 1 year” time band in the maturity analysis contained in the above table.

Taking into account of the Group’s financial position, the directors of the Company do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

Maturity Analysis — Term loans (excluding bank overdrafts) subject to a repayment on demand clause based on scheduled repayments

	Within 1 year <i>RM'000</i>	More than 1 year but less than 2 years <i>RM'000</i>	More than 2 years but less than 5 years <i>RM'000</i>	More than 5 years <i>RM'000</i>	Total outflows <i>RM'000</i>
At 30 June 2016	—	—	—	—	—
At 30 June 2017	249	249	279	—	777
At 30 June 2018	243	243	287	—	773
As at 31 October 2018	<u>243</u>	<u>243</u>	<u>212</u>	<u>—</u>	<u>698</u>

(c) Interest rate risk

The Group exposed to fair value interest rate risk in relation to the Group's fixed-rate short-term pledged bank deposits and obligations under finance leases. The management of the Group considers that the Group's exposure from these fixed-rate short-term pledged bank deposits and obligations under finance leases to interest rate risk is not significant.

The Group's interest rate risk arises primarily from cash at banks and bank loans and overdrafts. Cash at banks and bank loans and overdrafts at variable rates expose the Group to cash flow interest rate risk. The Group does not anticipate significant impact to cash at banks and bank loans and overdrafts because the interest rates are not expected to change significantly.

In addition, the interest income derived therefrom and the interest expenses in respect of bank borrowings are relatively insignificant to the Group's operations. Therefore, the Group's income and operating cash flows are less dependent on changes in market interest rates. Accordingly, the directors of the Company are of the opinion that the Group does not have significant cash flow and fair value interest rate risk and no sensitivity analysis is performed.

(d) Foreign currency exchange risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and to keep the net exposure to an acceptable level. The Group will consider hedging significant foreign currency exposure should the need arise.

The Group is exposed to currency risk primarily through marine transportation services which give rise to trade receivables that are denominated in a foreign currency, that is, a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Singapore dollars.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Malaysian Ringgit ("RM"), translated using the spot rate at the reporting dates.

	Exposure to foreign currencies (Singapore dollars)			
	As at 30 June			As at 31 October
	2016	2017	2018	2018
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Trade and other receivables	—	34,147	28,164	2,711

(ii) Sensitivity analysis

The following table indicates the approximate changes in the Group's profit after tax and equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

	As at 30 June 2016		As at 30 June 2017		As at 30 June 2018		As at 31 October 2018	
	Increased/ (decrease) in foreign exchange rate	Effect on profit after taxation and equity RM'000	Increased/ (decrease) in foreign exchange rate	Effect on profit after taxation and equity RM'000	Increased/ (decrease) in foreign exchange rate	Effect on profit after taxation and equity RM'000	Increased/ (decrease) in foreign exchange rate	Effect on profit after taxation and equity RM'000
Singapore dollars	—	—	5%	1,298	7%	1,498	6%	124
	—	—	(5%)	(1,298)	(7%)	(1,498)	(6%)	(124)

Result of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after taxation and equity measured in the respective functional currency, translated to Malaysian Ringgit at the exchange rate ruling at the end of the reporting periods for presentation purposes. The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting periods, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currency of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency.

(e) Fair values estimations

The carrying amount of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2016, 2017 and 2018 and 31 October 2018.

25. COMMITMENTS**(a) Capital commitments**

As at 30 June 2016, 2017 and 2018 and 31 October 2018, capital expenditures contracted for at the end of the year but not provided for in the Historical Financial Information are as follows:

	As at 30 June			As at
	2016	2017	2018	31 October
	RM'000	RM'000	RM'000	2018
				RM'000
Plant and equipment	2,037	—	—	—
Investment properties	<u>49,612</u>	<u>32,170</u>	<u>—</u>	<u>—</u>
	<u>51,649</u>	<u>32,170</u>	<u>—</u>	<u>—</u>

Note: Included in the capital commitment on investment properties for an amount of RM48,482,000, RM31,982,000, nil and nil as at 30 June 2016, 2017 and 2018 and 31 October 2018 respectively related to certain sales and purchases agreements entered into by the Group with a vendor ("the Vendor") to acquire the investment properties in February 2016 at an aggregated consideration of approximately RM57,202,000. As at 30 June 2016, 2017 and 2018 and 31 October 2018, deposits of RM8,720,000, RM25,220,000, nil and nil were paid.

By certain Deeds of Revocation dated 28 February 2018, the above mentioned sales and purchases agreements were revoked and rescinded on the condition that a related company of the Group, Simfoni Pesona Sdn. Bhd. ("Simfoni Pesona"), entered into new sales and purchases agreements with the Vendor in relation to the above mentioned investments properties. Deposit paid of RM40,575,000 was assigned to Simfoni Pesona on the same date.

(b) Operating lease commitments

The Group leases offices and equipment which are non-cancellable with lease terms between 1 and 3 years. The lease expenses charged to the combined statements of profit or loss and other comprehensive income during the Track Record Period are disclosed in Note 6(c).

The future aggregate minimum lease rental expenses in respect of office premises and equipment under non-cancellable operating leases are as follows:

	As at 30 June			As at
	2016	2017	2018	31 October
	RM'000	RM'000	RM'000	2018
				RM'000
No later than 1 year	19	92	120	102
After 1 year but within 5 years	—	—	77	49
	<u>19</u>	<u>92</u>	<u>197</u>	<u>151</u>

26. SUBSIDIARIES

The following table lists out the information relating to the Group's subsidiary which has material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

JBB Marine (M) Sdn. Bhd.

	Year ended 30 June			Four
	2016	2017	2018	months
	RM'000	RM'000	RM'000	ended
				31 October
				2018
				RM'000
NCI percentage	48%	48%	48%	48%
Current assets	47,047	89,229	141,072	95,251
Non-current assets	103	87	216	53
Current liabilities	(41,871)	(76,535)	(126,798)	(80,113)
Non-current liabilities	(8)	(64)	—	(53)
Net assets	5,271	12,717	14,490	15,138
Carrying amount of NCI	2,530	6,104	6,955	7,266
Revenue	72,379	165,186	268,910	17,969
Profit for the year/period and total				
comprehensive income	1,419	7,445	16,774	1,215
Profit allocated to NCI	681	3,574	8,052	583
Dividend payable to NCI	—	—	7,200	—
Capital contributed to NCI	480	—	—	—
Cash flows generated from/(used in) operating				
activities	4,776	(3,636)	5,425	(4,959)
Cash flows (used in) investing activities	—	(10)	(3)	—
Cash flows generated from financing activities	1,000	—	—	—

27. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the Historical Financial Information, the Group entered into the following material related party transactions.

The directors of the Company are of the view that following parties/companies were related parties that had transactions or balances with the Group during the Track Record Period:

Name of party	Relationship with the Group
Mr. Ng Say Piyu	One of the Controlling Shareholders and director of the Company
Ms. Ngooi Leng Swee Mary	Spouse of Mr. Ng Say Piyu and one of the Controlling Shareholders of the Company and non-executive director of the Company
Mr. Lam Fung Eng	Director of the Company
Mr. Ng Chong Boon	Director of the Company
Community Marketplace Technology Sdn. Bhd.	Mr. Ng Say Piyu has significant influence over the company
JBB Builders Marketing	Partnership controlled by the directors of the Company
JBB Builders (Singapore) Pte. Ltd	Company controlled by the directors of the Company
JBB Builders Investment Limited	Immediate and ultimate holding company of the Company
JBB Kimlun	A joint venture
Primary Bay Sdn. Bhd.	A company controlled by the Controlling Shareholders
Simfoni Pesona Sdn. Bhd.	A company controlled by the Controlling Shareholders
Tropical City (M) Sdn. Bhd.	A company controlled by one of the Controlling Shareholders

(a) Key management personnel remuneration

The remuneration of key management personnel (including the executive directors of the Company) of the Group during the Track Record Period is as follows:

	Year ended 30 June			Four months ended	Four months ended
	2016	2017	2018	31 October	31 October
	RM'000	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	696	5,790	8,234	3,084	354
Post-employment benefits	86	97	478	188	26
	<u>782</u>	<u>5,887</u>	<u>8,712</u>	<u>3,272</u>	<u>380</u>

(b) Transactions with related parties

During the Track Record Period, the Group entered into the following related party transactions:

Non-continuing transactions

	Year ended 30 June			Four months ended	Four months ended
	2016 RM'000	2017 RM'000	2018 RM'000	31 October 2017 RM'000	31 October 2018 RM'000
Marine construction:					
Marine transportation					
— Tropical City (M) Sdn. Bhd.	284	—	—	—	—
Reclamation and related work					
— Tropical City (M) Sdn. Bhd.	—	377	372	—	533
Assignment of deposits paid for acquisition of investment properties					
— Simfoni Pesona Sdn. Bhd.	—	—	40,575	—	—
Management fee expenses					
— JBB Kimlun	—	—	17	—	17

The directors of the Company consider that the above related party transactions during the Track Record Period were conducted on mutually agreed terms in the ordinary course of the Group's business.

During the four months ended 31 October 2018, the Group disposed of certain of motor vehicles to Mr. Ng Say Piyu, Mr. Lam Fung Eng and Mr. Ng Chong Boon at a consideration of RM1,350,000, RM105,000 and RM115,000 respectively, contributed to net gain on disposal of property, plant and equipment RM720,000 (see notes 5 and 31).

(c) Financing arrangements with related parties

At 30 June 2016, 2017 and 2018 and 31 October 2018, the Group has the following balances with related parties:

	<i>Notes</i>	Year ended 30 June			Four months ended
		2016	2017	2018	31 October 2018
		<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Non-trade receivables from					
Mr. Lam Fung Eng	(i), (ii)	—	5,500	—	—
Mr. Ng Chong Boon	(i), (ii)	—	5,500	—	—
		—	11,000	—	—
Non-trade payables to					
Mr. Ng Say Piyu	(i)	(15,064)	(13,503)	(2,265)	—
Mr. Lam Fung Eng	(i)	—	—	(421)	—
Mr. Ng Chong Boon	(i)	—	—	(421)	—
		(15,064)	(13,503)	(3,107)	—
JBB Builders Investment Limited	(i)	—	—	(2,574)	(5,400)
		(15,064)	(13,503)	(5,681)	(5,400)
Trade receivables from					
Tropical City (M) Sdn. Bhd.	(i), (ii), (iii)	158	200	394	927

	<i>Notes</i>	Year ended 30 June			Four months ended
		2016	2017	2018	31 October 2018
		<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Non-trade receivables from					
JBB Builders Marketing Community Marketplace Technology Sdn. Bhd.	(i), (ii)	72	72	72	—
JBB Builders (Singapore) Pte. Ltd.	(i), (ii)	2,812	40	—	—
	(i), (ii)	<u>781</u>	<u>1,231</u>	<u>—</u>	<u>—</u>
		<u>3,665</u>	<u>1,343</u>	<u>72</u>	<u>—</u>

Notes:

- (i) The outstanding with these parties are unsecured, interest-free and repayable on demand.
- (ii) No provision for bad and doubtful debts have been made in respect of the amounts due from related parties as at 30 June 2016, 2017 and 2018 and 31 October 2018.
- (iii) The outstanding balances included in trade and other receivables (Note 14).
- (iv) The directors of the Group have provided personal guarantees to banks for the banking facilities granted to the Group during the Track Record Period (Note 20). The directors have confirmed that the joint and several guarantees will be released and replaced by a corporate guarantee provided by the Company upon listing of the Company's shares on the Stock Exchange.
- (v) All amounts due from/(to) directors and amount due to immediate holding company will be settled before the listing of the Company's shares on the Stock Exchange.
- (vi) At 30 June 2017 and 2018 and 31 October 2018, the Group had financial guarantees provided to a related company, details of which are set out in the Note 28. The financial guarantees provided to related parties will be released upon the listing of the Company's shares on the Stock Exchange.

28. FINANCIAL GUARANTEE

At the end of each of reporting period during the Track Record Period, the Group had the following financial guarantee:

	<i>Note</i>	Year ended 30 June			Four months ended
		2016 <i>RM'000</i>	2017 <i>RM'000</i>	2018 <i>RM'000</i>	31 October 2018 <i>RM'000</i>
Guarantee given to bank in connection with facilities granted to:					
— Related company					
Primary Bay Sdn. Bhd.	(a)	<u>—</u>	<u>3,945</u>	<u>3,945</u>	<u>3,945</u>
		<u>—</u>	<u>3,945</u>	<u>3,945</u>	<u>3,945</u>
Utilised to the extent of the following amount by:					
— Related company					
Primary Bay Sdn. Bhd.		<u>—</u>	<u>3,945</u>	<u>3,945</u>	<u>3,945</u>
		<u>—</u>	<u>3,945</u>	<u>3,945</u>	<u>3,945</u>

Note:

(a) Such guarantee will be released upon listing of the Company's shares on the Stock Exchange.

The maximum liability of the Group under the guarantee issued represents the amount drawn down by the related company. No deferred income in respect of this guarantee issued has been recognised as the directors of the Company consider that the fair value of the guarantee at the inception is not significant. Accordingly, this guarantee was not provided for in the Historical Financial Information.

29. CONTINGENT LIABILITIES

Performance bonds

	Year ended 30 June			Four months ended
	2016	2017	2018	31 October
	RM'000	RM'000	RM'000	2018 RM'000
Performance bonds for contracts in favour of customers	415	954	786	786

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 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 the completion of the contract work for the relevant customers. The performance bonds were secured and guaranteed by i) deposits with licensed bank of RM415,000, RM5,674,000, RM5,355,000 and RM5,387,000 as at 30 June 2016, 2017, 2018 and 31 October 2018 respectively; and ii) joint and several guarantees given by the directors of the Group for the year/period ended 30 June 2017, 2018 and 31 October 2018.

Except for the above mentioned, the Group did not have any significant contingent liabilities as at the end of each reporting period during the Track Record Period.

30. NEW AND REVISED HKFRSs NOT YET EFFECTIVE

At the date of this report, the Group has not early applied the following new and amendments to HKFRSs and interpretations that have been issued but are not yet effective:

HKFRS 16	Leases ¹
HKFRS 17	Insurance Contracts ³
Amendments to HKFRS 3	Definition of a business ⁴
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to HKFRS 10 & HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle ¹
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement ¹
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ¹
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ¹

¹ Effective for annual periods beginning on or after 1 January 2019

² Effective for annual periods beginning on or after a date to be determined

³ Effective for annual periods beginning on or after 1 January 2021

⁴ Effective for annual periods beginning on or after 1 January 2020

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of HKFRS 16 which may have impacts on the Group's consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 16, the actual impact upon the initial adoption of this standard may differ as the assessment completed to date is based on the information currently available to the Group and further impacts may be identified before the standard is initially applied in the Group's consolidated financial statements for the period beginning on 1 July 2019. The Group may also change its accounting policies elections, including the transition options, until the standard is initially applied in that consolidated financial statements.

HKFRS 16 Leases

HKFRS 16 provides comprehensive guidance for the identification of lease arrangements and their treatment by lessees and lessors. In particular, HKFRS 16 introduces a single lessee accounting model, whereby assets and liabilities are recognised for all leases, subject to limited exceptions. It replaces HKAS 17 "Leases" and the related interpretations including HK(IFRIC)-Int 4, "Determining whether an Arrangement contains a Lease".

When HKFRS 16 is adopted in the future, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease.

The Group will adopt HKFRS 16 with effect from 1 July 2019. As allowed by HKFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. In addition, the Group plans to elect the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets.

The Group plans to elect to use the modified retrospective approach for the adoption of HKFRS 16 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at 1 July 2019 and will not restate the comparative information. As disclosed in Note 25(b), at 31 October 2018 the Group's future minimum lease payments under non-cancellable operating leases amounted to approximately RM151,000 for properties. The directors of the Company anticipated that the adoption of HKFRS 16 would not have significant impact on the net financial position and performance of the Group based on the assessment performed so far.

31. MAJOR NON-CASH TRANSACTIONS

- (a) As detailed in Note 11, during the years ended 30 June 2016, 2017 and 2018 and four months ended 31 October 2018, additions to motor vehicles and plant and machinery of the Group financed by new finance lease were approximately RM745,000, RM4,509,000, nil and nil respectively.
- (b) During the year ended 30 June 2016, the Group's subsidiaries increased their issued capital by way of bonus issue and hence increased the combined capital of the Group by RM450,000, the relevant amounts were debited to the retained earnings.
- (c) During the year ended 30 June 2017, additions to property, plant and equipment amounting to RM138,000 were settled by offsetting the deposits paid for acquisition of property, plant and equipment.
- (d) On 28 February 2018, the Group entered into certain Deeds of Revocation, under which the deposits paid for the acquisition of investment properties of an aggregated amount of RM40,575,000 paid by the Group was assigned to a related company. The amount was settled through the current accounts maintained between the Group and the related company.
- (e) As at 30 June 2018, the Group had dividend payables to non-controlling shareholders of the Group of RM7,200,000.
- (f) During the 4 months ended 31 October 2018, the addition to investment properties amounting to RM3,766,000 was settled by offsetting the deposits paid for acquisition of investment properties.
- (g) During the 4 months ended 31 October 2018, the Group disposed of certain motor vehicles to the directors of the Company at total consideration of RM1,570,000 which were settled through current account with directors.

32. SUBSEQUENT EVENTS

The following significant events took place subsequent to 31 October 2018:

(a) Group reorganisation

The Group has completed up to step 9 of the Reorganisation to rationalise the Group's structure in the preparation for the listing of the Company's shares on the Stock Exchange.

Further details of the Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus. As a result of the Reorganisation the Company became the holding company of the Group.

(b) Share option scheme

A share option scheme was conditionally adopted on 11 April 2019 and the principal terms of the share option scheme are set out in Appendix IV to the Prospectus.

33. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 31 October 2018.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out in this appendix does not form part of the accountants' report on the historical financial information of the Group for the Track Record Period (the "Accountants' Report") prepared by Crowe (HK) CPA Limited, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report of the Group set out in Appendix I to this prospectus.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted combined net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out in this appendix to illustrate the effect of the Global Offering on the adjusted combined net tangible assets of the Group as at 31 October 2018, as if it had taken place on such date.

The unaudited pro forma statement of adjusted combined net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group attributable to owners of the Company following the Global Offering. It is prepared based on the audited combined net assets of the Group attributable to owners of the Company as at 31 October 2018 as shown in the Accountants' Report of the Group as set out in Appendix I to this prospectus and adjusted as described below.

	Audited combined net tangible assets of the Group attributable to owners of the Company as at 31 October 2018 <i>(Note 1)</i> <i>RM'000</i>	Estimated net proceeds from the Global Offering <i>(Note 2)</i> <i>RM'000</i>	Unaudited pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company <i>RM'000</i>	Unaudited pro forma adjusted combined net tangible assets of the Group per Share <i>(Note 3 and 4)</i> <i>RM</i> <i>HK\$</i>	
Based on the Offer Price of HK\$1.18 for each Share	34,313	64,596	98,909	0.20	0.40
Based on the Offer Price of HK\$1.38 for each Share	34,313	76,658	110,971	0.22	0.44

Notes:

- (1) The audited combined net tangible assets of the Group attributable to owners of the Company as at 31 October 2018 is extracted from the Accountants' Report set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on the total number of Offer Shares and the Offer Price range of HK\$1.18 and HK\$1.38 per Share, respectively, after deduction of underwriting fees and related expenses to be incurred subsequent to 31 October 2018 and payable by the Company but takes no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and any share which may be allotted and issued of any option which may be granted under the Share Option Scheme. The estimated net proceeds from the Global Offering are converted from Malaysian Ringgit into Hong Kong dollar at an exchange rate of HK\$2.00 to RM1.00. No representation is made that Hong Kong dollar amounts have been, could have been or may be converted to Malaysian Ringgit amounts, or vice versa, at that rate or at all.
- (3) The unaudited pro forma adjusted combined net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that a total of 500,000,000 Shares are expected to be in issue pursuant to the Global Offering and Capitalisation Issue and take no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and any share which may be allotted and issued of any option which may be granted under the Share Option Scheme.
- (4) The unaudited pro forma adjusted combined net tangible assets per Share is converted into Hong Kong Dollars at an exchange rate of HK\$2.00 to RM1.00. No representation is made that Malaysian Ringgit amounts have been, could have been or may be converted to Hong Kong dollar amounts, or vice versa, at that rate or at all.
- (5) The unaudited pro forma adjusted combined net tangible assets per share does not take into account the effect of the loan capitalisation of approximately RM7,500,000 as described in the paragraph headed "Reorganisation — (8) Capitalisation of the loan of HK\$15,000,000" in the section headed "History, Reorganisation and Corporate Structure" in this prospectus. Had such loan capitalisation been taken into account together, the unaudited pro forma adjusted combined net tangible assets per Share would be RM0.21 (HK\$0.42) and RM0.24 (HK\$0.48), assuming the Offer Price range of HK\$1.18 and HK\$1.38 per Share respectively at an exchange rate of HK\$2.00 to RM1.00.
- (6) No adjustment has been made to the unaudited pro forma adjusted combined net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 October 2018.

The following is the text of a report, prepared for the purpose of inclusion in this prospectus, received from the reporting accountants of the Company, Crowe (HK) CPA Limited, Certified Public Accountants.



國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited
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9/F Leighton Centre,
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25 April 2019

INDEPENDENT REPORTING ACCOUNTANTS’ ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of JBB Builders International Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of JBB Builders international Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted combined net tangible assets as at 31 October 2018 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 25 April 2019 (the “Prospectus”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on page II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the global offering and listing of the Company’s shares (the “Global Offering”) on the Group’s financial position as at 31 October 2018 as if the Global Offering had taken place at 31 October 2018. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial information for the year ended 31 October 2018, on which an accountants’ report set out in Appendix I to the Prospectus has been published.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 October 2018 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong

Lau Kwok Hung
Practising Certificate No: P04169

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 30 April 2018 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “**Companies Law**”). The Company’s constitutional documents consist of its Memorandum of Association (the “**Memorandum**”) and its Articles of Association (the “**Articles**”).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, *inter alia*, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 11 April 2019 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other

than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Law in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

The board may accept the surrender for no consideration of any fully paid share.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not 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 shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary

resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) he is prohibited from being a director by law; or
- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any

board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or past Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such

persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such

contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members***(i) Special and ordinary resolutions***

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and general meetings requisitioned by shareholders

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may 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 2 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/herself (themselves) may do so

in the same manner, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the board shall be reimbursed to the requisitioner(s) by the Company.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers; and
- (ee) the fixing of the remuneration of the directors and of the auditors.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid

up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator

may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the

Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “**Court**”), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company’s shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm’s-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company’s articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 11 May 2018.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

(u) Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Law, 2018 of the Cayman Islands (“**ES Law**”) that came into force on 1 January 2019, a “**relevant entity**” is required to satisfy the economic substance test set out in the ES Law. A “**relevant entity**” includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Law.

4. GENERAL

Conyers Dill & Pearman, the Company’s special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed “Documents available for inspection” in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on 30 April 2018. Our Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 12 June 2018 and our principal place of business in Hong Kong is at Rooms 1508–1513, Nan Fung Tower, 88 Connaught Road Central, Central, Hong Kong. Ms. Lam Lam has been appointed as our authorised representative for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As we were incorporated in the Cayman Islands, our operations are subject to the relevant laws of the Cayman Islands and our Company's constitutional documents which consist of the Memorandum and the Articles. A summary of the relevant aspects of the Cayman Islands company law and certain provisions of our Company's constitution is set out in Appendix III to this prospectus.

2. Changes in the Share Capital of our Company

- (a) Our Company was incorporated on 30 April 2018. As at the date of incorporation, our Company had an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. Following its incorporation on the same date, one Share was allotted and issued as fully paid to the initial subscriber, an Independent Third Party, which was then transferred to JBB Builders Investment, and 9,999 Shares were allotted and issued as fully paid to JBB Builders Investment.
- (b) On 23 October 2018, JBB Delima (as purchaser) entered into a share sale and purchase agreement with Dato' Ng and Datin Ngooi (as vendors), pursuant to which Dato' Ng transferred 2,666,667 shares and Datin Ngooi transferred 2,333,333 shares respectively in JBB Builders, which represented the entire issued share capital of JBB Builders to JBB Delima for the consideration of RM11,050,507.74 and RM 9,799,506.87 respectively. The consideration was satisfied by JBB Delima procuring our Company to allot and issue 12,405,710 Shares and 11,001,290 Shares in our Company, credited as fully paid, at the direction of Dato' Ng and Datin Ngooi, to JBB Builders Investment. The aforesaid acquisition was legally completed on 5 December 2018.
- (c) On 23 October 2018, JBB Delima (as purchaser) entered into a share sale and purchase agreement with Mr. C. B. Ng (as vendor) and Dato' Ng (as first beneficiary) and Datin Ngooi (as secondary beneficiary), pursuant to which Mr. C. B. Ng, at the direction of Dato' Ng and Datin Ngooi, transferred 250,000 shares in Gabungan held by Mr. C. B. Ng on trust for Dato' Ng in respect of 132,500 shares and Datin Ngooi in respect of 117,500 shares to JBB Delima at a total consideration of RM3,689,764.75. The consideration was satisfied by JBB Delima procuring our Company: (a) to allot and issue 2,195,525 Shares in our Company, credited as fully paid, at the direction of

Dato' Ng, to JBB Builders Investment; and (b) to allot and issue 1,946,975 Shares in our Company, credited as fully paid, at the direction of Datin Ngooi, to JBB Builders Investment. The aforesaid acquisition was legally completed on 5 December 2018.

- (d) On 23 October 2018, JBB Delima (as purchaser) entered into a share sale and purchase agreement with Mr. Brian Lam (as vendor) and Dato' Ng (as first beneficiary) and Datin Ngooi (as secondary beneficiary), pursuant to which Mr. Brian Lam, at the direction of Dato' Ng and Datin Ngooi, transferred 250,000 shares in Gabungan held by Mr. Brian Lam on trust for Dato' Ng in respect of 132,500 shares and Datin Ngooi in respect of 117,500 shares to JBB Delima at a total consideration of RM3,689,764.75. The consideration was satisfied by JBB Delima procuring our Company: (a) to allot and issue 2,195,525 Shares in our Company, credited as fully paid, at the direction of Dato' Ng, to JBB Builders Investment; and (b) to allot and issue 1,946,975 Shares in our Company, credited as fully paid, at the direction of Datin Ngooi, to JBB Builders Investment. The aforesaid acquisition was legally completed on 5 December 2018.
- (e) On 23 October 2018, JBB Delima (as purchaser) entered into a share sale and purchase agreement with Mr. C. B. Ng (as vendor) and Dato' Ng (as first beneficiary) and Datin Ngooi (as secondary beneficiary), pursuant to which Mr. C. B. Ng, at the direction of Dato' Ng and Datin Ngooi, transferred 250,000 shares in Pavilion held by Mr. C. B. Ng on trust for Dato' Ng in respect of 15,000 shares and Datin Ngooi in respect of 235,000 shares to JBB Delima at a total consideration of RM579,749.25. The consideration was satisfied by JBB Delima procuring our Company: (a) to allot and issue 39,045 Shares in our Company, credited as fully paid, at the direction of Dato' Ng, to JBB Builders Investment; and (b) to allot and issue 611,705 Shares in our Company, credited as fully paid, at the direction of Datin Ngooi, to JBB Builders Investment. The aforesaid acquisition was legally completed on 13 December 2018.
- (f) On 23 October 2018, JBB Delima (as purchaser) entered into a share sale and purchase agreement with Mr. Brian Lam (as vendor) and Dato' Ng (as first beneficiary) and Datin Ngooi (as secondary beneficiary), pursuant to which Mr. Brian Lam, at the direction of Dato' Ng and Datin Ngooi, transferred 250,000 shares in Pavilion held by Mr. Brian Lam on trust for Dato' Ng in respect of 15,000 shares and Datin Ngooi in respect of 235,000 shares to JBB Delima at a total consideration of RM579,749.25. The consideration was satisfied by JBB Delima procuring our Company: (a) to allot and issue 39,045 Shares in our Company, credited as fully paid, at the direction of Dato' Ng, to JBB Builders Investment; and (b) to allot and issue 611,705 Shares in our Company, credited as fully paid, at the direction of Datin Ngooi, to JBB Builders Investment. The aforesaid acquisition was legally completed on 13 December 2018.

- (g) On 23 October 2018, JBB Delima (as purchaser) entered into a share sale and purchase agreement with Dato' Ng (as vendor), pursuant to which Dato' Ng transferred 500,000 shares in Pavilion to JBB Delima at the consideration of RM1,159,498.5. The consideration was satisfied by JBB Delima procuring our Company to allot and issue 1,301,500 Shares in our Company, credited as fully paid, at the direction of Dato' Ng, to JBB Builders Investment. The aforesaid acquisition was legally completed on 13 December 2018.
- (h) On 11 April 2019, 3,195,000 Shares were allotted and issued all credited as fully paid to JBB Builders Investment, in consideration of the capitalisation of loan in the amount of HK\$15,000,000 owing by our Company to JBB Builders Investment.
- (i) In contemplation of the Global Offering and the Capitalisation Issue, the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 shares to HK\$20,000,000 divided into 2,000,000,000 Shares of HK\$0.01 each by the creation of an additional 1,962,000,000 Shares of HK\$0.01 each to rank *pari passu* in all respects with its then existing Shares, pursuant to the resolutions of our Shareholder passed on 11 April 2019.
- (j) Conditional on the share premium account of our Company being credited with the proceeds from the Global Offering, the Capitalisation Issue was approved, and our Directors were authorised to allot and issue a total of 337,500,000 Shares credited as fully paid at par to the holders of Shares whose names appear on the register of members of our Company at 11 p.m. on the day preceding the Listing Date pro-rata to their then shareholdings in our Company, each ranking *pari passu* in all respects with the then existing issued Shares.
- (k) Immediately following completion of the Global Offering and the Capitalisation Issue but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, the issued share capital of our Company was HK\$5,000,000 divided into 500,000,000 Shares, all fully paid or credited as fully paid, and 1,500,000,000 Shares will remain unissued.
- (l) Other than pursuant to exercise of the Over-allotment Option, the exercise of any options to be granted under the Share Option Scheme or the exercise of the general mandate to issue Shares referred to in the paragraph headed "3. Written resolutions of the sole Shareholder" in this appendix, our Company does not have any present intention to issue any part of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares which would effectively alter the control of our Company will be made.

Save as disclosed in the section headed “Share Capital” in this prospectus, there has been no alteration in the share capital of our Company since its incorporation.

3. Written Resolutions of the sole Shareholder

On 11 April 2019, written resolutions were passed by our sole Shareholder, pursuant to which, among other things:

- (a) our Company approved and adopted the Memorandum and the Articles to take effect from the Listing Date, the terms of which are summarised in Appendix III to this prospectus;
- (b) our Company increased its authorised share capital from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$20,000,000 divided into 2,000,000,000 Shares of HK\$0.01 each by the creation of an additional 1,962,000,000 Shares of HK\$0.01 each, all of which shall rank *pari passu* in all respects with the then existing Shares;
- (c) conditional upon (i) the Listing Committee granting the approval of the listing of, and permission to deal in the Shares in issue and to be issued pursuant to the Global Offering, including any Shares which may be issued pursuant to the exercise of the options granted under the Share Option Scheme and the Over-allotment Option; and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:
 - (i) the Listing was approved and our Directors were authorised to implement the Listing;
 - (ii) the Global Offering and the Over-allotment Option were approved and our Directors were authorised to effect the same and to allot and issue the Offer Shares pursuant to the Global Offering to rank *pari passu* with the then existing Shares in all respects and any exercise of the Over-allotment Option as they think fit, on the terms and subject to the conditions stated in this prospectus and the Application Forms;
 - (iii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “E. Share Option Scheme” of this appendix below, were approved and adopted, and our Directors were authorised, subject to the terms and conditions of the Share Option Scheme to grant options to subscribe for Shares thereunder and to allot, issue and deal with our Shares pursuant to the exercise of options which may be granted under the Share Option Scheme and to take all such actions as they consider necessary, expedient or desirable to implement the Share Option Scheme;

- (iv) conditional further on the share premium account of our Company being credited with the proceeds from the Global Offering, the Capitalisation Issue was approved, and our Directors were authorised to allot and issue a total of 337,500,000 Shares credited as fully paid at par to the holders of Shares whose names appear on the register of members of our Company at 11 p.m. on the day preceding the Listing Date pro-rata to their then shareholdings in our Company, each ranking *pari passu* in all respects with the then existing issued Shares;
- (v) a general unconditional mandate was granted to our Directors to exercise all the powers of our Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of a dividend on Shares in accordance with the Articles, or pursuant to the exercise of any options which have been granted under the Share Option Scheme or other arrangements regulated by Chapter 17 of the Listing Rules or any specific authority granted by our Shareholders in general meetings, Shares with a total number not exceeding 20% of the total number of Shares in issue immediately following completion of the Global Offering and the Capitalisation Issue but excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and without taking into account of Shares to be allotted and issued upon exercise of options which may be granted under the Share Option Scheme;
- (vi) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to repurchase Shares (the “**Repurchased Mandate**”) on the Stock Exchange, or any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, with a total number of not more than 10% of the total number of the Shares in issue immediately following completion of the Global Offering and the Capitalisation Issue but excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and without taking into account of Shares to be allotted and issued upon the exercise of options which may be granted under the Share Option Scheme; and
- (vii) the extension of the general mandate to allot, issue and deal with the Shares as mentioned in paragraph (v) above by addition to the total number of the Shares of our Company which may be allotted and issued or agreed (conditionally or unconditionally) to be allotted or issued by our Directors pursuant to such general mandate of an amount representing the total number of Shares repurchased by our Company pursuant to paragraph (vi) above; and

(viii) each of the general mandates referred to in paragraph (v) and (vi) above will remain in effect until whichever is the earliest of:

- i. the conclusion of the next annual general meeting of our Company;
- ii. the expiration of the period within which our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws to hold our next annual general meeting; or
- iii. when such mandate is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

4. Corporate Reorganisation

The companies comprising our Group underwent the Reorganisation in preparation for Listing pursuant to which our Company became the holding company of our Group. For information relating to the Reorganisation, please refer to the section headed “History, Reorganisation and Corporate Structure — Reorganisation” in this prospectus.

5. Change in Share Capital or our Subsidiaries

The subsidiaries of our Company are listed in the accountants’ report of our Group, the text of which is set out in Appendix I to this prospectus.

Save for the alterations described in paragraph headed “History, Reorganisation and Corporate Structure — Reorganisation” above, no changes in the shares capital of any of the subsidiaries of our Company within the two years preceding the date of this prospectus.

6. Repurchase of our Shares and restrictions on Share repurchases

This section includes information relating to the repurchase of securities, including information required by the Stock Exchange to be included in this prospectus concerning the repurchase of the Shares by our Company.

(a) Provisions of the Listing Rules

The Listing Rules permit our Shareholders to grant our Directors a general mandate to repurchase the Shares that are listed on the Stock Exchange by way of an ordinary resolution passed by our Shareholders in a general meeting, subject to certain restrictions and the most important of which are below summarised:

(i) Shareholders’ Approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution in writing passed by the sole Shareholder of our Company on 11 April 2019, the Repurchase Mandate was given to our Directors to exercise all powers of our Company to repurchase Shares on the Stock Exchange, or any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, with a total number of not more than 10% of the total number of the Shares in issue immediately following completion of the Global Offering and the Capitalisation Issue until the conclusion of the next annual general meeting of our Company, such mandate to expire at the conclusion of next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or any applicable law of the Cayman Islands to be held, or the time when the Repurchase Mandate revoked or varied by ordinary resolution of our Shareholders, whichever shall first occur.

(ii) Source of Funds

Any repurchases of Shares must be financed out of funds legally available for the purpose in accordance with our Articles of Association, the Listing Rules and any applicable laws and regulations from time to time in force of the Cayman Islands. We are not permitted to repurchase our Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Subject to the foregoing, such repurchases by our Company may only be made out of our Company's profits or out of our Company's share premium account or out of proceeds of a fresh issue of Shares made for the purpose of the repurchase. Any amount of premium payable on a repurchase over the par value of the Shares to be repurchased must be paid out of profits of our Company or our Company's share premium account. Subject to satisfaction of the solvency test prescribed by the Companies Law, a repurchase may also be made out of capital.

(iii) Connected parties

Under the Listing Rules, a company shall not knowingly repurchase securities on the Stock Exchange from a "core connected person" (as defined in the Listing Rules) and a core connected person shall not knowingly sell his securities to the company listed on the Stock Exchange.

(iv) Shares to be repurchased

The Listing Rules provide that the Shares which are proposed to be repurchased by our Company must be fully paid up.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of the current financial position of our Company as disclosed in this prospectus and taking into account its current working capital position, our Directors consider that, if the Repurchase Mandate is exercised in full, it might have a material adverse effect on our working capital and/or gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

(d) General

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules) currently intends to sell any Shares to us.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Memorandum and Articles, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Except as mentioned above, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the numbers of the Shares which are in the hands of public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No core connected person has notified us that he or she has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

No repurchase of Shares has been made since the incorporation of our Company.

B. FURTHER INFORMATION ABOUT OUR GROUP'S BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Group within the two years preceding the date of this prospectus and are or may be material in relation to the business of our Company taken as whole:




- (i) the Deed of Non-competition dated 11 April 2019, entered into by each of our Controlling Shareholders in favour of our Company, whereby our Controlling Shareholders gave certain non-competition undertakings in favour of our Company, particulars of which are set out in the section headed "Relationship with Controlling Shareholders — Deed of Non-competition";
- (ii) the Deed of Indemnity dated 11 April 2019 entered into by our Controlling Shareholders in favour of our Company, the particulars of which are set out in the paragraph headed "F. Other information — 1. Estate duty, tax, and other indemnity" in this appendix;
- (iii) the Hong Kong Underwriting Agreement;
- (iv) the share sale and purchase agreement dated 23 October 2018 and made between JBB Delima (as purchaser) and Dato' Ng and Datin Ngooi (as vendors), pursuant to which Dato' Ng transferred 2,666,667 shares and Datin Ngooi transferred 2,333,333 shares in JBB Builders to JBB Delima for a consideration of RM11,050,507.74 and RM9,799,506.87 respectively;
- (v) the share sale and purchase agreement dated 23 October 2018 and made between JBB Delima (as purchaser) and Mr. C. B. Ng (as vendor) and Dato' Ng (as first beneficiary) and Datin Ngooi (as secondary beneficiary), pursuant to which Mr. C. B. Ng transferred 250,000 shares in Gabungan held by Mr. C. B. Ng on trust for Dato' Ng and Datin Ngooi as to 132,500 shares and 117,500 shares respectively to JBB Delima for a total consideration of RM3,689,764.75;

- (vi) the share sale and purchase agreement dated 23 October 2018 and made between JBB Delima (as purchaser) and Mr. Brian Lam (as vendor) and Dato' Ng (as first beneficiary) and Datin Ngooi (as secondary beneficiary), pursuant to which Mr. Brian Lam transferred 250,000 shares in Gabungan held by Mr. Brian Lam on trust for Dato' Ng and Datin Ngooi as to 132,500 shares and 117,500 shares respectively to JBB Delima for a total consideration of RM3,689,764.75;
- (vii) the share sale and purchase agreement dated 23 October 2018 and made between JBB Delima (as purchaser) and Mr. C. B. Ng (as vendor) and Dato' Ng (as first beneficiary) and Datin Ngooi (as secondary beneficiary), pursuant to which Mr. C. B. Ng transferred 250,000 shares in Pavilion held by Mr. C. B. Ng on trust for Dato' Ng and Datin Ngooi as to 15,000 shares and 235,000 shares respectively to JBB Delima for a total consideration of RM579,749.25;
- (viii) the share sale and purchase agreement dated 23 October 2018 and made between JBB Delima (as purchaser) and Mr. Brian Lam (as vendor) and Dato' Ng (as first beneficiary) and Datin Ngooi (as secondary beneficiary), pursuant to which Mr. Brian Lam transferred 250,000 shares in Pavilion held by Mr. Brian Lam on trust for Dato' Ng and Datin Ngooi as to 15,000 shares and 235,000 shares respectively to JBB Delima for a total consideration of RM579,749.25;
- (ix) the share sale and purchase agreement dated 23 October 2018 and made between JBB Delima (as purchaser) and Dato' Ng (as vendor), pursuant to which Dato' Ng transferred 500,000 shares in Pavilion to JBB Delima for a consideration of RM1,159,498.50; and
- (x) the loan capitalisation agreement dated 11 April 2019 and made between our Company and JBB Builders Investment, pursuant to which our Company allotted and issued 3,195,000 Shares, credited as fully paid, to JBB Builders Investment by way of capitalisation of loan in the amount of HK\$15,000,000 owing by our Company to JBB Builders Investment.

2. Intellectual property rights of our Group

(a) Trademarks

As at the Latest Practicable Date, our Group had registered the following trademarks:

No.	Trademark	Type and class	Name of Registrant	Place of Registration	Trademark Number	Registration Date
1		37	JBB Builders	Hong Kong	304515138	4 May 2018
						
2		37	JBB Builders	Malaysia	2018005898	15 May 2018

(b) Domain Names

As of the Latest Practicable Date, we have registered the following domain names:

Domain name	Registrant	Duration
www.jbb.com.my	JBB Builders	11 April 2019 to 10 April 2020

Information in the above website does not form part of this prospectus.

Except as disclosed in this section, there are no other trade or service marks, patents, other intellectual property rights which are or may be material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS**1. Service contracts and letters of appointment of our Directors**

Each of our executive Directors and non-executive Director has entered into a service contract with our Company. The terms and conditions of each of such service contracts are similar in all material respects. The service contracts are initially for a fixed term of three years commencing from the Listing Date, unless and until terminated by either party by giving not less than three months' notice in writing at any time during the initial term. Each of our executive Directors and non-executive Director is entitled to the respective basic salary set out below (subject to annual review at the discretion of the Board and excluding any discretionary bonus). The current basic annual salaries of our executive Directors and non-executive Director are as follows:

Name	Amount
Dato' Ng (executive Director)	HK\$120,000
Mr. C. B. Ng (executive Director)	HK\$120,000
Mr. Brian Lam (executive Director)	HK\$120,000
Datin Ngooi (non-executive Director)	HK\$120,000

Each of our independent non-executive Directors has entered into a letter of appointment with our Company. The terms and conditions of each of such letters of appointment are similar in all material respects. The appointments are subject to the provisions of the Articles of Association, the Companies Ordinance, the Companies Law and the Listing Rules with regard to vacation of office of Directors, removal and retirement of rotation of Directors. Each of our independent non-executive Directors is appointed with an initial term of three years commencing from the Listing Date, unless and until terminated by not less than three months' notice in writing served by either party at any time during the initial term. Save for directors' fee, none of our independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director. The annual remuneration (subject to annual review at the discretion of the Board and excluding any discretionary bonus) payable to our independent non-executive Directors under each of the letters of appointment are as follows:

Name	Amount
Mr. Tai Lam Shin	HK\$120,000
Mr. Wong Kwok Wai, Albert	HK\$120,000
Ms. Chan Pui Kwan	HK\$120,000

Save as disclosed above, none of our Directors has entered or has proposed to enter into any service contract with our Company or any of its subsidiaries (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

2. Remuneration of our Directors during the Track Record Period

- (a) The aggregate remuneration paid by our Group to our Directors for each of the three years ended 30 June 2018 and the four months ended 31 October 2018 were approximately RM472,000, RM5.6 million, RM8.3 million and RM140,000, respectively (including salaries and allowances, discretionary bonuses and pension scheme contributions).
- (b) None of our Directors waived any emolument for each of the three years ended 30 June 2016, 2017 and 2018 and the four months ended 31 October 2018.
- (c) Save as disclosed in the accountant's report in Appendix I to this prospectus, no other emoluments have been paid or are payable by our Company to our Directors for each of the three years ended 30 June 2018 and the four months ended 31 October 2018.
- (d) None of our Directors or any past directors of any member of our Group has been paid any sum of money for each of the three years ended 30 June 2018 and the four months ended 31 October 2018 as (i) an inducement to join or upon joining our Company; or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (e) Under the arrangement currently in force, conditional upon the Listing, the estimated aggregate remuneration (excluding any discretionary bonus) payable by our Group to our Directors for the financial year ending 30 June 2019 is expected to be about RM1.2 million.

D. FURTHER INFORMATION ABOUT SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND EXPERTS

1. Disclosure of interest and short positions of our Directors and chief executive of our Company

Immediately following completion of the Global Offering and the Capitalisation Issue and taking no account of any Shares which may be allotted and issued pursuant to the Share Option Scheme of our Company and any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, the interests or short positions of our Directors and the chief executive in our Shares, underlying Shares and debentures and our associated corporations, within the meaning of Part XV of the SFO which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules (the “**Model Code**”), will be as follows:

Name of Director	Long/Short position	Capacity/Nature of interest	Number of Shares	Percentage of shareholding
Dato' Ng	Long	Interest in a controlled corporation ⁽¹⁾	181,816,500	36.3633%
	Long	Interest held jointly with Datin Ngooi ⁽²⁾ ; Interest of spouse ⁽³⁾	343,050,000	68.61%
Datin Ngooi	Long	Interest in a controlled corporation ⁽⁴⁾	161,233,500	32.2467%
	Long	Interest held jointly with Dato' Ng ⁽⁵⁾ ; Interest of spouse ⁽⁶⁾	343,050,000	68.61%

Notes:

- (1) Dato' Ng beneficially owns 100% of the share capital of JBB Jade. By virtue of the SFO, Dato' Ng is deemed to be interested in 181,816,500 Shares held by JBB Jade, representing 36.3633% of the entire issued share capital of our Company.
- (2) Pursuant to the Concert Party Deed, Dato' Ng and Datin Ngooi are parties acting in concert (having the meaning ascribed to it under the Takeovers Code). As such, immediately after completion of the Global Offering and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), Dato' Ng and Datin Ngooi will together control 68.61% of the entire issued share capital of our Company.
- (3) Dato's Ng is the spouse of Datin Ngooi. Accordingly, Dato' Ng is deemed, or taken to be, interested in all the Shares in which Datin Ngooi is interested for the purpose of SFO.
- (4) Datin Ngooi beneficially owns 100% of the share capital of JBB Berlian. By virtue of the SFO, Datin Ngooi is deemed to be interested in 161,233,500 Shares held by JBB Berlian, representing 32.2467% of the entire issued share capital of our Company.
- (5) Pursuant to the Concert Party Deed, Dato' Ng and Datin Ngooi are parties acting in concert (having the meaning ascribed to it under the Takeovers Code). As such, immediately after completion of the Global Offering and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), Dato' Ng and Datin Ngooi will together control 68.61% of the entire issued share capital of our Company.
- (6) Datin Ngooi is the spouse of Dato' Ng. Accordingly, Datin Ngooi is deemed, or taken to be, interested in all the Shares in which Dato' Ng is interested for the purpose of SFO.

2. Disclosure of interest under Divisions 2 and 3 of Part XV of the SFO

Immediately following completion of the Global Offering and the Capitalisation Issue and taking no account of any Shares which may be allotted and issued pursuant to the Share Option Scheme and any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, in addition to the interests disclosed under paragraph 1 above, so far as our Directors are aware, the following persons (other than a Director or a chief executive of our Company) are expected to have interests or short positions in our Shares or underlying Shares which are required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or, are expected to be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

Substantial Shareholder	Capacity/ Nature of interest	Number of Shares upon Listing	Percentage of shareholding
JBB Jade	Beneficial owner	181,816,500	36.3633%
JBB Berlian	Beneficial owner	161,233,500	32.2467%

E. SHARE OPTION SCHEME

1. Summary of terms of the Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable our Company to grant options to the employee, director, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of our Company or any subsidiary who is in full-time or part-time employment with or otherwise engaged by our Company or any subsidiary at the time when an option is granted to such employee, director, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of the Board (the “**Eligible Participants**”), has contributed or may contribute to our Group as incentive or reward for their contribution to our Group to subscribe for the Shares thereby linking their interest with that of our Group.

(b) Grant and acceptance of options

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years after the adoption date of the Share Option Scheme to make an offer to any Eligible Participants as the Board may in its absolute discretion select to subscribe for such number of Shares as the Board may determine. An offer shall be made to an Eligible Participant in writing in such form as our Directors may determine from time to time and shall remain open for acceptance by the Eligible Participant concerned for a period of 21 days from the date upon which it is made provided that no such offer shall be open for acceptance after the 10th anniversary of the adoption date of the Share Option Scheme or the termination of the same.

An offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the offer duly signed by the Eligible Participant, together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof is received by our Company within 21 days from the date of offer or within such time as may be determined by the Board.

Any offer may be accepted by an Eligible Participant in respect of less than the total number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof.

(c) Subscription price of Shares

The subscription price for Shares under the Share Option Scheme shall be determined at the discretion of our Directors but in any event will not be less than the highest of (a) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the offer date of the particular option, which must be a business day; (b) the average closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the offer date of that particular option; and (c) the nominal value of a Share on the offer date of particular option.

(d) Maximum number of Shares

- (i) Subject to (ii) below, the maximum number of Shares in respect of which option may be granted at any time under the Share Option Scheme together with options which may be granted under any other share option schemes for the time being of our Company shall not in aggregate exceed such number of Shares as equals 10% issued share capital of our Company at the Listing Date (the “**Scheme Mandate Limit**”) unless Shareholders’ approval has been obtained pursuant to the subparagraph immediately below. On the basis of a total of 500,000,000

Shares in issue as at the Listing Date, the relevant limit will be 50,000,000 Shares which represent 10% of the issued Shares at the Listing Date.

Our Company may seek approval by its Shareholders in general meeting to refresh the Scheme Mandate Limit provided that the total number of Shares available for issue upon exercise of all options which may be granted under the Share Option Scheme and any other schemes of our Group must not exceed 10% of the issued share capital of our Company at the date of approval of refreshing of the Scheme Mandate Limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Group (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option schemes or exercised options) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. Our Company shall send a circular to our Shareholders containing the information required under the Listing Rules.

Our Company may authorise our Directors to grant options to specified Eligible Participants beyond the Scheme Mandate Limit if the grant of such options is specifically approved by our Shareholders in general meeting. In such case, our Company must send a circular to our Shareholders in connection with the general meeting at which their approval will be sought containing a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the option to be granted, the purpose of granting options to the specified Participants with an explanation as to how the terms of the options serve such purpose, the information and disclaimer required under the Listing Rules and such further information as may be required by the Stock Exchange from time to time.

- (ii) The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share options schemes of our Group must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Group if this will result in the limit being exceeded.
- (iii) Unless approved by our Shareholders in the manner set out below, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue. Where any further grant of options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant

representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by Shareholders in general meeting with such Eligible Participant and his close associates (or his associates if the Eligible Participant is a connected person) abstaining from voting. Our Company must send a circular to our Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the options to be granted (and options previously granted to such Eligible Participant), and such information as may be required under the Listing Rules from time to time. The number and terms (excluding the subscription price) of options to be granted to such Eligible Participant must be fixed before Shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

- (iv) The exercise of any option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company. Subject thereto, our Directors shall make available sufficient of the then authorised but unissued share capital of our Company to allot the Shares on the exercise of any option.

(e) Exercise of options

An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant.

Subject to terms of the Share Option Scheme, an option shall be exercisable in whole or in part in the circumstances by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a remittance for the full amount of the subscription price for Shares in respect of which the notice is given. After receipt of the notice and remittance and, where appropriate, receipt of the auditors' certificate, our Company shall within 30 days of the date upon which an option is effectively exercised (being the date of such receipt by the secretary of our Company) allot the relevant Shares to the grantee (or his personal representative(s)) credited as fully paid and instruct the relevant share registrar to issue to the grantee (or his personal representative(s)) a share certificate in respect of the Shares so allotted.

Though there is no specified minimum period under the Share Option Scheme for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms and conditions of the Share Option Scheme, our Directors may make such grant of options, subject to such terms and conditions in relation to the minimum period of such options to be held and/or the performance targets to be achieved as our Directors may determine in their absolute discretion.

(f) Restrictions on the time of grant of options

Grant of options may not be made after inside information has come to the knowledge of our Company until such inside information has been announced in accordance with the relevant requirements of the Listing Rules. In particular, no option may be granted during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting for the approval of our Company's interim or annual results and (ii) the deadline for our Company to publish its interim or annual results announcement and ending on the date of such results announcement.

(g) Rights are personal to grantee

An option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement to do so.

(h) Rights on ceasing employment

Unless the Board otherwise determines, the option period in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall automatically lapse on the date on which the grantee ceases to be an Eligible Participant by reason of a termination of his employment on any one or more of the grounds that he has been guilty of persistent or serious misconduct, or has become bankrupt or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or any member of our Group into disrepute).

(i) Rights on death

In the event of the grantee ceasing to be an Eligible Participant by reason of his death before exercising the option in full and where the grantee is an employee of our Group none of the events which would be a ground for termination of his employment under paragraph (h) above arises, his personal representative(s) may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of death, or such longer period as our Directors may determine.

(j) Cancellation of option granted

The Board may, with the consent of the relevant grantee, at any time at its absolute discretion cancel any option granted but not exercised. Where our Company cancels options and offers new options to the same option holder, the offer of such new options may only be made under the Share Option Scheme with

available options (to the extent not yet granted and excluding the cancelled options) within the limit approved by our Shareholders as mentioned in paragraph (d) above.

(k) Effect of alteration in share capital

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue or other offer of securities to holders of Shares (including any securities convertible into share capital or warrants or options to subscribe for any share capital of our Company, but excluding options under the Share Option Scheme and options under any other similar employee share option scheme of our Company), consolidation, sub-division or reduction of the share capital of our Company or otherwise howsoever, then, in any such case (other than in the case of capitalisation of profits or reserves) our Company shall instruct auditors or an independent financial adviser appointed by our Company to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular grantee, to:

- (i) the number or nominal amount of Shares subject to the option so far as unexercised;
- (ii) the subscription price;
- (iii) the maximum number of Shares referred to in paragraph d(i); and/or
- (iv) the method of the exercise of the option(s),

and an adjustment as so certified by the independent financial adviser appointed by our Company or auditors shall be made, provided that:

- a. any such adjustment must give a grantee the same proportion of the issued share capital of our Company as that to which that person was previously entitled;
- b. any such adjustment shall be made on the basis that the aggregate subscription price payable by a grantee on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event;
- c. no such adjustment shall be made the effect of which would be enable a Share to be issued at less than its nominal value;
- d. the issue of securities of our Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and

- e. to the advantage in any respect of the grantee without specific prior approval of our Shareholders.

In respect of any such adjustment, other than any made on a capitalisation issue, the independent financial adviser or the auditors must confirm to our Directors in writing that the adjustment so made satisfies the requirements of the relevant provisions of the Listing Rules and any guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

(l) Rights on a general offer

If a general or partial offer is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all its reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such offer becomes or is declared unconditional, the grantee shall, notwithstanding any other term on which his options were granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company at any time thereafter and up to the close of such offer.

(m) Rights on winding up

In the event of a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same day as or soon after it despatches such notice to each member of our Company give notice thereof to all the grantees and thereupon, each grantee (or his respective personal representative(s)) may, subject to the provisions of all applicable laws, by notice in writing to our Company, accompanied by the remittance of the subscription price in respect of the relevant option (such notice to be received by our Company not later than two business days prior to the proposed general meeting of our Company) exercise the option (to the extent which has become exercisable and not already exercised) whether in full or in part and our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue such number of Shares to the grantee which may fall to be issued on such exercise credited as fully paid and register the grantee as holder of such Shares.

(n) Rights on a compromise or arrangement

Other than a general or partial offer or a scheme of arrangement contemplated in paragraph (o) below, if a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of our Company or its

amalgamation with any other company or companies, our Company shall give notice thereof to all the grantees on the same day as it despatches the notice which is sent to each member or creditor of our Company summoning the meeting to consider such a compromise or arrangement, and thereupon each grantee (or his personal representative(s)) may by notice in writing to our Company accompanied by the remittance of the subscription price in respect of the relevant option (such notice to be received by our Company not later than two business days before the proposed meeting) exercise any of his options (to the extent which has become exercisable and not already exercised) whether in full or in part, but the exercise of an option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court of competent jurisdiction and becoming effective. Our Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting referred to above, allot and issue such number of Shares to the grantee which may fall to be issued on such exercise credited as fully paid and register the grantee as holder of such Shares. Upon such compromise or arrangement becoming effective, all options shall lapse except insofar as previously exercised under the Share Option Scheme. Our Company may require the grantee (or his personal representative(s)) to transfer or otherwise deal with the Shares issued as a result of the exercise of options in these circumstances so as to place the grantee in the same position as nearly as possible the same (but not greater than) it was before such event.

(o) Rights on a scheme of arrangement

If a general or partial offer by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, the grantee (or his personal representative(s)) may thereafter (but only until such time as shall be notified by our Company, after which it shall lapse) exercise the option (to the extent which has become exercisable and not already exercised) to its full extent or to the extent specified in such notice.

(p) Ranking of Shares

Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Memorandum and the Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of their allotment and issue (the “**Exercise Date**”) and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. Shares allotted and issued upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered into the register of members of our Company as the holder thereof.

(q) Duration and administration of the Share Option Scheme

The Share Option Scheme shall be valid and effective commencing from the adoption date of the Share Option Scheme until the termination date as provided therein (which being the close of business of our Company on the date which falls 10 years from the date of the adoption of the Share Option Scheme), after which period no further options will be granted but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. The Share Option Scheme shall be subject to the administration of our Board whose decision on all matters arising in relation to the Share Option Scheme or its interpretation or effect shall (save as otherwise provided therein and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

(r) Alteration to the terms of the Share Option Scheme

- (i) alterations of the provisions relating to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Eligible Participant without the prior approval of our Shareholders in general meeting;
- (ii) any alteration to the terms and conditions of the provisions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by our Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme;
- (iii) any change to the authority of our Directors or administrator of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by our Shareholders in general meeting; and
- (iv) the amended terms of the Share Option Scheme or the options must still comply with the relevant requirements of the Listing Rules and any guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

(s) Conditions of the Share Option Scheme

The Share Option Scheme is conditional upon:

- (i) the Listing Committee granting the listing of, and permission to deal in, any Shares to be issued by our Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme;
- (ii) commencement of dealings of Shares on the Stock Exchange; and

- (iii) the passing of the necessary resolution to approve and adopt the Share Option Scheme by our Shareholders in general meeting or by way of written resolution and to authorise our Directors to grant options at their absolute discretion thereunder and to allot, issue and deal with Shares pursuant to the exercise of any options granted under the Share Option Scheme.

(t) Grant of options to connected persons or any of their associates

Any grant of options to a Director, chief executive or substantial Shareholder (as defined in the Listing Rules) of our Company, or any of their respective associates must be approved by the independent non-executive Directors (excluding independent non-executive Director who is the proposed grantee of the option). Where any grant of options to a substantial Shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the total number of Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options must be approved by our Shareholders. Our Company must send a circular to its Shareholders. The grantee, his associates and all core connected persons of our Company must abstain from voting at such general meeting, except that any such grantee, his associate, or core connected person of our Company may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. The circular must contain:

- (i) details of the number and terms (including the subscription price) of the options to be granted to each Eligible Participant, which must be fixed before our Shareholders' meeting and the date of the meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options) to the independent Shareholders as to voting; and
- (iii) the information as may be required under the Listing Rules from time to time.

Shareholders' approval is also required for any change in the terms of options granted to an Eligible Participant who is a substantial Shareholder (as defined in the Listing Rules) or an independent non-executive director, or any of their respective associates.

(u) Lapse of options

The Option Period (as defined in the Share Option Scheme) in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall automatically lapse on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraphs (h), (i) or (n), where applicable;
- (iii) subject to the court of competent jurisdiction not making an order prohibiting the offeror from acquiring the remaining Shares in the offer, the expiry of the period referred to in paragraph (l);
- (iv) subject to the scheme of arrangement becoming effective, the expiry date of the period referred to in paragraph (o);
- (v) the date on which the grantee ceases to be an Eligible Participant for any reason other than his death or the termination of his employment or engagement on one or more grounds specified in (vi) below;
- (vi) the date on which the grantee of an option ceases to be an Eligible Participant by reason of the termination of his employment or engagement on grounds including, but not limited to, misconduct, bankruptcy, insolvency and conviction of any criminal offence;
- (vii) the date of the commencement of the winding-up of our Company;
- (viii) the date on which the grantee commits a breach of paragraph (g); or
- (ix) the date on which the option is cancelled by the Board as set out in paragraph (j).

(v) Termination

Our Company by an ordinary resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in force and effect and options granted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme and the Listing Rules.

(w) Disputes

Any dispute arising in connection with the Share Option Scheme (whether as to the number of Shares of an option, any of the matters referred to in paragraph (k) above or otherwise) shall be referred to the decision of the auditors or the independent financial adviser who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

(x) Present status of the Share Option Scheme

Application has been made to the Listing Committee of the Stock Exchange for the approval of the Share Option Scheme, the subsequent grant of options under the Share Option Scheme and the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme which shall represent 10% of the Share in issue upon completion of the Global Offering and the Capitalisation Issue.

At the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

(y) Value of options

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of the options. Our Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

The Board confirms that the Board will not approve the exercise of any option if as a result which our Company will not be able to comply with the public float requirements under the Listing Rules.

F. OTHER INFORMATION**1. Estate duty, tax, and other indemnity**

Our Controlling Shareholders (the “**Indemnifiers**”) have, under the Deed of Indemnity referred to in the paragraph headed “B. Further information about our Group’s business — 1. Summary of material contracts” in this appendix, given joint and several indemnities to our Company for itself and as trustee for its subsidiaries in connection with, among other things:

- (a) to the extent to which it is applicable, any duty which is or hereafter becomes payable by the relevant member of our Group by virtue of section 35 of the Estate Duty Ordinance (Chapter III of the Laws of Hong Kong) (the “**Estate Duty Ordinance**”) or any law equivalent or similar thereto under the laws of any jurisdiction outside Hong Kong, or under the provision of section 43 of the Estate Duty Ordinance or any law equivalent or similar thereto under the laws of any jurisdiction outside Hong Kong, by reason of the death of any person and by reason of the assets of any members of our Group or any of such assets being deemed for the purpose of estate duty to be included in the property passing on his death, as a result of that person making or having made a relevant transfer to any members of our Group at any time on or before the Listing Date;
- (b) to the extent to which it is applicable, any amount recovered against any members of our Group under the provision of section 43(7) of the Estate Duty Ordinance or any law equivalent or similar thereto under the laws of any jurisdiction outside Hong Kong in respect of any duty payable under section 43(1)(c) or section 43(6) of the Estate Duty Ordinance, by reason of the death of any person and by reason of the assets of any members of our Group or any of such assets being deemed for the purpose of estate duty to be included in the property passing on his death, as a result of that person making or having made a relevant transfer to any members of our Group at any time on or before the Listing Date;
- (c) to the extent to which it is applicable, any amount of duty which any members of our Group is obliged to pay by virtue of section 43(1)(c) of the Estate Duty Ordinance or any law equivalent or similar thereto under the laws of any jurisdiction outside Hong Kong in respect of the death of any person in any case where the assets of another company are deemed for the purpose of estate duty to be included in the property passing on that person’s death by reason of that person making or having made a relevant transfer to that other company and by reason of any members of our Group having received any distributed assets of that other company on their distribution within the meaning of the Estate Duty Ordinance, in each case at any time on or before the Listing Date, but only to the extent to which any members of our Group are unable to recover an amount or amounts in respect of that

duty from any other person under the provision of section 43(7)(a) of the Estate Duty Ordinance or any law equivalent or similar thereto under the laws of any jurisdiction outside Hong Kong;

- (d) the amount of any and all taxation falling on any of member of our Group, among other things, (i) resulting from or by reference to any revenue (including any form of government financial assistance, subsidy or rebate) income, profits, gains, transactions, events, matters or things earned, accrued, alleged to have, received, entered into or occurring (or deemed to be so earned, accrued, received, entered into or occurring) on or before the Listing Date; (ii) resulting from or by reference to any event occurring or deemed to occur on or before such date whether alone or in conjunction with another event or other events; (iii) in respect of or in consequence of any act or omission of any of the member of our Group regarding the inter-companies transactions on or before the Listing Date; (iv) in conjunction with any other circumstances whenever occurring and whether or not such taxation is chargeable against or attributable to any other person, firm or company, including any and all taxation resulting from the receipt by any member of our Group of any amounts paid by the Indemnifiers under Deed of Indemnity; or (v) by reason of any transfer of any property to any member of our Group or to any other person, entity or company made or deemed to have been made on or before the Listing Date. For the avoidance of doubt, the aforesaid provision shall require the Indemnifiers to indemnify and at all times keep any member of our Group indemnified, in each case, in respect of any additional taxation which may fall on our Company or any other member of our Group in respect of a taxation Claim resulting from a reassessment or similar action by a taxation authority against any member of our Group of taxation due and whether or not such reassessment is effected in respect of taxation which our Company or any other member of our Group had previously reached agreement with a taxation authority;
- (e) all damages, losses and liabilities arising from or in connection with any property claim and/or any other liability claim to the extent that the events leading to such damages, losses and liabilities occurred prior to the Listing Date and any such damages, losses and liabilities are not paid by the insurer under any relevant insurance policy (if any);
- (f) any costs (including but not limited to legal and other professional costs), expenses, payment, sums, outgoings, fees, fines, demands, claims, liabilities, penalties, losses or damages incurred or suffered by our Group directly or indirectly in connection with or as a result of any litigation, arbitration and/or legal proceedings against any member of our Group which was issued and/or accrued and/or arising from any act, non-performance, omission or otherwise of any member of our Group, prior to the Listing Date.

The Indemnifiers will however, not be liable under the Deed of Indemnity in respect of taxation to the extent that:

- (a) provision, reserve or allowance has been made for such taxation claim in the audited accounts of any member of our Group for the Track Record Period;
- (b) the taxation falling on any member of our Group on or after the Listing Date except liability for such taxation which would not have arisen but for any act or omission of, or transaction voluntarily effected by any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) prior to the Listing Date without the prior written consent or agreement of the Indemnifiers other than any such act, omission or transaction:
 - (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before the Listing Date; or
 - (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before the Listing Date; or
 - (iii) consisting of any of the members of our Group ceasing, or being deemed to cease, to be a member of any group of companies or being associated with any other company for the purposes of any matter of taxation on or before the Listing Date; or
- (c) such taxation liability is discharged by another person who is not a member of our Group and that no member of our Group is required to reimburse such person in respect of the discharge of such taxation liability;
- (d) any provision or reserve made for taxation in the audited accounts of any member of our Group for the Track Record Period which is finally established to be an over-provision or an excessive reserve provided that the amount of any such provision or reserve applied to reduce the liability of the Indemnifiers under the Deed of Indemnity in respect of taxation shall not be available in respect of any such liability arising thereafter and for the avoidance of doubt, such over-provision or excessive reserve shall only be applied to reduce the liability of the Indemnifiers under the Deed of Indemnity as aforesaid and none of the members of our Group shall in any circumstances be liable to pay the Indemnifiers any such excess;
- (e) the taxation liability arises in the ordinary course of business of our Group after 31 October 2018 up to and including the Listing Date; or
- (f) such claim arises or is incurred as a consequence of any retrospective changes in law or practice coming into effect after the Listing Date or such claim arises or is increased by an increase in rates in taxation after the Listing Date with retrospective effect.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company in the Cayman Islands.

2. Litigation

As at the Latest Practicable Date, save as disclosed in this prospectus, neither our Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group.

3. Promoter

Our Company has no promoter for the purpose of the Listing Rules.

Save as disclosed above, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefits have been paid, allotted or given to any promoter in connection with the Global Offering or other related transactions described in this prospectus.

4. Preliminary expenses

Our estimated preliminary expenses are approximately US\$11,460 and have been paid by us.

5. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme). All necessary arrangements have been made to enable such Shares to be admitted into CCASS. The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor's fees payable by us in respect of the Sole Sponsor's services for the Listing is approximately HK\$5.6 million.

6. Material adverse change

Our Directors confirm that there has been no material adverse change in our Company's financial or trading position or prospects since 31 October 2018 (being the date to which our latest audited combined financial statements were made up) and up to the Latest Practicable Date.

7. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

8. Taxation of holders of Shares***(a) Hong Kong***

The sale, purchase and transfer of Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after 11 February 2006.

(b) Cayman Islands

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Intending holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, our Directors or the other parties involved in the Global Offering will accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in the Shares or exercise of any rights attaching to them.

9. Miscellaneous

Save as disclosed in this prospectus,

- (a) within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

- (ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no founders, management or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued;
 - (iv) no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale or any shares or loan capital of any member of our Group;
 - (v) no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares in our Company;
- (b) there have been no interruptions in our business that may have or have had a significant effect on our financial position in the 12 months immediately preceding the date of this prospectus;
 - (c) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal is being proposed to be sought;
 - (d) our Company has no outstanding convertible debt securities;
 - (e) there are no arrangements under which future dividends are waived or agreed to be waived;
 - (f) no member of our Group is presently listed or any stock exchange or traded in any trading system;
 - (g) in case of discrepancy, the English version of this prospectus shall prevail over the Chinese version; and
 - (h) our principal register of members will be maintained by our principal registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands and our Hong Kong register of members will be maintained by our Hong Kong Branch Share Registrar, Tricor Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the Hong Kong Branch Share Registrar and may not be lodged in the Cayman Islands.

10. Qualification of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualification
Alliance Capital Partners Limited	A corporation licensed to carry on type 1 (Dealing in Securities) and type 6 (advising on corporate finance) regulated activity under the SFO
Crowe (HK) CPA Limited	Certified Public Accountants
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Zul Rafique & Partners	Malaysian law firm
Ipsos Sdn. Bhd.	Independent industry consultants
BDO Financial Services Limited	Internal control reviewer
RSM Tax Consultants (Malaysia) Sdn. Bhd.	Tax consultant

11. Consents of experts

Each of the experts referred to in paragraph 10 above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports and/or letters and/or valuation certificates and/or legal opinion (as the case may be) and the references to its name in the form and context in which it respectively appears.

None of the experts referred to in paragraph 10 above has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

12. Disclaimers

Save as disclosed in this prospectus:

- (a) none of our Directors or the chief executives of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register

referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code once the Shares are listed;

- (b) none of our Directors or experts referred to under the paragraph headed “F. Other Information — 10. Qualification of experts” in this appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant to the business of our Group;
- (d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (e) taking no account of Shares which may be taken up under the Global Offering, none of our Directors or chief executives knows of any person (not being a Director or chief executives of our Company) who will, immediately following completion of the Global Offering and the Capitalisation Issue, have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company; and
- (f) so far as is known to our Directors, none of our Directors, their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group.

13. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus delivered to the Registrar of the Companies in Hong Kong for registration were:

- (a) copies of the **WHITE, YELLOW** and **GREEN** Application Forms;
- (b) copies of the written consents of the experts referred to in the section headed “Statutory and General Information — F. Other information — 11. Consents of experts” in Appendix IV to this prospectus; and
- (c) copies of material contracts referred to in the section headed “Statutory and General Information — B. Further information about our Group’s business — 1. Summary of material contracts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection in the offices of Ma Tang & Co. at Rooms 1508–1513, Nan Fung Tower, 88 Connaught Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus (both dates inclusive):

- (a) the Memorandum and the Articles;
- (b) the audited combined financial statements of our Group for each of the three financial years ended 30 June 2016, 2017 and 2018 and the four months ended 31 October 2018 included in the accountant’s report of our Group from Crowe (HK) CPA Limited, the text of which is set out in Appendix I to this prospectus;
- (c) the report from Crowe (HK) CPA Limited on the unaudited pro forma financial information of our Group, the text of which is set out in the Appendix II to this prospectus;
- (d) the material contracts referred to in the section headed “Statutory and General Information — B. Further information about our Group’s business — 1. Summary of material contracts” in Appendix IV to this prospectus;
- (e) the service contracts with the executive Directors and non-executive Director and the appointment letters with independent non-executive Directors referred to in the section headed “Statutory and General Information — C. Further information about our Directors — 1. Service contracts and letters of appointment of our Directors” in Appendix IV to this prospectus;
- (f) the written consents of the experts referred to the section headed “Statutory and General Information — F. Other information — 11. Consents of experts” in Appendix IV to this prospectus;

- (g) the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of the company law of the Cayman Islands referred to in Appendix III to this prospectus;
- (h) the legal opinion issued by Zul Rafique & Partners in respect of certain aspects of Malaysian law;
- (i) the Ipsos Report;
- (j) the report issued by RSM Tax Consultants (Malaysia) Sdn. Bhd. in respect of, among others, certain aspects of taxation in Malaysia;
- (k) the report issued by BDO Financial Services Limited on the internal control of our Group;
- (l) the rules of the Share Option Scheme; and
- (m) the Companies Law.

JBB BUILDERS INTERNATIONAL LIMITED