

# JBB BUILDERS INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)  
Stock Code : 1903

## 2023 Annual Report



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Dato' Ng Say Piyu (*Chairman*)  
Mr. Lam Fung Eng  
Mr. Ng Chong Boon

### Non-executive Director

Datin Ngooi Leng Swee

### Independent non-executive Directors

Mr. Tai Lam Shin  
Mr. Chan Tsun Choi, Arnold  
Ms. Chan Pui Kwan

## AUDIT COMMITTEE

Mr. Tai Lam Shin (*Chairman*)  
Mr. Chan Tsun Choi, Arnold  
Ms. Chan Pui Kwan

## REMUNERATION COMMITTEE

Mr. Tai Lam Shin (*Chairman*)  
Dato' Ng Say Piyu  
Ms. Chan Pui Kwan

## NOMINATION COMMITTEE

Dato' Ng Say Piyu (*Chairman*)  
Mr. Tai Lam Shin  
Mr. Chan Tsun Choi, Arnold  
Ms. Chan Pui Kwan

## COMPANY SECRETARY

Ms. Lam Lam

## AUTHORISED REPRESENTATIVES (FOR THE PURPOSE OF THE LISTING RULES)

Mr. Lam Fung Eng  
Ms. Lam Lam

## AUTHORISED REPRESENTATIVE (FOR THE PURPOSE OF THE COMPANIES ORDINANCE)

Ms. Lam Lam

## AUDITOR

### Crowe Malaysia PLT

E-2-3 Pusat Komersial Bayu Tasek  
Persiaran Southkey 1, Kota Southkey  
80150 Johor Bahru, Johor, Malaysia

## LEGAL ADVISORS AS TO HONG KONG LAW

### Ma Tang & Co.

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

## PRINCIPAL BANKERS

### DBS Bank (HK) Limited

16/F The Center  
99 Queen's Road Central  
Hong Kong

### Bank of Communications Co., Ltd., Hong Kong Branch

10/F., Fortis Tower  
No. 77 Gloucester Road  
Wan Chai  
Hong Kong

# Corporate Information

## Affin Bank Berhad

17th Floor, Menara Affin  
80, Jalan Raja Chulan  
50200 Kuala Lumpur  
Malaysia

## AmBank Islamic Berhad

Level 31, Metropolis Tower  
Jalan Dato' Abdullah Tahir  
80300 Johor Bahru  
Malaysia

## Maybank Islamic Berhad

Level 8, Office Tower  
Johor Bahru City Square  
No. 108, Jalan Wong Ah Fook  
80000 Johor Bahru  
Malaysia

## Citibank N. A.

5 Changi Business Park Crescent  
Singapore 486027

## REGISTERED OFFICE

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

## HEADQUARTERS IN MALAYSIA

No. 20-01, Jalan Sri Perkasa 2/18  
Taman Tampoi Utama  
81200 Johor Bahru  
Malaysia

## PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

18 Howard Road  
#08-07 Novelty Bizcentre  
Singapore

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1222, 12/F, Soundwill Plaza II – Midtown  
1-29 Tang Lung Street  
Causeway Bay  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

### 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

17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## STOCK NAME/CODE

JBB BUILDERS/1903

## COMPANY'S WEBSITE

[www.jbb.com.my](http://www.jbb.com.my)

# Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the “**Board**” or “**Directors**”), I am pleased to present you the chairman's statement and the annual results of JBB Builders International Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) for the year ended 30 June 2023.

## COMPANY OVERVIEW

The Group is an established engineering contractor which engaged in the business of marine construction services, building and infrastructure services and trading business of marine gas oil in Malaysia and Singapore.

## BUSINESS REVIEW

The Group's revenue was approximately RM217.8 million for the year ended 30 June 2023, representing a decrease of approximately RM294.5 million or 57.5% from approximately RM512.3 million for the year ended 30 June 2022 as a result of the decrease in volume of construction work performed given that there were different project mixes, customers' requirements, site conditions and weather conditions compared with the year ended 30 June 2022. The Group recorded loss for the year attributable to the owners of the Company of approximately RM8.2 million for the year ended 30 June 2023 as compared with profit attributable to owners of the Company of approximately RM12.5 million for the year ended 30 June 2022, which was mainly attributable to the decrease in revenue and so as the gross profit together with the significant allowance for impairment loss on trade receivables and contract assets recognised for the year ended 30 June 2023 due to the increment of credit risks of certain customers. The Group's results are discussed in details under the section headed “Management Discussion and Analysis” in this annual report.

## OUTLOOK

As Malaysia's reopening policies continue and business operating hours are lifted, the Group's activities are gradually resuming. New contracts were awarded and the Group's business was improved continuously. The Malaysia government recently announced that it will launch certain sizable projects. The Group believes that these projects will be a catalyst for the market and will progressively improve the economy.

Notwithstanding the above, the industry remains competitive and the future market is uncertain. The industry is also facing inflationary pressures and labor shortages. The rising interest rates have increased the cost of capital, putting pressure on the Group's profitability. This is especially true in the increasingly competitive construction and trading businesses of marine gas oil. In light of these challenges, the Group remains conservative about its business and financial performance in the near future and will take a prudent approach to new contracts to mitigate the potential negative impact on the Group's profitability.

The Group is committed to achieving high standard of corporate governance by reference to the Corporate Governance Code as set out in the Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**” or “**HKEx**”) (the “**Listing Rules**”) (the “**CG Code**”) issued by the Stock Exchange. Through transparent and accountable policies, we believe these can help achieve our long-term objectives, maximise our long-term return and performance, and benefit our employees.

In addition, the Group is in the midst of assessing the potential impact from climate change. Trainings have been provided to the relevant employees. The Group will update the relevant policies and reassess the target to reduce the greenhouse gas emissions in the future.

# Chairman's Statement

## APPRECIATION

The Board would like to express its sincere gratitude to the shareholders of the Company (the “**Shareholders**”), business partners and customers of the Group for their continued support, guidance and contribution to the Group and appreciation to our management and employees for their hard work and dedication.

**Dato' Ng Say Piyu**

*Chairman*

Hong Kong, 22 September 2023

# Management Discussion and Analysis

## BUSINESS REVIEW

The Group is an established engineering contractor which engaged in three major types of services:

- Marine construction services – 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 – the services include general building works in construction of properties and infrastructure works.
- Trading business of marine gas oil – the trading of marine gas oil.

During the year ended 30 June 2023, the Group had completed a total of 7 marine construction contracts, which comprised of 5 reclamation and related works contracts and 2 marine transportation contracts with original contract sum in aggregate of approximately RM52.2 million, and 1 building and infrastructure contract with original contract sum of approximately RM80.0 million. The Group and a customer mutually terminated a marine construction contract in respect of reclamation and related works and marine transportation with original contract sum of approximately RM323.9 million given that this contract has been awarded for years and the scope of work has to be changed with new pricing requirements. The Group is currently in negotiation with the customer on the new scope of work and pricing while at the same time performing preliminary marine risk assessment and preparation for the commencement work of such project which is envisaged to commence in 2024.

As at 30 June 2023, the Group had 4 ongoing marine construction contracts comprising 2 reclamation and related works contracts and 2 marine transportation contracts with original contract sum in aggregate of approximately RM947.4 million (including estimated original contract sum of contracts which stated at unit rate at time of amend), and 4 ongoing building and infrastructure contracts with original contract sum in aggregate of approximately RM201.6 million. Moreover, the Group also entered into trading business of marine gas oil with several customers in Malaysia and Singapore who have been our existing subcontractors.

As at 30 June 2022, there were a total of 3 tenders with expected contract sum in aggregate of approximately RM283.4 million submitted (including a revised tender submitted subsequently). As at 30 June 2022, the results of the said tenders and quotations had not yet been released. During the year ended 30 June 2023, the Group had submitted 2 tenders and 9 quotations for marine construction contracts and 6 tenders and 1 quotation for building and infrastructure contracts with original contract sum in aggregate of approximately RM2,660.5 million, and the Group had been awarded 8 contracts with original contract sum in aggregate of approximately RM660.5 million. As at 30 June 2023, there were 5 tenders and 2 quotations with expected contract sum in aggregate of approximately RM2,483.6 million submitted but thus far no results has been returned.

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

Revenue decreased by approximately RM294.5 million or 57.5% from approximately RM512.3 million for the year ended 30 June 2022 to approximately RM217.8 million for the year ended 30 June 2023. The substantial decrease in revenue was primarily due to (i) the substantial decrease in volume of sand transported generated from a marine transportation contract in Singapore given that there were some preparation and rearrangements of construction sites by customer and so the delivery of marine sand was in slow pace during the transition period; (ii) decrease in demand of marine gas oil due to the decrease of marine transportation works; and (iii) completion of certain contracts which contributed to a substantial portion of revenue for the year ended 30 June 2022, while partially offsetting by (i) the increase in volume of work generated from new contracts awarded during the year ended 30 June 2023; and (ii) the increase in volume of work performed for building and infrastructure services as compared with the corresponding period in 2022.

### *Marine construction services*

Revenue from marine construction services represented approximately 84.3% of the total revenue for the year ended 30 June 2023. It decreased by approximately RM277.8 million or 60.2% from approximately RM461.4 million for the year ended 30 June 2022 to approximately RM183.6 million for the year ended 30 June 2023.

Revenue from reclamation and related works, which represented approximately 5.5% of the total revenue from marine construction services for the year ended 30 June 2023, decreased by approximately RM39.5 million or 79.8% from approximately RM49.5 million for the year ended 30 June 2022 to approximately RM10.0 million for the year ended 30 June 2023. Such decrease was mainly due to the decrease of volume of work performed upon the completion of a contract which contributed to a substantial portion of revenue for the year ended 30 June 2022 while partially offsetting by the increase in volume of work generated from new contracts awarded during the year ended 30 June 2023.

Revenue from marine transportation, which represented approximately 94.5% of the total revenue from marine construction services for the year ended 30 June 2023, decreased by approximately RM238.3 million or 57.9% from approximately RM411.9 million for the year ended 30 June 2022 to approximately RM173.6 million for the year ended 30 June 2023. Such decrease was mainly due to (i) the substantial decrease in volume of sand transported generated from a marine transportation contract in Singapore given that there were some preparation and rearrangements of construction sites by customer and so the delivery of marine sand was in slow pace during the transition period; and (ii) completion of a contract which contributed certain portion of revenue for the year ended 30 June 2022, while partially offsetting by the increase of volume of sand transported generated from (i) additional variation order received from customer for existing contract; and (ii) new contracts awarded in Malaysia and Singapore during the year ended 30 June 2023.

### *Building and infrastructure services*

Revenue from building and infrastructure services represented approximately 7.7% of the total revenue for the year ended 30 June 2023. Revenue from building and infrastructure services increased by approximately RM9.2 million or 122.7% from approximately RM7.5 million for the year ended 30 June 2022 to approximately RM16.7 million for the year ended 30 June 2023. Such increase was mainly due to the increase in volume of work performed for building and infrastructure services as compared with the corresponding period in 2022 and the net upward adjustment impact from final accounts.

# Management Discussion and Analysis

## *Trading business of marine gas oil*

Revenue from trading business of marine gas oil, which represented approximately 8.0% of the total revenue for the year ended 30 June 2023, decreased by approximately RM25.9 million or 59.7% from approximately RM43.4 million for the year ended 30 June 2022 to approximately RM17.5 million for the year ended 30 June 2023. Such decrease was attributed from the decrease in demand of marine gas oil due to the decrease of marine transportation works as abovementioned.

## **Gross profit and gross profit margin**

Gross profit decreased by approximately RM16.9 million or 57.9% from approximately RM29.2 million for the year ended 30 June 2022 to approximately RM12.3 million for the year ended 30 June 2023. The overall gross profit margin slightly decreased from approximately 5.7% for the year ended 30 June 2022 to approximately 5.6% for the year ended 30 June 2023.

The decrement of gross profit was primarily caused by the decrease in revenue as abovementioned, while partially offsetting by the higher gross profit margin for building and infrastructure services than the corresponding period in 2022.

## **Other revenue**

The other revenue increased from approximately RM1.2 million for the year ended 30 June 2022 to approximately RM3.3 million for the year ended 30 June 2023, which was mainly due to the increase in interest income on deposits placed in the Group's banks in Hong Kong and Malaysia for the year ended 30 June 2023 as a result of the increase in bank interest rates and the recognition of imputed interest income on contract assets of approximately RM1.0 million in relation to part of the balances owing from a customer to be settled by instalments in more than one year.

## **Other net (loss)/income**

Other net loss was approximately RM0.3 million for the year ended 30 June 2023. It mainly included the recognition of the foreign exchange loss of approximately RM263,000 arising from the translation of foreign currency denominated balances into Ringgit Malaysia and impairment loss on deposits paid for acquisition of investment properties of approximately RM33,000.

Other net income was approximately RM0.4 million for the year ended 30 June 2022. It mainly included (i) the recognition of gain on disposal of deposits paid for acquisition of investment properties of approximately RM1.6 million arising from the assignment of 4 investment properties beneficially owned by the Group under deeds of settlement; and (ii) recognition of the foreign exchange loss of approximately RM1.2 million arising from the translation of foreign currency denominated balances into Ringgit Malaysia.

# Management Discussion and Analysis

## **(Allowance)/reversal for impairment loss on trade receivables and contract assets**

During the year ended 30 June 2023, upon the completion of major transaction pursuant to the master supplemental agreement entered into with one of the long outstanding customers and its related party in relation to the settlement transactions and the receipt of certain monthly instalments from such customer, the loss allowance recognised in respect of this customer has been decreased from approximately RM3.3 million as at 30 June 2022 to approximately RM0.4 million as at 30 June 2023. However, credit risk increased for certain customers based on the latest market information and payment history, additional impairment loss of approximately RM9.2 million was recognised in respect of such customers.

Taking into account of the impact from the abovementioned customers, and expected loss rate applied based on historical credit loss experience, adjusting factors that are specific to the debtors and assessment of both current and forecasted general economic conditions (including the consideration of the expected loss rate performed by an independent valuer), allowance for impairment loss on trade receivables and contract assets of approximately RM5.8 million was recognised for the year ended 30 June 2023 while reversal of impairment loss on trade receivables and contract assets of approximately RM0.6 million was recognised for the year ended 30 June 2022.

## **General and administrative expenses**

General and administrative expenses increased by approximately RM2.0 million or 15.5% from approximately RM12.9 million for the year ended 30 June 2022 to approximately RM14.9 million for the year ended 30 June 2023. Such increase was mainly due to the increment of staff costs arising from the increase of staff bonus provided to employees, increment of legal and professional fees incurred and increment of donations incurred.

## **Finance costs**

Finance costs decreased from approximately RM1.7 million for the year ended 30 June 2022 to approximately RM1.4 million for the year ended 30 June 2023. The decrement was mainly due to the decrease of imputed interest on contract assets from approximately RM1.1 million for the year ended 30 June 2022 in relation to part of the balances owing from a customer to be settled by instalments in more than one year to approximately RM0.3 million for the year ended 30 June 2023 arising from the change of instalment plan and imputed interest rate, while partially offsetting by the increase of interest on bank loans from approximately RM0.6 million for the year ended 30 June 2022 to approximately RM1.1 million for the year ended 30 June 2023 arising from the increase of interest rate and the impact from additional term loans withdrawn during the year ended 30 June 2023.

## **Income tax expenses**

Income tax expenses of approximately RM1.3 million was recorded for the year ended 30 June 2023 as compared with approximately RM3.3 million for the year ended 30 June 2022. The decrease was mainly due to the decrement of taxable profit of a Malaysia subsidiary and a Singapore subsidiary for the year ended 30 June 2023 as compared with the year ended 30 June 2022, while partially offsetting by the recognition of deferred tax expenses on exchange differences arising from the settlement of intercompanies balances.

## **(Loss)/profit for the year attributable to owners of the Company**

Due to the abovementioned items, the Group reported loss attributable to owners of the Company of approximately RM8.2 million for the year ended 30 June 2023 while profit attributable to owners of the Company of approximately RM12.5 million for the year ended 30 June 2022.

# Management Discussion and Analysis

## Final dividends

The Board does not recommend to declare any final dividend for the year ended 30 June 2023 (2022: nil).

## CORPORATE FINANCE AND RISK MANAGEMENT

### Liquidity and Financial Resources/Capital Structure

The Group finances its working capital requirements through a combination of cash generated from operations, Shareholder's equity and banking facilities.

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.

As at 30 June 2023, the Group had cash and cash equivalents of approximately RM77.5 million (2022: RM85.9 million), fixed deposits with maturity over three months of approximately RM5.4 million (2022: RM5.3 million) and pledged bank deposits of approximately RM9.8 million (2022: RM12.6 million). The decrement was mainly due to the net operating and financing activities cash outflows netting off the net investing activities cash inflows and positive effect of foreign exchange rate changes during the year ended 30 June 2023. All are denominated in Hong Kong dollars, United States dollars, Singapore dollars and Ringgit Malaysia.

As at 30 June 2023, the Group had lease liabilities of approximately RM0.4 million (2022: RM0.5 million) carrying interest rate ranging from 4.6% to 8.2% (2022: ranging from 3.1% to 8.2%). All are denominated in Hong Kong dollars and Ringgit Malaysia. As at 30 June 2023, the Group had bank loans of approximately RM14.2 million (2022: RM13.6 million) carrying interest rate at 7.2% (2022: 6.2%). All are denominated in Ringgit Malaysia. The Group had unutilised banking facilities of approximately RM47.0 million (2022: RM50.7 million).

The Group continued to maintain a healthy liquidity position. The current ratio increased from approximately 1.9 times as at 30 June 2022 to approximately 2.1 times as at 30 June 2023 which mainly due to the improvement in receipt of outstanding trade receivables as of 30 June 2022. The gearing ratio increased from approximately 10.2% as at 30 June 2022 to approximately 10.9% as at 30 June 2023 which is calculated based on the total loans and borrowings (which represent bank loans and lease liabilities) divided by total equity at the end of the year. The increase of gearing ratio was mainly due to the increase of total bank loans and lease liabilities from approximately RM14.2 million as at 30 June 2022 to approximately RM14.6 million as at 30 June 2023.

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 years ended 30 June 2023 and 2022.

# Management Discussion and Analysis

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.

There had been no material change in the capital structure of the Group during the year ended 30 June 2023.

## Capital commitments

As at 30 June 2023, the Group had capital commitments of approximately RM0.1 million (2022: RM0.2 million).

## Pledge of assets

As at 30 June 2023, pledged bank deposits of approximately RM9.8 million (2022: RM12.6 million) have been pledged to banks as security for banking facilities granted to the Group with approximately RM7.4 million (2022: RM7.3 million) related to performance bonds. Pledged bank deposits related to performance bonds include (i) minimum amount of deposits pledged to banks for facility lines for performance bonds; (ii) sinking fund (calculated at 6%-7.15% of the progress payment from the particular contract related to the corresponding performance bonds); and (iii) interest income of deposits pledged to banks.

Deposits paid for acquisition of investment properties with carrying amount of approximately RM12.9 million (2022: RM12.9 million) and investment properties with carrying amount of approximately RM2.2 million (2022: RM2.2 million) as at 30 June 2023 was pledged to a bank as security for bank facilities granted to the Group.

## Contingent liabilities

As at 30 June 2023, the Group had contingent liabilities in respect of performance bonds for contracts in favour of customers of approximately RM2.4 million (2022: RM2.4 million).

The performance bonds were given by banks in favour of some of the 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 based on the terms of the respective contracts for the relevant customers. The performance bonds were secured and guaranteed by (i) deposits with licensed banks of approximately RM7.4 million; and (ii) corporate guarantees given by the Company as at 30 June 2023.

## Risk management

### Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, contract assets, fixed deposits with maturity over three months, pledged bank deposits and cash at banks. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

# Management Discussion and Analysis

## Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 30 June 2023, approximately 50% (2022: 36%) of the total gross trade receivables and contract assets was due from the Group's largest customer and approximately 87% (2022: 91%) of the total gross trade receivables and contract assets were due from the Group's five largest customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts. Normally, the Group does not obtain collateral from customers.

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments and external credit rating, where applicable.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime expected credit losses, which is calculated using a provision matrix. The Group segments its trade receivables and contract assets based on geographic regions, due to different loss patterns experienced in the different regions.

Expected loss rates are based on actual loss experience over the past 3 years. 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.

## Other receivables and deposits

The Group makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable. The Group believes that there is no significant increase in credit risk of other receivables and deposits since initial recognition and the Group provided impairment based on 12 months expected credit losses. As at 30 June 2023 and 2022, the Group assessed the expected credit losses for other receivables and deposits were insignificant and thus no loss allowance was recognised.

## Cash and cash equivalents, fixed deposits with maturity over three months and pledged bank deposits

Cash and cash equivalents, fixed deposits with maturity over three months and pledged bank deposits are mainly placed with reputable financial institutions with high credit-ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these financial institutions.

## Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the Group's fixed-rate short-term fixed deposits with maturity over three months, pledged bank deposits and lease liabilities. The management of the Group considers that the Group's exposure from these fixed-rate short-term fixed deposits with maturity over three months, pledged bank deposits and lease liabilities to interest rate risk is not significant.

# Management Discussion and Analysis

The Group's interest rate risk arises primarily from cash at banks and bank loans. Cash at banks and bank loans at variable rates expose the Group to cash flow interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Malaysia base lending rate from the Group's bank loans denominated in Ringgit Malaysia.

## **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.

For the risks and uncertainties faced by the Group, please refer to the section headed "Risk Factors" in the prospectus of the Company dated 25 April 2019 (the "**Prospectus**") and section headed "Principal risks and uncertainties facing the Group" under the "Directors' Report" (on pages 22 to 24) of this annual report.

## **SIGNIFICANT INVESTMENTS HELD**

Save as disclosed in this annual report and announcements of the Company dated 22 June 2022, 15 July 2022, 30 August 2022, 5 October 2022, 12 October 2022 and 13 April 2023, and the circular of the Company dated 19 July 2022 ("**Publications in relation to Major Transaction**"), the Group did not hold any significant investments during the year ended 30 June 2023.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save as disclosed in the Prospectus, circular dated 19 July 2022 and this annual report, the Group did not have other plans for material investments and capital assets as at 30 June 2023.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

The Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the year ended 30 June 2023.

## **EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed in note 36 to the consolidated financial statements, there were no other important events affecting the Group that have occurred since 30 June 2023 and up to the date of this annual report.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2023, excluding the Directors, the total number of full-time employees of the Group was approximately 55 (2022: 57).

The Group determines the remuneration of its employees with references to market rates and individual's qualifications, experience, skills, performance and contributions. The Group regularly reviews compensation and benefits policies as well as the individual performance of employees and encourages the employees to pursue their professionalism and personal goals.

# Management Discussion and Analysis

The Board determined the remuneration of the Directors based on recommendation from the remuneration committee of the Company. The Board took into consideration a number of relevant factors such as salaries paid by comparable companies, job responsibilities, duties and scope, employment conditions elsewhere in the Group, market practices, financial and non-financial performance, and desirability of performance-based remuneration. The remuneration committee of the Company will determine the overall amount of each component of remuneration, taking into account both quantitative and qualitative assessment of performance. No individual Director or any of his/her associates is involved in deciding his/her own remuneration.

No equity-based remuneration (e.g. share options or grants) with performance-related elements shall be granted to independent non-executive Directors. This measure aims to ensure the independent non-executive Directors are demonstrating objective judgement throughout their tenure. This is because equity-based remuneration with performance-related elements may lead to bias in their decision-making and compromise their objectivity and independence.

The Company adopted a share option scheme so that the Company may grant options to the eligible persons as incentives or rewards for their contributions to the Group. In addition, employees are always encouraged to attend job-related seminars, webinars, courses and programs organised by professional or educational institutions, in Malaysia, Singapore, Hong Kong or other jurisdiction.

## PROSPECTS

As Malaysia's reopening policies continue and business operating hours are lifted, the Group's activities are gradually resuming. However, the industry remains competitive and the future market is uncertain. The industry is also facing inflationary pressures and labor shortages. The rising interest rates have increased the cost of capital, putting pressure on the Group's profitability. This is especially true in the increasingly competitive construction and trading businesses of marine gas oil. In light of these challenges, the Group remains conservative about its business and financial performance in the near future and will take a prudent approach to new contracts to mitigate the potential negative impact on the Group's profitability.

Despite the uncertainties and challenges ahead, new contracts were awarded and the Group's business was improved continuously. Taking into account of the cash and cash equivalents in hand, available banking facilities, tight cost control measures and capital commitments, the Group believes its liquidity position remains healthy. In addition, the Group is currently performing preliminary marine risk assessment and preparation for the commencement work of a potential project and negotiating with such potential customer on revising the scope of work and pricing given that it is related to a reclamation and related works and marine transportation awarded in 2019 while being terminated in early 2023 due to the change of scope of work required and so the pricing. It is envisaged that this project will be commenced in 2024. Given this positive development of the project, and marine transportation activities in Singapore which will increase gradually upon the completion of site rearrangements towards mid-2024, the Group believes these events will be beneficial to the Group's future business.

On the other hand, the Malaysia government recently announced that it will launch certain sizable projects. The Group believes that these projects will be a catalyst for the market and will progressively improve the economy. The Group will continuously pursue infrastructure work related projects, like public road upgrading projects in Johor. Certain potential customers in relation to reclamation and related works have engaged the Group for pre-contract feasibility studies. The management views these enquiries as early opportunities to engage with first set information of the potential projects to explore further opportunities.

# Management Discussion and Analysis

Moving forward, the Group will remain vigilant in monitoring the uncertainties faced by the Group and market development, in order to stay abreast of business opportunities in the operating countries. The Group will also optimise its business models and portfolios to solidify its market competitiveness by participating in different tenders actively. At the same time, the Group is focusing on realising the value of the properties on hand by selling the properties in the market through engagement with the team. The Group will leverage its financial position, extensive network from its management, strong quality management system and resources available to implement appropriate business strategies to mitigate the potential adverse impact on its business operations and to safeguard the return to the Shareholders.

## USE OF PROCEEDS

The net proceeds of the global offering of the ordinary shares of the Company (the “**Shares**”) received by the Company were approximately HK\$125.2 million (approximately RM62.6 million) (Note 1), after deduction of underwriting fees and related listing expenses, of which HK\$15.0 million of the total amount of fees and expenses in connection with the global offering of the Shares had been paid from the proceeds of the pre-IPO investments. Set out below is the breakdown of use of net proceeds from the global offering of the Shares from 10 May 2019 (the “**Listing Date**”) up to 30 June 2023:

Use of net proceeds as at 30 June 2023	Percentage of net proceeds %	Amount RM million	Amount utilised RM million	Actual balance as at 30 June 2023 RM million	Expected timeline on utilising the remaining proceeds (Note 2)
Acquiring one rebuilt sand carrier from one of the existing subcontractors for marine transportation services	57.9	36.2	—	36.2	By June 2024
Purchasing new land-based machineries	7.3	4.6	—	4.6	By June 2024
Satisfying performance bonds requirement of prospective projects	23.4	14.7	(4.0)	10.7	By June 2024
Upgrading the information technology and project management systems	0.6	0.4	(0.2)	0.2	By June 2024
Recruiting and expanding management team for the building and infrastructure works	3.4	2.1	(0.6)	1.5	By June 2024
Working capital and general corporate purposes	7.4	4.6	(4.6)	—	N/A
	<u>100.0</u>	<u>62.6</u>	<u>(9.4)</u>	<u>53.2</u>	

Such utilisation of the net proceeds was in accordance with the proposed allocations as set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

As at 30 June 2023, approximately RM53.2 million (representing approximately 85.0% of the net proceeds from the global offering) had not yet been utilised. The unutilised portion of the net proceeds were deposited in the Group’s banks in Hong Kong and Malaysia and is intended to be utilised in the manner consistent with the proposed allocation as set forth in the Prospectus.

## Management Discussion and Analysis

There is a delay in the timing of utilising the remaining net proceeds from the global offering. Such delay is due to (i) the delay in commencement of construction contracts; and (ii) several contracts expected to be awarded were being cancelled by the potential customers since the Listing. The economic environment remains unstable and the future market remains uncertain. Considering the majority of the remaining proceeds is for capital and business expenditure purpose, the Group shall utilise the remaining proceeds in a conservative manner. Such utilisation is based on the future market development and the potential business opportunities of the Group. This is to reduce the unnecessary costs incurred along with the expansion plan.

Notes:

- (1) The net proceeds allocated for each specific use have been adjusted proportionally in the manner as stated in the Prospectus due to the difference between the estimated net proceeds and the actual net proceeds received.
- (2) The expected timeline on utilising the remaining proceeds is the best estimation of the Directors based on: (i) the latest information provided by the customers on the expected commencement date of the construction contracts previously secured; (ii) ongoing contracts on hand; and (iii) the present business and economic environment including the consequential impact of COVID-19 outbreak, as of the date of this annual report. In view of the above, the Directors expect the remaining proceeds will be utilised alongside the resumption of the economic activities in general by the year ending 30 June 2024 should the market and economic situation require, and would be subject to change based on the future development of market conditions.

# Biographical Details of Directors and Senior Management

## EXECUTIVE DIRECTORS

**Dato' Ng Say Piyu** (“**Dato' Ng**”), aged 70, is the co-founder of our Group and has been appointed as 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 also the chairman of nomination committee, member of remuneration committee and a director of various subsidiaries of the Company. Dato' Ng has over 43 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 Leng Swee (“**Datin Ngooi**”) (a non-executive Director), and the uncle of Mr. Lam Fung Eng (an executive Director) and Mr. Ng Chong Boon (an executive Director).

**Mr. Lam Fung Eng**, aged 47, has been appointed as our executive Director since 10 May 2018. Mr. 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 various subsidiaries of the Company. Mr. Lam has over 23 years of experience in contract management in Malaysia's construction industry. Prior to joining our Group, Mr. 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. Lam graduated from the Nottingham Trent University, United Kingdom, with a Bachelor of Science majoring in quantity surveying in June 2000.

Mr. Lam is the nephew of Dato' Ng (an executive Director) and Datin Ngooi (a non-executive Director), and a cousin of Mr. Ng Chong Boon (an executive Director).

## Biographical Details of Directors and Senior Management

**Mr. Ng Chong Boon**, aged 52, has been appointed as our executive Director since 10 May 2018. Mr. 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 various subsidiaries of the Company. Mr. Ng has over 28 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. Ng graduated from Glasgow Caledonian University, United Kingdom, with a Bachelor of Science majoring in quantity surveying in November 1995.

Mr. Ng is the nephew of Dato' Ng (an executive Director) and Datin Ngooi (a non-executive Director), and a cousin of Mr. Lam Fung Eng (an executive Director).

### NON-EXECUTIVE DIRECTOR

**Datin Ngooi**, aged 69, has been appointed as 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 (M) Sdn. Bhd. ("**JBB Builders**") since its incorporation. Datin Ngooi has over 28 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. 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 (an executive Director), and the aunt of Mr. Lam Fung Eng (an executive Director) and Mr. Ng Chong Boon (an executive Director).

# Biographical Details of Directors and Senior Management

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Tai Lam Shin**, aged 65, has been appointed as our independent non-executive Director since 11 April 2019. He is mainly responsible for supervising and providing independent judgement to our Board. He is also the chairman of audit committee and remuneration committee and a member of nomination committee. Mr. Tai has over 39 years of experience in management and accounting services. From January 1984 to January 2007, Mr. Tai worked 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), and is currently member of its audit, nominating and remuneration committee. 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). He was re-designated as a non-independent non-executive director on 10 August 2022, and is currently the member of its audit and risk management committee and the nomination and remuneration committee. On 1 July 2019, Mr. Tai is appointed as an independent non-executive director of White Horse Berhad, a company listed on Bursa Malaysia (stock code: 5009), and chairman of its audit 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.

**Mr. Chan Tsun Choi, Arnold (陳進財)**, aged 63, has been appointed as our independent non-executive Director since 25 May 2020. He is mainly responsible for supervising and providing independent judgement to our Board. He is also a member of the audit committee and nomination committee. Mr. Chan has over 37 years of experience in financial industry. From June 1986 to December 1990, Mr. Chan worked at The China State Bank, Ltd. Hong Kong Branch with his last position being a deputy manager under the investment department, and he was responsible for credit control and investment activities. From December 1990 to July 1993, Mr. Chan worked at Unicoopjapan (H.K.) Ltd. with his last position being a senior manager and he was responsible for controlling and overseeing the treasury and finance operations, and advising investment opportunities in People's Republic of China for Japanese investors. From July 1993 to December 1997, Mr. Chan worked at China Development Investment Management Limited with his last position being the head of China business department and he was responsible for investment opportunities identification, project management and corporate finance. From January 1998 to December 2019, Mr. Chan worked at Dragages Hong Kong Limited, a subsidiary of Bouygues Construction, with his last position as special advisor to chairman. He was the structured finance director and project finance director of Dragages Hong Kong Limited from March 2005 to March 2019. He was responsible for fund raising activities and financing for construction projects in Hong Kong and Asia Pacific. On 4 June 2020, Mr. Chan is appointed as an independent non-executive director of Harbour Equine Holdings Limited (formerly known as Shen You Holdings Limited), a company listed on GEM of the Stock Exchange (stock code: 8377), and is currently member of its audit, nomination and remuneration committee. On 26 August 2022, Mr. Chan is appointed as an independent non-executive director of Upbest Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 335), and is currently the chairman of its audit committee and member of its nomination and remuneration committee.

## Biographical Details of Directors and Senior Management

Mr. Chan obtained a degree of Bachelor of Business Administration from The Chinese University of Hong Kong in December 1986. He obtained a postgraduate diploma in Banking and Finance from the City Polytechnic of Hong Kong (presently known as City University of Hong Kong) and a degree of Master of Science in Finance from City University of Hong Kong in November 1990 and November 1995, respectively.

Mr. Chan was admitted as an associate of The Institute of Management (presently known as Chartered Management Institute) in the United Kingdom in January 1990 and was admitted as a fellow in March 2018. He was admitted as a member of The International Institute of Management in February 1997. He was admitted as Certified Practising Accountant of the Australian Society of Certified Practising Accountants (presently known as CPA Australia) in August 1997 and was awarded a fellow membership in July 2015. He was admitted as associate of Hong Kong Society of Accountants (presently known as Hong Kong Institute of Certified Public Accountants) in December 1997 and certified as fellow member in May 2015. He was admitted as member of Hong Kong Securities Institute (presently known as Hong Kong Securities and Investment Institute) in December 1998 and certified as fellow member in November 2014. He obtained Chartered Financial Analyst from CFA Institute in September 2007.

**Ms. Chan Pui Kwan (陳佩君)**, aged 57, has been appointed as our independent non-executive Director since 11 April 2019. She is mainly responsible for supervising and providing independent judgement to our Board. She is also a member of audit committee, remuneration committee and nomination committee. Ms. Chan has over 21 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, Ms. Chan 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 of the Stock Exchange (stock code: 356), and was subsequently appointed as the chairman of its board in July 2014.

Ms. Chan 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 at present a member of the board of directors of Hong Kong Science and Technology Parks Corporation as well as a member of the Competition Commission (Hong Kong). She is also acting as a general committee member of the Hong Kong General Chamber of Commerce. Ms. Chan has also been appointed as a member of the advisory committee of Enhancing Self-Reliance Through District Partnership Programme (ESR) as well as a non-official member of the Trade and Industry Advisory Board (TIAB) since 1 July 2020 and 1 January 2022 respectively. Ms. Chan is also a member of the Advisory Board of the Dutch Chamber of Commerce from October 2020. In December 2009, Ms. Chan was selected as one of “China’s 100 Outstanding Female Entrepreneurs”.

# Biographical Details of Directors and Senior Management

## SENIOR MANAGEMENT

**Mr. Eddy Bin Daud**, aged 62, 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 33 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 professional 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 (林琳)**, aged 35, joined our Group as a financial controller in April 2018, and was also appointed as our company secretary since 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 has been certified as a member of the Hong Kong Institute of Certified Public Accountants since January 2014 and certified as fellow member since February 2022. She has been certified as a financial risk manager of the Global Association of Risk Professionals since April 2016. She also earned a certificate in Sustainability and Climate Risk from the Global Association of Risk Professionals in November 2021.

# Directors' Report

The Directors are pleased to present their annual report and the audited consolidated financial statements for the year ended 30 June 2023.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries and joint venture are set out in notes 28 and 15 to the consolidated financial statements, respectively. There were no significant changes to the Group's principal activities during the year ended 30 June 2023.

## BUSINESS REVIEW

Review of the Group's business and analysis of the Group's performance using financial key performance indicators during the year and an indication of the likely future development of the Group's business are provided in the sections headed "Chairman's Statement" (on pages 4 to 5), "Management Discussion and Analysis" (on pages 6 to 16), "Corporate Governance Report" (on pages 40 to 62), "Financial Summary" (on page 193) and "Notes to the Consolidated Financial Statements" (on pages 123 to 192) of this annual report.

### Principal risks and uncertainties facing the Group

The Group's business operation, financial condition and results may be affected by certain risks and uncertainties pertaining to the Group's business. The principal risks and uncertainties identified by the Group are set out as follows which are by no means exhaustive or comprehensive:

#### ***The Group's future business from marine construction services and building and infrastructure services is dependent on the contracts on hand and its ability to secure new contracts***

The Group's contracts are on a non-recurring and project-by-project basis and secured through tendering or quotation process. There is no guarantee that the Group will continue to secure new contracts after the completion of the existing awarded contracts and that the Group will always be able to maintain similar levels of profitability in the future.

#### ***The Group's profitability may be adversely affected by the delay or change of sizable contracts***

There are unforeseeable conditions after the contracts are awarded and/or during the execution of the contracts, such as time required to obtain approval on the commencement of marine construction work from the authorities from the customers, additional standard operating procedures imposed by the authorities, change of design layout requested by the customers, adverse weather conditions, unexpected geological conditions, unexpected technical problems and additional resources required, etc. These may cause the Group's project costs to increase unexpectedly, affect the timing on generating the revenue for the Group and so the Group's profitability and gross profit margin.

# Directors' Report

## ***The Group's revenue may be substantially different from the original contract sum due to factors such as variation orders/adjustments***

The aggregate amount of revenue that the Group is 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 its 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 the ongoing/awarded contracts will not be substantially different from the original contract sum as specified in the relevant contracts. The Group's financial condition may be adversely affected by any decrease in the Group's revenue and gross profit margin as a result of variation orders/adjustments.

## ***The Group's performance is dependent on the general economic conditions and government policies of the markets in which the Group operated***

The construction industry is cyclical in nature and depends on the market conditions. 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, delay on approval for funding proposals for public works contracts may correspondingly reduce the demand for the Group's construction services. These also affect the pricing of the diesel which in turn affects the demand of marine gas oil for trading. As such, the Group's revenue and profitability may be adversely affected.

## ***The Group's liquidity may be affected due to the delays in collections from our customers***

The credit terms in relation to the settlement of amounts due from customers vary from contract to contract. The credit terms also vary according to the nature of the transactions, with settlement typically ranging from 14 to 90 days from the invoice date. For contracts in relation to reclamation and related works and building and infrastructure services, the Group is required to submit interim payment applications to customers usually on a monthly basis or by stages after specified project milestones are completed, and final accounts after the construction works have been completed as per terms of the contracts. The invoices are issued to the customers after the customers issue interim payment certificates or finalisation of final accounts. For marine transportation services, invoices are issued upon the completion of the transportation services once or twice every month. For trading of marine gas oil, invoices are issued upon completion of delivery of goods for each order. Any delay on the certification of interim payment applications and final accounts from the customers will affect the timing of issuing the invoices and hence the collection. If the Group's customers experience financial distress or are unable to settle their payments or release the retention monies or performance bonds to the Group in a timely manner or at all, the Group's financial condition and results of operations could be materially and adversely affected.

## ***The Group's business may be affected by the environmental and climate related risks***

Climate change has been affecting all countries. The potential adverse impacts of climate change on the natural environment and physical systems, such as infrastructure, property, and ecosystems has the potential to disrupt the Group's assets and services in marine construction and reclamation, as extreme weather events such as floods and heat waves are expected to be more frequent due to climate change, and their impacts are predicted to intensify over time. It is also anticipated that the existing policies and regulations will be tightened with more restrictions on the current technologies and practices of marine construction services, as well as the capacity for greenhouse gas emissions in accordance with the Malaysia and Singapore's net zero commitment for the purpose of reaching carbon neutrality by 2050 and 2060 respectively. These environmental and climate related risks may affect the labour productivity and project progress, damage machinery and infrastructure, increase the operating costs, insurance premiums and liquidity risk.

# Directors' Report

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

For review of the Group’s environmental policies and performance, compliance with the relevant laws and regulations that have a significant impact on the Group and understanding of the Group’s key relationships with its employees, customers and suppliers and others that have a significant impact on the Group, please see section headed “Corporate Governance Report” (on pages 40 to 62) and “Environmental, Social and Governance Report” (on pages 63 to 111) of this annual report and discussions as follows:

## Environmental policies and performance

We are environmentally aware and we ensure that environmental compliance and protection measures are properly implemented for the contracts. The 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.

Please refer to more details as per section headed “Environmental, Social and Governance Report” (on pages 63 to 111) of this annual report.

## Compliance with relevant laws and regulations

Our Group has adopted internal control measures to monitor the continuous compliance with relevant laws and regulations such as the Companies Law of the Cayman Islands, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Securities and Futures Ordinance, the Listing Rules and other rules and regulations implemented in relevant jurisdictions. During the year, as far as the Board is aware, having made all reasonable queries, there was no non-compliance in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of our Group during the year ended 30 June 2023.

Our Group continues to commit to comply with the relevant laws and regulations.

## Key relationships with employees

We recognise our employees as our most valuable assets and the key to business growth and success. As at 30 June 2023, we had a total of 55 (2022: 57) employees (excluding the Directors) in Hong Kong, Malaysia and Singapore. To attract new talents, retain high quality employees and bring our Group’s continued success in the future, we value their supports and contributions at all times. Our Group regularly reviews compensation and benefits policies as well as the individual performance of employees and encourages our employees to pursue their professionalism and personal goals. Employees’ handbook, code of conduct and corporate governance policies are established and communicated with our employees and emphasis on honesty, integrity and fairness with an aim to protect our Group’s interests and reputation. In addition, whistleblowing policy, anti-corruption policy, anti-competition policy and anti-fraud policy are established to encourage employees to report any violation within our Group.

# Directors' Report

We are committed to providing a respectable, safe and healthy working environment for both our employees and employees of our subcontractors and encourages collaboration and cooperation between employees and across departments. We also strive to promote a motivating and supportive culture, workforce diversity and equal opportunity in our offices and sites.

## RESULTS

The results of the Group for the year ended 30 June 2023 and the Group's financial position at that date are set out in the Group's consolidated financial statements on page 117 to 119 of this annual report.

## DIVIDENDS

The Board does not recommend to declare any final dividend for the year ended 30 June 2023 (2022: nil).

## DIVIDEND POLICY

The recommendation of the payment of any dividends is subject to the discretion of the Board, and any declaration of final dividend will be subject to the approval of our Shareholders.

In proposing any dividend payout, the Board shall take into account the following criteria, including:

- the Company and its subsidiaries' actual and expected financial results;
- general financial conditions of the Group;
- current and future business conditions and strategies;
- retained earnings and distributable reserves of the Company;
- the level of the Group's debts to equity ratio, return on equity and financial covenants to which the Group is subject;
- any contractual restrictions on payment of dividends by the Company to its Shareholders or by the Company's subsidiaries to the Company;
- the Group's expected working capital requirements and future expansion plans;
- liquidity position;
- statutory and regulatory restrictions; and
- other factors that the Board deems appropriate.

# Directors' Report

The Company's ability to pay dividends is also subject to the requirements of the Listing Rules and all relevant applicable laws, rules and regulations in the Cayman Islands, Hong Kong and the amended and restated Memorandum and Articles of Association of the Company.

Dividends may be paid out by way of cash or by other means that the Directors consider appropriate.

The Board will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

## ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the right to attend and vote at the annual general meeting, the register of members of the Company will be closed from 16 November 2023 to 21 November 2023, both days inclusive, during which no transfer of Shares will be registered. In order to be entitled to attend and vote at the annual general meeting, unregistered holders of Shares should ensure that all transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 15 November 2023.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 30 June 2023 and up to the date of this report, the Board is of view that the Company had adopted and complied with all applicable code provisions set out in the CG Code.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company adopted the Model Code for Securities Transactions by the Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions of the Company by the Directors. The Company had made specific enquiry with all the Directors and the Directors confirmed that they have complied with the required standard as set out in the Model Code regarding securities transactions by the Directors during the year ended 30 June 2023 and up to the date of this annual report.

## FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 193 of this annual report.

## SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 25(b) to the consolidated financial statements.

## SHARE OPTION SCHEME

Pursuant to the written resolutions passed on 11 April 2019, the Company has conditionally adopted a share option scheme (the “**Share Option Scheme**”), which became unconditional and effective on the Listing Date.

### (a) Purpose and Participants 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:

- (i) 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;
- (ii) 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
- (iii) the nominal value of a Share on the offer date of particular option.

# Directors' Report

## (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. As at the date of this annual report, the number of Shares available for issue is 50,000,000 Shares, representing approximately 10% of the issued Shares at the date of this annual report.

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 Eligible 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.

## Directors' Report

- (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.

# Directors' Report

## (f) Duration, administration and remaining life 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.

The remaining life of the Share Option Scheme is approximately 5 years and 6.5 months (to be expired on 10 April 2029).

No option had been granted, exercised, lapsed nor cancelled under the Share Option Scheme since the adoption of the Share Option Scheme up to the date of this report.

For details of the Share Option Scheme, please refer to the section headed "Statutory and General Information – E. Share Option Scheme" in Appendix IV to the Prospectus.

## EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into during the year or subsisted at the end of the year.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2023.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's amended and restated Memorandum and Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

## RESERVES

Details of the movements of the reserves of the Group during the year are set out in the consolidated statement of changes in equity to the consolidated financial statements on page 120 of this annual report.

Details of the movements of the reserves of the Company during the year are set out in note 32 to the consolidated financial statements.

The Company's reserves available for distribution to Shareholders as at 30 June 2023 amounted to approximately RM130.5 million.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

## INVESTMENT PROPERTIES

Details of the movements in the investment properties of the Group during the year are set out in note 14 to the consolidated financial statements.

## BANK LOANS

Particulars of bank loans of the Group as at 30 June 2023 are set out in note 22 to the consolidated financial statements.

## CHARITABLE DONATIONS

During the year ended 30 June 2023, the Group made charitable and other donations amounting to approximately RM1.5 million (2022: RM1.1 million).

## MAJOR CUSTOMERS AND SUBCONTRACTORS

During the year ended 30 June 2023, the aggregate revenue attributable to the Group's largest and five largest customers amounted to approximately 77.5% and 94.2% of the Group's revenue, respectively. The largest and five highest suppliers accounted for approximately 35.0% and 91.0% of the Group's direct costs, respectively.

Southern Diggers Enterprise Sdn. Bhd. ("**Southern Diggers**"), which is approximately 33.3% owned by Mr. Toh Ang Poo, a connected person of our Company at the subsidiary level, is one of our top five largest suppliers for the year ended 30 June 2023.

Save as disclosed above, none of the Directors of the Company or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's number of issued shares) had any beneficial interest in the Group's five largest customers or suppliers for the year ended 30 June 2023.

### Key relationships with customers

We have built a solid and diversified base of customers with whom we have maintained stable business relationships throughout the years. Our key customers include property developers based in Malaysia, Singapore and overseas. We are also the preferred transportation agent of the sole authorised agent of sand concession owners in Johor and a government-linked company.

Relationships with customers are one of the key drivers of our Group's success. We provide integrated solutions with strong execution capabilities to our customers throughout the different stages of a project, ensuring that marine construction projects are executed efficiently and organised. We also provide professional and quality services for building and infrastructure projects. We will continue to improve and leverage our existing customer relationships to further develop new business opportunities, expand our customer base, build a strong reputation in the industry, and maintain long-term profitability and business growth.

# Directors' Report

## Key relationships with suppliers and subcontractors

Our Group has established and maintained a strong and mutually beneficial working relationship with a network of suppliers and subcontractors. Our Directors believe that this relationship enables us to have greater flexibility in pricing and selection, and secures our competitive position in bidding for new projects. Additionally, it helps to mitigate the risk of shortage or delay in delivery, which could cause material disruption to project execution.

We proactively communicate with our suppliers and subcontractors to ensure their commitment to delivering high-quality services. We have established a comprehensive management system and provide our subcontractors with our safety manuals and regular updates on safety matters. This ensures that our subcontractors meet our quality standards, including all relevant rules and regulations, as well as their responsibilities and policies relating to code of conduct, quality control, work safety, and environmental protection. We evaluate our existing subcontractors at least annually based on their delivery promptness, cost, workmanship quality, responsiveness, and corrective actions. This helps us to decide whether to sustain, discontinue, or increase our business with them.

## DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

### Executive Directors:

Dato' Ng Say Piyu (*Chairman*)  
Mr. Lam Fung Eng  
Mr. Ng Chong Boon

### Non-executive Director:

Datin Ngooi Leng Swee

### Independent non-executive Directors:

Mr. Tai Lam Shin  
Mr. Chan Tsun Choi, Arnold  
Ms. Chan Pui Kwan

In accordance with article 83(3) of the Company's Articles of Association, Mr. Chan Tsun Choi, Arnold shall hold office until the forthcoming annual general meeting and, being eligible, offer himself for re-election at the annual general meeting.

In accordance with article 84(1) of the Company's Articles of Association, Dato' Ng Say Piyu and Datin Ngooi Leng Swee shall retire from office by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election at the annual general meeting.

The Company has received from each independent non-executive Directors of the Company written annual confirmations of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors are independent.

Biographical details of Directors and senior management of the Group are set out on pages 17 to 21 of this annual report.

# Directors' Report

## DIRECTORS' SERVICE CONTRACTS

The Directors have entered into service agreements or letters of appointment with the Company for a term of three years unless and until terminated by a three months' notice in writing served by either party, the details are as follows:

Name of Directors	Date of Commencement
Dato' Ng	10 May 2022
Mr. Lam Fung Eng	10 May 2022
Mr. Ng Chong Boon	10 May 2022
Datin Ngooi	10 May 2022
Mr. Tai Lam Shin	10 May 2022
Mr. Chan Tsun Choi, Arnold	25 May 2023
Ms. Chan Pui Kwan	10 May 2022

Each of the executive Directors and non-executive Director shall also be entitled to a bonus for each financial year of the Company which is at the discretion of the Board and determined by reference to performance of each Director concerned and the Group's performance for the financial year concerned and based on the recommendation from the remuneration committee of our Company.

Save as disclosed above, none of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, every Director shall be entitled to be indemnified out of the assets or profits of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

The Board resolved and the Company has taken out and maintained Directors' and officer's liability insurance that provides appropriate cover for the Directors and officers of the Company.

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in the paragraph headed "Connected Transactions" and note 29 to the consolidated financial statement in this annual report, there was no transaction, arrangement or contract of significance to which the Company or the Company's holding companies, subsidiaries or fellow subsidiaries was a party and in which a Director or a connected entity of a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the date of this report, none of the Directors and their respective close associates was considered to be interested in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules at the end of the year or at any time during the year.

# Directors' Report

## DIRECTORS' REMUNERATION

The Directors' fees are subject to Shareholders' approval at general meetings. Their emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group.

Details of the remuneration of the Directors of the Company during the year are set out in note 8 to the consolidated financial statements.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

At as 30 June 2023, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("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 they were 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 the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules were as follows:

### Long positions in the Shares

Name of Director	Capacity/Nature of interests	Total number of Shares/ underlying Shares held	Approximate percentage of issued share capital
Dato' Ng	Interest in a controlled corporation <sup>(2)</sup>	181,816,500(L)	36.36%
	Interest of spouse <sup>(3)</sup>	161,233,500(L)	32.25%
	Beneficial owner	12,432,000(L)	2.49%
	Interest held jointly with Datin Ngooi <sup>(6)</sup>	355,482,000(L)	71.10%
Datin Ngooi	Interest in a controlled corporation <sup>(4)</sup>	161,233,500(L)	32.25%
	Interest of spouse <sup>(5)</sup>	194,248,500(L)	38.85%
	Interest held jointly with Dato' Ng <sup>(6)</sup>	355,482,000(L)	71.10%
Mr. Lam Fung Eng	Beneficial owner	6,216,000(L)	1.24%
Mr. Ng Chong Boon	Beneficial owner	6,216,000(L)	1.24%

Notes:

- (1) The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.
- (2) Dato' Ng beneficially owns 100% of the share capital of JBB Jade Investment Limited. By virtue of the SFO, Dato' Ng is deemed to be interested in 181,816,500 Shares held by JBB Jade Investment Limited, representing approximately 36.36% of the entire issued share capital of our Company.
- (3) 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.

# Directors' Report

- (4) Datin Ngooi beneficially owns 100% of the share capital of JBB Berlian Investment Limited. By virtue of the SFO, Datin Ngooi is deemed to be interested in 161,233,500 Shares held by JBB Berlian Investment Limited, representing approximately 32.25% of the entire issued share capital of our Company.
- (5) 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.
- (6) Pursuant to the confirmatory deed dated 16 May 2018, Dato' Ng and Datin Ngooi are parties acting in concert (having the meaning ascribed to it under The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission). As such, Dato' Ng and Datin Ngooi will together control approximately 71.10% of the entire issued share capital of the Company.

Save as disclosed above, as at 30 June 2023, none of the Directors and chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) or pursuant to section 352 of the SFO, required to be recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate with the exception of granting of share options to subscribe for Shares under the Share Option Scheme.

## CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, at no time during the year had the Company or any of its subsidiaries entered into any contract of significance with the controlling shareholder of the Company (as defined in the Listing Rules) ("**Controlling Shareholders**") or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by the Controlling Shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2023, so far as is known to the Directors, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the 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 as recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO were as follows:

### Long positions in the Shares

Name of Shareholders	Capacity/Nature of interests	Total number of Shares/ underlying Shares held	Approximate percentage of issued share capital
JBB Jade Investment Limited	Beneficial owner	181,816,500(L) <sup>(1) (2)</sup>	36.36%
JBB Berlian Investment Limited	Beneficial owner	161,233,500(L) <sup>(1) (3)</sup>	32.25%

# Directors' Report

Note:

- (1) The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.
- (2) The 181,816,500 Shares are held by JBB Jade Investment Limited, which is wholly owned by Dato' Ng, the executive Director of the Company. Dato' Ng is the spouse of Datin Ngooi.
- (3) The 161,233,500 Shares are held by JBB Berlian Investment Limited, which is wholly owned by Datin Ngooi, the non-executive Director of the Company. Datin Ngooi is the spouse of Dato' Ng.

Save as disclosed above, as at the date of this report, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section headed "Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" above, had registered an interest or short position in the Shares or underlying Shares that was required to be recorded pursuant to section 336 of the SFO.

## DEED OF NON-COMPETITION UNDERTAKING

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 dated 11 April 2019 ("**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.

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 an 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; it/he/she will not, and will use its/his/her best endeavours to procure any Covenantor, its/his/her associates and any company directly or indirectly controlled by the Covenantor 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 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.

# Directors' Report

For details of the Deed of Non-Competition, please refer to the section headed “Relationship with the Controlling Shareholders – Deed of Non-Competition” in the Prospectus. The Company has received confirmations from the Controlling Shareholders confirming their compliance with the Deed of Non-Competition for disclosure in this annual report for the period from the Listing Date to the date of this report. The independent non-executive Directors have also reviewed the compliance and enforcement status of the Deed of Non-Competition, and are of the view that the Controlling Shareholders have abided by the undertakings contained in the Deed of Non-Competition for the period from the Listing Date to the date of this report.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 30 June 2023 and up to the date of this annual report.

## TAX RELIEF

The Company is not aware of any relief from taxation available to Shareholders by reason of their holding of the Shares.

## CONNECTED TRANSACTIONS

During the year ended 30 June 2023, the Group had entered into the following transactions which constitute the continuing connected transactions under Chapter 14A of the Listing Rules, details of which are set out below:

### *Non-exempt Continuing Connected Transactions with Southern Diggers*

#### *Construction Works*

Upon the completion of a letter of award and supplementary agreement entered with Southern Diggers in relation to the service of construction work of upgrading existing Kempas Interchange at North South Highway at Jalan Kempas Lama, Johor, Malaysia (“**Construction Works**”), on 22 June 2022 and 20 July 2023, JBB Builders entered into a new letter of award and supplemental agreement with Southern Diggers respectively to perform the remaining parts of the Construction Works with original contract sum of RM16,380,451.67 (“**Southern Diggers Construction Work Subcontract Agreement**”). The contract is commenced from July 2022 and expected to be completed in June 2025, including a defects liability period of 365 days from the date of completion.

During the year ended 30 June 2023, JBB Builders subcontracting work receiving from Southern Diggers in relation to Southern Diggers Construction Work Subcontract Agreement amounted to approximately RM11.7 million (annual cap for 2023: RM17.2 million). The transaction amount does not exceed the relevant amount capped for the year ended 30 June 2023.

For further details of the continuing connected transactions as mentioned above, please refer to the announcements dated 1 August 2019, 30 June 2021, 22 June 2022 and 20 July 2023.

# Directors' Report

## Annual Review of Non-exempt Continuing Connected Transaction

The independent non-executive Directors have reviewed and confirmed that the above non-exempt continuing connected transaction has been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Accounting Standards Board and with reference to Practice Note 740, Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 to the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

In respect of the continuing connected transactions, the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules for the year ended 30 June 2023.

## Related Party Transactions

Details of the material related party transactions under normal course of business are set out in note 29 to the consolidated financial statements. These transactions did not fall under the definition of connected transactions or continuing connected transactions, which are required to comply with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

## EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 36 to the consolidated financial statements, there have been no other important events affecting our Group that have occurred after 30 June 2023 and up to the date of this report.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the best knowledge of its Directors, as at the date of this annual report, the Company has maintained a sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

# Directors' Report

## CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 40 to 62 of this annual report.

## AUDIT COMMITTEE

The Company established the audit committee on 11 April 2019 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and code provision D.3.3 in Part 2 "Principles of Good Corporate Governance, Code Provisions and Recommended Best Practices" of the CG Code ("**Part 2 of the CG Code**"). The primary duties of the audit committee are, amongst other things, to review and supervise the financial reporting processes and internal control systems and risk management of the Group.

The audit committee of the Company had reviewed the accounting principles and policies adopted by the Group and the financial reporting matters including annual results and the audited consolidated financial statements of the Group for the year ended 30 June 2023.

## INDEPENDENT AUDITOR

Crowe (HK) CPA Limited retired as auditor of the Company at the conclusion of the annual general meeting held on 17 November 2020, and the proposed appointment of Crowe Malaysia PLT ("**Crowe**") was approved at the same annual general meeting as the new auditor of the Company on the same date. Details of the change of external auditor from Crowe (HK) CPA Limited to Crowe Malaysia PLT were disclosed in the announcement of the Company dated 7 October 2020 and the circular of the Company dated 15 October 2020.

The consolidated financial statements for the year ended 30 June 2023 have been audited by Crowe. A resolution will be submitted to the forthcoming annual general meeting to reappoint Crowe, being eligible and offering themselves for reappointment as auditor of the Company.

On behalf of the Board

**Dato' Ng Say Piyu**

*Chairman*

Hong Kong, 22 September 2023

# Corporate Governance Report

## INTRODUCTION

The Company is committed to achieving high standards of corporate governance to safeguard the interests of Shareholders and other stakeholders. The Board believes that good and effective corporate governance practices are essential to enhance the corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

## CORPORATE STRATEGY, BUSINESS MODEL AND CULTURE

The Board should be committed to the Company's purpose, values and strategy, and satisfy itself that the same are aligned with the Company's culture. All Directors must act with integrity, lead by example, and promote the desired culture. The Board should instil such culture into the Company and continually reinforce the same across the organisation values of acting lawfully, ethically and responsibly. Board evaluations are conducted annually through questionnaires by considering different aspects, including but not limited to Board's diversity, composition of the Board, quality of information, quality of decision making, boardroom's activities and Board's relationship with other management staff.

### Our Vision and Mission

We aim to become a leading construction services and management services provider in South East Asia in particular Malaysia and Singapore through delivering high quality standards, reliable services with professional expertise and continuously leveraging our competitive strength and presence in the industry with sustainable financial growth.

Our mission is to continuously commit to providing high quality services to our customers; building trust with our business partners; providing a diversified, healthy and safe working environment for our people; and achieving fair return and reward to Shareholders.

### Our Values

Accountability; integrity; leadership; professionalism; quality; respect; safety; teamwork and collaboration; and trust.

### Our Strategies

**Employees:** We build trust and respectfulness to our employees. We view employees as valuable assets to the Company and provide talent development through incentive measurement and training. We evaluate their performance periodically to ensure all employees to be accountable for their actions.

**Governance:** We lead by example. We promote integrity and commit to ethical behaviour. We perform work under operating procedures with authority and establish consequence policy for non-compliance.

**Business:** We engage into projects with proper risk management. We provide all round solutions and quality services and maintain client satisfaction. We also maintain good relationship with suppliers and subcontractors to deliver high quality services in a timely manner. We strive for zero-accident. We track profit and finance to determine productivity and evaluate periodically through different channels. We maintain open and effective communication to improve and grow the business.

# Corporate Governance Report

## Our Success Measurement

We mainly measure our performance by references to revenue growth, gross profit margin, profit margin and revenue and gross profit by segment.

## Our Culture

To align our purpose, values, strategies and business models, we adopt (a) tone from the top, (b) accountability, (c) effective communication and challenge, and (d) appropriate incentive scheme.

- Our management promotes, monitors, and assesses the risk culture of the Company; considers the cultural impact on safety and soundness; and makes changes where necessary.
- Board members and employees at all levels understand the Company's core values and its approach to risk. These enable them to perform their prescribed roles, and to be aware that they are held accountable for their actions in relation to the Company's risk-taking behaviour.
- We promote an environment of open communication and effective challenge in which we encourage suggestion of a range of views in our decision-making process. We also allow for testing of current practices; stimulate a positive, critical attitude among employees; and promote an environment of open and constructive engagement.
- Performance and talent management encourage and reinforce maintenance of the Group's desired risk management behaviour. Financial and non-financial incentives support the core values and risk culture at all levels of the Group.

We measure and assess our culture by references to the staff turnover rate, whistleblowing data, feedback from our stakeholders through different forms, including annual performance appraisals, surveys and questionnaires, compliance with the regulations, internal control policies, and findings located by our internal control reviewer.

To ensure that the desired culture and expected behaviours are clearly communicated to all employees, we circulate the latest code of conduct and corporate governance related internal control policies periodically and provide relevant training if necessary. We also held routine meeting between (a) the management and the Board, (b) the management and the employees at all levels, and (c) the management and our stakeholders. Company's publications including annual report, interim report and circular are published on the Company's website.

Other than abovementioned communication means, whistleblowing channels with involvement of independent non-executive directors are implemented for sharing ideas and concerns on any misconduct or misalignment identified. Customers, subcontractors and employees are engaged periodically in the form of meetings, assessment, evaluation forms or surveys to understand their opinions and concerns of our Group. We also welcome enquires from stakeholders through [enquiry@jbb.com.my](mailto:enquiry@jbb.com.my). All misconduct or misalignment identified through whistleblowing channels will be addressed to our whistleblowing committee which comprises of the audit committee, company secretary of the Company and legal and human resources manager. All whistleblowing reports received and related actions will be communicated to the Board and the audit committee of the Company at least once annually.

# Corporate Governance Report

Favourable remuneration packages are provided to our employees and Board members with annual appraisals and performance evaluation being assessed. Please refer to sections headed “Employees and remuneration policies” of “Management Discussion and Analysis” (on pages 13 to 14) and “Remuneration Policy” of “Corporate Governance Report” (on page 52) of this annual report. The Company’s values and culture (including expected behaviours) are embedded in the recruitment criteria. Training and materials are provided to Directors and employees to refresh their knowledge, exercise their duties and develop the required competencies and, more broadly, the elements supporting a sound risk culture, including effective challenge and open communication.

We believe a desired culture with above measures developed promotes productivity and improves employees’ experience which in turn build a strong workforce. These can help improve our corporate governance and improve our Group’s performance.

The Board monitor and evaluate the Company’s culture on an annual basis, to ensure its effectiveness.

## CORPORATE GOVERNANCE PRACTICES

During the year ended 30 June 2023 and up to the date of this report, the Board is of the view that the Company had adopted and complied with all applicable code provisions set out in the CG Code.

The Company will continue reviewing and enhancing its corporate governance practices to comply with the increasingly tightened regulatory requirements, and to meet the rising expectation on the Company.

## DIRECTORS’ SECURITIES TRANSACTIONS

The Company had adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions of the Company by the Directors.

Having made specific enquiry, all Directors confirmed that they have complied with the required standard as set out in the Model Code during the year ended 30 June 2023 and up to the date of this report. The Company was not aware of any non-compliance with the Model Code by the Directors.

The Company had also established model code no less exacting than the required standard set out in Model Code (the “**Employees Model Code**”) for securities transactions by employees and the Directors who are likely to be in possession of inside information of the Company. The Company was not aware of any non-compliance with the Employees Model Code during the year ended 30 June 2023 and up to the date of this report.

# Corporate Governance Report

## BOARD OF DIRECTORS

The Board oversees the Group's businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company.

### Board Composition

As at the date of this report, the Board comprised three executive Directors, one non-executive Director and three independent non-executive Directors. The list of all Directors is set out below:

#### *Executive Directors:*

Dato' Ng Say Piyu (*Chairman*)  
Mr. Lam Fung Eng  
Mr. Ng Chong Boon

#### *Non-executive Director:*

Datin Ngooi Leng Swee

#### *Independent non-executive Directors:*

Mr. Tai Lam Shin  
Mr. Chan Tsun Choi, Arnold  
Ms. Chan Pui Kwan

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business. The Board also includes a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board which can effectively exercise independent judgement.

Biographical details and the relationships among the members of the Board are set out in section headed "Biographical Details of Directors and Senior Management" on pages 17 to 21 of this annual report.

A list showing the role and functions of Directors and whether they are independent non-executive Directors is maintained on the website of the Stock Exchange and the Company and will be updated when necessary.

### Board Meetings

Code provision C.5.1 in Part 2 of the CG Code stipulates that the Board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communications.

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During the year ended 30 June 2023, six Board meetings were held involving the active participation of Directors, either in person or through electronic means of communication. Apart from regular Board meetings, Chairman also held a meeting with the independent non-executive Directors without the presence of other Directors in July 2022.

Notices of regular Board meetings are sent to all Directors at least 14 days before the meetings. The agenda together with all relevant meeting materials are sent to all Directors at least 3 days before each regular Board meetings and meeting of Board committees to enable them to make informed decisions with adequate information. The Board and each Director also have direct and independent access to the management whenever necessary.

All minutes of Board meetings, meetings of Board committees and general meetings are prepared and kept by the company secretary and are open for inspection at reasonable time on reasonable notice by any Director. Every Director is entitled to have access to Board papers and related materials and access to the advice and services of the company secretary. In addition, the Company enables the Directors, in discharge of their duties, to seek independent professional advice in appropriate circumstances.

A summary of the attendance record of each Director at the Board and Board committee meetings held during the year ended 30 June 2023 is set out in the table below:

Name of Director	No. of meeting attended/No. of meeting held				2022 Annual General Meeting
	Board	Audit Committee	Nomination Committee	Remuneration Committee	
<b>Number of meetings held</b>	6	3	1	2	1
<b>Executive Directors:</b>					
Dato' Ng	6/6	N/A	1/1	2/2	1/1
Mr. Lam Fung Eng	6/6	N/A	N/A	N/A	1/1
Mr. Ng Chong Boon	6/6	N/A	N/A	N/A	1/1
<b>Non-executive Director:</b>					
Datin Ngooi	6/6	N/A	N/A	N/A	1/1
<b>Independent non-executive Directors:</b>					
Mr. Tai Lam Shin	6/6	3/3	1/1	2/2	1/1
Mr. Chan Tsun Choi, Arnold	6/6	3/3	1/1	N/A	1/1
Ms. Chan Pui Kwan	6/6	3/3	1/1	2/2	1/1

## Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company, and is collectively responsible for promoting its success by directing and supervising the Company's affairs. Directors take decisions objectively in the interests of the Company.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

# Corporate Governance Report

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

The management of the Company provides and updates the Directors with information on the business activities and development of the Group in a timely manner to enable them to make informed decisions on all major matters of the Company.

All Directors have full and timely access to all the information of the Company and advice and services of the company secretary. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

The Board reserves for its decision on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management under the supervision of the executive Directors.

## Directors' Liabilities Insurance

During the year ended 30 June 2023 and up to date of this report, the Company has arranged for appropriate insurance cover in respect of the legal actions against the Directors.

## Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a comprehensive, formal and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

During the year ended 30 June 2023, training activities including in-house briefings, seminars/webinars held by professional organisations and relevant reading materials including legal and regulatory updates and seminars handouts have been provided to the Directors for their reference and studying. All the Directors have also provided the Company a record of training they received during the year ended 30 June 2023.

# Corporate Governance Report

The training records of the Directors for the year ended 30 June 2023 are summarised as follows:

Name of Director	Training activities including in-house briefings, seminars/webinars held by professional organisations and/or reading materials on relevant topics
<b>Executive Directors:</b>	
Dato' Ng	√
Mr. Lam Fung Eng	√
Mr. Ng Chong Boon	√
<b>Non-executive Director:</b>	
Datin Ngooi	√
<b>Independent non-executive Directors:</b>	
Mr. Tai Lam Shin	√
Mr. Chan Tsun Choi, Arnold	√
Ms. Chan Pui Kwan	√

## Chairman and Chief Executive Officer

Code provision C.2.1 in Part 2 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The position of the Chairman is held by Dato' Ng. The responsibility of the Chairman is clearly established and set out in writing. The Chairman is responsible for providing leadership and management of the Board to ensure that the Board acts in the best interests of the Group and Board meetings are planned and conducted effectively. With the support of the company secretary and other senior management, the Chairman is responsible for ensuring that all Directors are properly briefed on issues arising at Board meetings and receive adequate, clear, complete and reliable information in a timely manner. The Chairman is primarily responsible for ensuring the Board works effectively, performs its responsibilities and discusses all key and appropriate issues in a timely manner, and approving the agenda for each Board meeting, taking into account, where appropriate, matters proposed by other Directors for inclusion in the agenda. The Chairman also takes primary responsibility for establishment and implementation of good corporate governance practices procedures. The Chairman actively encourages Directors to make a full and active contribution to the Board's affairs and encourages Directors with different views to voice their concerns, allows sufficient time for discussion of issues and ensures Board decisions fairly reflect Board consensus. The Chairman ensures that appropriate steps are taken to provide effective communication with Shareholders and that their views are communicated to the Board as a whole. The Chairman promotes a culture of openness and debate by facilitating the effective contribution of non-executive Directors in particular and ensuring constructive relations between executive and non-executive Directors.

# Corporate Governance Report

The Company has no position as the chief executive officer. The day-to-day management of the Group's business is handled by the executive Directors and senior management collectively without the involvement of Chairman. The Board believes that the present arrangement is adequate to ensure an effective management and control of the Group's present business operations with the balance of power and authority. The Board continually reviews the effectiveness of the Group's corporate governance structure to assess whether any changes, including the appointment of a chief executive officer, are necessary.

## Independent Non-executive Directors

During the year ended 30 June 2023, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing at least one-third of the Board with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise. Independent non-executive Directors are appointed for a term of three years, subject to retirement by rotation and re-election in accordance with the Company's Articles of Association.

The Company has received from each independent non-executive Directors of the Company written annual confirmations of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors are independent.

## Appointment and Re-election of Directors

Each of the executive Directors, non-executive Director and independent non-executive Directors has entered into service agreement or letter of appointment with the Company for a term of three years and to continue thereafter unless and until terminated by not less than three months' notice in writing served by either party or the other.

Independent non-executive Directors are appointed for a term of three years, subject to re-election. In determining the independence of the Directors, the Board follows the requirements set out in the Listing Rules.

In accordance with article 83(3) of the Company's Articles of Association, any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election.

In accordance with article 84(1) of the Company's Articles of Association, one-third of the Directors for the time being (or, if their number is not a multiple of three, 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. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires.

## Mechanisms on Ensuring Independent Views and Inputs are Available to the Board (the "Mechanisms")

To ensure independent views and input are available to the Board, the Mechanisms are implemented as follows:

- (a) Nomination committee shall refer to the Listing Rules' requirement in relation to independent non-executive Directors.

# Corporate Governance Report

- (b) In recruiting independent non-executive Directors, nomination committee shall assess if the candidate(s) would be independent with reference to the relevant guidelines set out in the Listing Rules. Nomination committee shall also consider other factors, including but not limited to his/her time commitment and qualification.
- (c) Nomination committee shall assess the independence of independent non-executive Directors.
- (d) Nomination committee shall review the structure, size and composition of the Board by taking into account of various aspects, including the Company's Board diversity policy ("**Board Diversity Policy**") and measurable objectives to achieve Board diversity, on an annual basis. Nomination committee shall also recommend to the Board complement(s) on the Company's corporate strategy, businesses and objectives.
- (e) Nomination committee shall assess if the existing Board composition would (i) avoid entrenchment; (ii) be receptive to new ideas and perspectives; (iii) foster diverse perspectives within the Board; (iv) generate new ideas; and (v) generate business strategies that is in line with an evolving business environment and challenges, at least once a year. Nomination committee shall regard Board diversity as one of the factors to evaluate effectiveness of the Board.
- (f) Nomination committee shall evaluate the performance of the Directors, including independent non-executive Directors, by considering various aspects, including but not limited to quality of input, time contributions, attendance of various Board and Board committees' meetings and performance metrics of climate related issues, at least annually.
- (g) Nomination committee shall ensure the Board has the necessary expertise and skills, including overseeing climate-related issues, and arrange training where appropriate.
- (h) Director may seek advices from external independent professional advisors at the Company's expense to perform their duties by giving written notice to the Company Secretary with reasonable grounds.

The nomination committee will review the Mechanism on an annual basis to ensure its effectiveness and recommend the same to the Board for approval.

## BOARD COMMITTEES

The Board has established three committees, namely, the audit committee, remuneration committee and nomination committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the audit committee, remuneration committee and nomination committee are posted on the Stock Exchange's website and the Company's website and are available to Shareholders upon request.

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out in the section headed "Corporate Information" on page 2 of this annual report.

# Corporate Governance Report

## Audit Committee

The Company established the audit committee on 11 April 2019 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and code provision D.3.3 in Part 2 of the CG Code. The audit committee consists of three independent non-executive Directors, namely Mr. Tai Lam Shin, Mr. Chan Tsun Choi, Arnold and Ms. Chan Pui Kwan. Mr. Tai Lam Shin is the chairman of the audit committee.

The primary duties of the audit committee include, but not limited to the following:

- (a) to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor, and deal with any questions of its resignation or dismissal;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (c) to discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (d) to develop and implement policy on engaging an external auditor to supply non-audit services;
- (e) to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and review significant financial reporting judgments contained in them;
- (f) to review the Company's financial controls, risk management and internal control systems;
- (g) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems;
- (h) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- (i) to review the Group's financial and accounting policies and practices;
- (j) to review the external auditor's management letter, any material queries raised by the external auditor to management about accounting records, financial accounts or systems of control and management's response;
- (k) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (l) to report to the Board on the matters set out in the CG Code and Corporate Governance Report in Appendix 14 to the Listing Rule; and
- (m) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

The full terms of reference of the audit committee are available on the Stock Exchange's website and the Company's website.

# Corporate Governance Report

The audit committee held three meetings during the year ended 30 June 2023 during which the audit committee had, among other things:

- (a) reviewed the accounting principles and policies adopted by the Group and the financial reporting matters including annual results and audited consolidated financial statements of the Group for the year ended 30 June 2022, and interim results and unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2022;
- (b) reviewed the changes in accounting standards and assessed their potential impacts on the Group's financial statements;
- (c) discussed and approved the nature and scope of the audit and reporting obligations;
- (d) reviewed the effectiveness of the Group's risk assessment and internal control systems;
- (e) performed annual review of the non-exempt continuing connected transactions of the Group for the year ended 30 June 2022;
- (f) made recommendations to the Board on the re-appointment of external auditor, and the terms of engagement with the consideration of the calibre, quality processes, independence and governance of the external auditor, audit scope included, performance of the audit team, communications with the management and audit committee, and the reasonability of the audit fee;
- (g) reviewed the independence of external auditor;
- (h) reviewed the arrangements employees of the Company to use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters;
- (i) reviewed the Company's corporate governance compliance matters;
- (j) reviewed the policy of corporate purposes, values, strategies and culture;
- (k) reviewed the Environmental, Social and Governance ("**ESG**") report for the year ended 30 June 2022;
- (l) reviewed the proposal of the ESG services for the financial year ended 30 June 2023; and
- (m) made recommendations on the evaluation form of corporate purposes, values, strategies and culture for Board approval.

The audit committee also met the external auditors once without the presence of the executive Directors.

## Remuneration Committee

The Company established the remuneration committee on 11 April 2019 with written terms of reference in compliance with Rules 3.25 to 3.27 of the Listing Rules and paragraph E.1 in Part 2 of the CG Code. The remuneration committee consists of three members, including Dato' Ng, and two independent non-executive Directors, namely Mr. Tai Lam Shin and Ms. Chan Pui Kwan. Mr. Tai Lam Shin is the chairman of the remuneration committee.

## Corporate Governance Report

The primary duties of the remuneration committee include, but not limited to the following:

- (a) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) to determine, with delegated responsibility or make recommendations to the Board, on the remuneration packages of individual executive Directors and senior management;
- (c) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (d) to make recommendations to the Board on the remuneration of non-executive Directors;
- (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (f) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- (h) to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

The full terms of reference of the remuneration committee are available on the Stock Exchange's website and the Company's website.

The remuneration committee held two meetings during the year ended 30 June 2023 during which the remuneration committee had, among other things:

- (a) reviewed the remuneration policy for Directors and senior management of the Company ("**Remuneration Policy**") and made amendments in relation to remuneration of independent non-executive Directors for Board approval;
- (b) reviewed the remuneration packages of the executive Directors, non-executive Director, independent non-executive Directors and senior management for the year ended 30 June 2022; and
- (c) made recommendations to the Board on the remuneration packages of the executive Directors, non-executive Director, independent non-executive Directors and senior management for the year ended 30 June 2023 with reference to companies with comparable business or scale.

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Details of the remuneration of the senior management are set out in note 29(a) to the consolidated financial statements for the year ended 30 June 2023 and as follows:

	Number of employee(s)
HK\$Nil to HK\$1,000,000	4
HK\$1,000,001 to HK\$1,500,000	1

## Remuneration Policy

The Board determined the remuneration of the Directors based on recommendation from the remuneration committee. The Board took into consideration a number of relevant factors such as salaries paid by comparable companies, job responsibilities, duties and scope, employment conditions elsewhere in the Group, market practices, financial and non-financial performance, and desirability of performance-based remuneration. The remuneration committee will determine the overall amount of each component of remuneration, taking into account both quantitative and qualitative assessment of performance (including but not limited to environmental, social, governance, business sustainability like responding to climate change and compliance-related factors and performance metrics) by using balanced judgement and considers scorecard of measures instead of mathematical calculation. No individual director or any of his/her associates is involved in deciding his/her own remuneration.

No equity-based remuneration (e.g. share options or grants) with performance-related elements shall be granted to independent non-executive Directors. This measure aims to ensure the independent non-executive Directors are demonstrating objective judgement throughout their tenure. This is because equity-based remuneration with performance-related elements may lead to bias in their decision-making and compromise their objectivity and independence.

The remuneration committee shall conduct an annual review of the Remuneration Policy with reference to companies with comparable business or scale and recommend remuneration adjustments, if appropriate, and recommend the same to the Board for approval.

## Nomination Committee

The Company established the nomination committee on 11 April 2019 with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 in Part 2 of the CG Code. The nomination committee consists of four members, including Dato' Ng and three independent non-executive Directors, namely Mr. Tai Lam Shin, Mr. Chan Tsun Choi, Arnold and Ms. Chan Pui Kwan. Dato' Ng is the chairman of the nomination committee.

The primary duties of the nomination committee include, but not limited to the following:

- (a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (b) to establish and review the policies and procedures on how to identify individuals suitably qualified to become Board members and to select or make recommendations to the Board on the selection of individuals nominated for directorships;

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- (c) to assist the Board in establishing the Board Diversity Policy;
- (d) to establish and review the policies and procedures on the selection, appointment and re-appointment of Directors, which shall at all times consider the potential contributions one could bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- (e) to assess the independence of independent non-executive Directors; and
- (f) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman.

The full terms of reference of the nomination committee are available on the Stock Exchange's website and the Company's website.

In assessing the Board composition, the nomination committee would take into account various aspects as well as factors concerning Board diversity as set out in section headed "Board Diversity Policy" in this annual report. The nomination committee will discuss any revisions which may be required, and recommend any such revisions to the Board for consideration and approval.

In identifying and selecting suitable candidates for directorships, the nomination committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The nomination committee held one meeting during the year ended 30 June 2023 during which the nomination committee had, among other things:

- (a) reviewed the Board Diversity Policy and made amendments in relation to gender diversity for Board approval;
- (b) reviewed the nomination policy of Directors ("**Nomination Policy**");
- (c) made amendments to the Nomination Policy in relation to long-serving Directors and procedures on ensuring independent view and inputs are available to the Board for Board approval;
- (d) reviewed the structure, size, diversity and composition of the Board and Board committees;
- (e) reviewed the performance of the Directors, Board and Board committees;
- (f) considered and recommended to the Board the re-election of the retiring Directors at the forthcoming annual general meeting; and
- (g) assessed the independence of the independent non-executive Directors.

# Corporate Governance Report

## *Nomination Policy of Directors*

The Company has adopted a Nomination Policy which sets out the criteria and process in the nomination and appointment of Directors in order to nominate suitable candidates to the Board.

Pursuant to the Nomination Policy, the Company shall consider, among other things, the following factors in assessing the suitability of a proposed candidate for directorships:

- (a) reputation for integrity;
- (b) qualifications including professional qualifications, skills, knowledge, accomplishment and experience that are relevant to the Company's business and corporate strategy;
- (c) the structure, size, composition and needs of the Board and its respective Board committees at the time, taking into account of succession planning, where appropriate;
- (d) commitment in respect of available time and relevant interest;
- (e) Board Diversity Policy and any measurable objectives adopted by the Board for achieving diversity on the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. Single gender board is not considered to achieve Board diversity;
- (f) any information obtained through third party references or background checks;
- (g) if a proposed candidate will be holding his/her seventh (or more) listed company directorship, the candidate's ability to devote sufficient time to the Board;
- (h) requirement for the Board to have independent non-executive Directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules; and
- (i) if an independent non-executive Director has served more than nine years, whether such Director would still be considered as independent and should be re-elected.

The Board delegated certain duties under the Nomination Policy to the nomination committee. The nomination committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, recommendations from personnel agents or as proposed by Shareholders with due consideration. Proposed candidates will be asked to submit the necessary personal information, together with their written consent to be appointed as a Director and to the public disclosure of their personal data on any documents or the relevant websites and other information deemed necessary in relation to their nomination or otherwise pursuant to applicable legal and regulatory requirements. The nomination committee may request candidates to provide additional information and documents, if considered necessary. The nomination committee will review and take reasonable steps to verify the information obtained from the candidate and seek clarification, where required. The nomination committee may, at its discretion, invite any candidate to meet with nomination committee to assist them in their consideration of the proposed nomination or recommendation. The nomination committee will then submit its nomination proposal to the Board for consideration and approval.

# Corporate Governance Report

For the proposed appointment of any candidate at a general meeting of the Company, the nomination committee should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship and make a recommendation to the Board for its consideration and the Board will, at its discretion, make a recommendation to the Shareholders. Details of the proposed candidate including his/her/their personal particulars and the Board's recommendation will be included in a circular to be sent to the Shareholders for consideration in accordance with the applicable Listing Rules. Until the issue of such circular, the nominated candidate shall not assume that he/she/they has/have been proposed by the Board to stand for election at the Company's general meeting.

If an independent non-executive Director has served more than nine years, nomination committee shall assess the factors considered to believe such Director is still independent and should be re-elected. Nomination committee shall assess if the existing Board composition would (i) avoid entrenchment; (ii) be receptive to new ideas and perspectives; (iii) foster diverse perspectives within the Board; (iv) generate new ideas; and (v) generate business strategies that is in line with an evolving business environment and challenges. Such Director's further appointment should be subject to a separate resolution to be approved by Shareholders. The papers to Shareholders accompanying that resolution should state why the Board (or the nomination committee) believes that the Director is still independent and should be re-elected, including the factors considered, the process and the discussion of the Board (or the nomination committee) in arriving at such determination. Where all the independent non-executive Directors have served more than nine years on the Board, the length of tenure of each existing independent non-executive Director should be disclosed on a named basis in the circular to Shareholders and/or explanatory statement accompanying the notice of the annual general meeting; and appoint a new independent non-executive Director on the Board at the forthcoming annual general meeting.

The nomination committee will review the Nomination Policy annually to ensure its continued effectiveness.

## DIVERSITY

### Board Diversity Policy

The Company has a Board Diversity Policy whereby it recognises and embraces the benefits of a diversity of Board members with an aim to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. Board diversity has been achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of services. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Single gender board does not achieve Board diversity.

The Board will take opportunities to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for Board appointments. The Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, and in accordance with the Listing Rules, with the ultimate goal of bringing the Board to gender parity. The Board also aspires to have an appropriate proportion of Directors who have direct experience in the Group's core markets and different ethnic backgrounds to embody the Group's strategy.

# Corporate Governance Report

The Board sets the below targets and timelines for achieving gender diversity on its Board with the targets to be reviewed regularly:

- (i) the Board shall have at least 30% members for each gender to be effective from financial year ending 30 June 2028; and
- (ii) each of the Board committee shall have at least 30% members for each gender to be effective from financial year ending 30 June 2028.

To achieve the above target, the Board and nomination committee shall monitor the targets at least once annually; review the rotation plan of each of the Board members at least once annually for succession planning; and if new Directors are required, select candidates based on the Company's Nomination Policy.

During the year ended 30 June 2023 and as at the date of this report, the Board comprises seven Directors, two of which are female. The following tables further illustrate the diversity of the Board members as of the date of this report:

Age	Gender	Years of services	Professional experience
40–49 (14.3%)	Female (28.6%)	Within 5 years (100%)	Accounting and finance (28.6%)
50–59 (28.6%)	Male (71.4%)		Administrative management (14.3%)
60–69 (42.8%)			Construction industry (42.8%)
70–79 (14.3%)			Corporate consultancy (14.3%)

At present, the nomination committee considered that the Board is sufficiently diverse and will review the Board Diversity Policy on an annual basis, to ensure its effectiveness and recommend the same to the Board for approval.

## Gender Diversity

To maintain balance of gender composition of human resources at all levels, gender diversity targets are set across the workforce. The strategic planning team will identify and define specific target group based on a set of robust indicators, including expectation on the size of each of the department in the future in terms of possible growth and contractions, possible scenarios for restructuring, changes in the number of positions for female in the department, and the possible barriers which may be encountered. Based on the existing composition of workforce and the nature of the construction industry which is male workforce intensive, it is targeted to maintain at least 35% and 40% of female workforce across the Group by the years ending 30 June 2025 and 2028 respectively. The targets will be revisited periodically based on the abovementioned consideration. The strategic planning team will review the employee turnover and recruitment data for women and men in the target group identified on a yearly basis and shall inform the management should the gender target be not met.

# Corporate Governance Report

## Gender ratio by category as at 30 June 2023:

	Male	Female
Workforce (including senior management)	65.5%	34.5%
Senior management	50.0%	50.0%
Directors	71.4%	28.6%
Audit committee	66.7%	33.3%
Nomination committee	75.0%	25.0%
Remuneration committee	66.7%	33.3%

## CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision A.2.1 in Part 2 of the CG Code.

The Board had reviewed the Company's corporate governance policies and practices (including the code of conduct), training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Employees Model Code, and the Company's compliance with the CG Code and disclosure in this report.

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has the responsibility to maintain an effective risk management and internal control systems in order to safeguard the Group's assets and investments and the Shareholders' interest and conducts a review on an annual basis. The Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board had conducted review of the effectiveness of the risk management and internal control systems of the Company in aspects of the Group's financial, operational, compliance controls and risk management functions through the effort of the audit committee for the year ended 30 June 2023. The Group currently has no internal audit function and during the year under review, the Company engaged an external independent consultant ("**Consultant**") instead of recruiting a team of an internal audit staff to conduct review of the risk management and internal control systems once every half year as the Board considers that it is more cost effective.

# Corporate Governance Report

The Board has the overall responsibility to maintain the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function, as well as those relating to the Group's ESG performance and reporting. The Board had reached the conclusion that the Group's risk managements and internal control systems were adequate and effective for the year ended 30 June 2023. No significant areas of concern were identified.

## Main Features of the Risk Management and Internal Control Systems

The Board is responsible to determine the business strategies and objectives of the Group, and evaluate and determine the nature and extent of risks it is willing to take in achieving the Group's strategic objectives; ensures that the Group establishes and maintains appropriate and effective risk management and internal control systems; and oversees management in the design, implementation and monitoring of the risk management and internal control systems.

The audit committee is responsible for assisting the Board to perform its responsibilities of risk management and internal control systems; overseeing the Group's risk management and internal control systems on an ongoing basis; reviewing the effectiveness of the Group's risk management and internal control systems at least annually, and such review should cover all material controls including financial, operational and compliance control; ensures the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting functions, as well as those relating to the Group's ESG performance and reporting; and considers major findings on risk management and internal control matters, and reports and makes recommendations to the Board.

Management of the Group designs, implements and maintains appropriate and effective risk management and internal control systems; identifies, evaluates and manages the risk (including ESG risks), that may potentially impact the major processes of the operations; monitors risk (including ESG risks) and takes measures to mitigate risk in day-to-day operations; gives prompt responses to and follow up the findings on risk management and internal control matters raised by the Consultant and provides confirmation to the Board and the audit committee on the effectiveness of the risk management and internal control systems.

Whistleblowing policy is in place to allow stakeholders to raise concerns in confidence and anonymity with the committee which comprises of audit committee, company secretary of the Company and legal and human resources manager, about possible improprieties in any matter related to the Company. Anti-corruption policy is developed to adopt ethical and anti-corruption business practices, high standard of integrity and zero tolerance to corruption. No improprieties cases were received during the year ended 30 June 2023.

The Consultant worked closely with the Group to identify risk components in different aspects through interviews with the Group's management. The Consultant assisted the Group to evaluate the adequacy and effectiveness of the Group's risk management and internal control systems. Findings and recommendations resulting from the review were reported to and discussed with the audit committee and the Board once every half year. The Consultant concluded that no significant internal control failings or weakness have been identified during the review.

# Corporate Governance Report

## DISCLOSURE OF INSIDE INFORMATION

The Group set up “Inside Information Policy” which set out the disclosure requirements, procedures for the handling and dissemination of inside information which ensure Shareholders and the public are provided with full, accurate and timely information about the activities and the financial condition of the Group.

The Inside Information Policy covers the following:

- the Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the “Guidelines on Disclosure of Inside Information” published by the Securities and Futures Commission of Hong Kong in June 2012;
- the Group has formulated inside information policies and disclosed its policies on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and its website;
- the Group has strictly prohibited unauthorised use of confidential or inside information; and
- the Group regularly reminds the Directors and employees about due compliance with all policies regarding the inside information, as well as keeps them apprised of the latest regulatory updates.

## DIRECTORS’ RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 30 June 2023, and confirmed that the consolidated financial statements of the Company were prepared in accordance with statutory requirements and applicable accounting standards.

The Directors confirm that, to the best of their knowledge and having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor’s Report on pages 112 to 116 of this annual report.

# Corporate Governance Report

## AUDITORS' REMUNERATION

The audit committee had reviewed and ensured the independence and objectivity of the external auditors. Details of the fees paid or payable to external auditors for the year ended 30 June 2023 are as follows:

Types of services provided by the external auditors	For the year ended 30 June 2023 RM'000
Audit services	392
Non-audit services	
– Interim review	37
– Review of continuing connected transactions	20
– Assurance engagement in relation to the circular of the major transaction dated 19 July 2022	26
Total	<u>475</u>

## COMPANY SECRETARY

The Company has appointed Ms. Lam Lam, who is an employee of the Company as its company secretary to oversee the company secretarial and compliance affairs of the Group. The biography of Ms. Lam is set out in the section headed “Biographical Details of Directors and Senior Management” in this annual report. Ms. Lam has confirmed that during the year ended 30 June 2023, she has taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

The Board is responsible for the approval of the selection, appointment or dismissal of the company secretary. The company secretary has knowledge of the Company’s affairs and reports to the Chairman. All Directors have access to the advice and services of the company secretary on corporate governance and Board practices and matters. The company secretary helps ensure good information flow within the Board and that the Board policy and procedures are followed.

## SHAREHOLDERS' RIGHTS

To safeguard Shareholders’ interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules, unless otherwise required by the Listing Rules and poll results will be posted on the websites of the Stock Exchange and of the Company after each general meeting.

# Corporate Governance Report

## Convening an Extraordinary General Meeting by Shareholders

Pursuant to Article 58 of the Company's Articles of Association, any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, on a one vote per Share basis, shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting ("**EGM**") to be called by the Board for the transaction of any business or resolution specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If the Board fails to proceed to convene such EGM within 21 days from the date of the deposit of the requisition, the requisitionist(s) himself (themselves) may convene a physical meeting at only one location which will be the principal place of the meeting, and all reasonable expenses incurred by the requisitionist(s) as a result of failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

For the avoidance of doubt, the requisitionists must state his/her/their full name, contact details, identification, shareholdings in the Company, reasons to convene an EGM, the agenda of the EGM including the details of the business(es) proposed to be transacted at the EGM clearly in the originally signed written requisition and deposit the same to the Board or company secretary of the Company.

## Putting Forward Enquiries to The Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

## Putting Forward Proposals at General Meetings

There are no provisions governing Shareholders' rights to put forward proposals or move resolutions at an annual general meeting under the Company's Articles of Association or the laws of the Cayman Islands. Shareholders who wish to put forward proposals or move a resolution may however, require an EGM to be called by the Board as set out in above procedures.

As regards to the procedures for Shareholders to propose a person for election as a Director, please refer to "Procedures for Shareholders to Propose a Person for Election as a Director of the Company" which is available on the Company's website at [www.jbb.com.my](http://www.jbb.com.my).

## Contact Details

Shareholders may send their enquiries or proposed resolutions or requests as mentioned above to the following:

Name:	Ms. Lam Lam, the company secretary
Address:	Room 1222, 12/F, Soundwill Plaza II – Midtown, 1-29 Tang Lung Street, Causeway Bay, Hong Kong
Fax:	(852) 3896 1015/(607) 2414 889
Email:	<a href="mailto:enquiry@jbb.com.my">enquiry@jbb.com.my</a> ; <a href="mailto:lamlam@jbb.com.my">lamlam@jbb.com.my</a>

For the avoidance of doubt, Shareholder must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

# Corporate Governance Report

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

### Constitutional Documents

At the annual general meeting held on 22 November 2022, a special resolution was passed by the Shareholders approving certain amendments to the Company's Articles of Association in order to (i) bring the Articles of Association in line with the amendments made to the applicable laws of the Cayman Islands and the Listing Rules, in particular Appendix 3 to the Listing Rules regarding the core shareholder protection standards which became effective on 1 January 2022; (ii) allow general meetings to be held as a physical meeting, an electronic meeting or a hybrid meeting where Shareholders may attend by electronic means in addition to physical attendance in person, and the powers of the Board and the chairman of the meeting in relation thereto; (iii) allow documents to be executed by electronic means; (iv) allow any document or information relating to proxies for a general meeting to be sent to an electronic address; (v) allow any notice or document (including any "corporate communication" within the meaning ascribed thereto under the Listing Rules) to be served as an electronic communication; (vi) incorporate certain consequential and housekeeping amendments; and (vii) update and clarify provisions where it is considered desirable. Details of the amendments were set out in the Company's announcement dated 22 September 2022 and circular dated 19 October 2022. The amended Articles of Association of the Company is available on the websites of the Stock Exchange and of the Company.

### Shareholders' Communication Policy

The Company has adopted the Shareholders' communication policy ("**Shareholders' Communication Policy**") which aims to set out the provisions with the objective of maintaining effective and timely dissemination of the Company's information to its Shareholders and the market, including its financial performance, strategic goals and plans, material developments and governance, in order to enable Shareholders to exercise their rights in a timely and informed manner, and to allow Shareholders and the investment community to engage actively with the Company.

The annual general meetings and other general meetings of the Company are the primary forum for communication by the Company with the Shareholders and for Shareholders' participation. Board members, including the chairman of the Board, the chairman of the Board committees (or in their absence, members of the Board committees or failing them, the duly appointed delegates), and the external auditor of the Company will attend the annual general meetings to answer questions and enquires from the Shareholders and will develop a balanced understanding of the views of the Shareholders.

Enquiries and suggestions from Shareholders or investors to the Board are welcomed by mail to the Company's principal place of business in Hong Kong at Room 1222, 12/F, Soundwill Plaza II – Midtown, 1-29 Tang Lung Street, Causeway Bay, Hong Kong or via email to [enquiry@jbb.com.my](mailto:enquiry@jbb.com.my) for the attention of the Investor Relations Department. Inquiries are dealt with in an informative and timely manner.

For effective communication, the Company maintains a website at [www.jbb.com.my](http://www.jbb.com.my), where information and updates on the Company's business developments, financial information and other information are available for public access.

During the year ended 30 June 2023, Board has reviewed the Shareholders' Communication Policy and concluded that it remains effective by reference to other listed issuers in Hong Kong.

For the information of Dividend Policy of the Company, please refer to the section headed "Directors' Report" (on pages 25 to 26) in this annual report.

# Environmental, Social and Governance Report

## ABOUT THE REPORT

We hereby present the 2023 environmental, social, and governance (“**ESG**”) report (the “**Report**”), which summarises the Group’s ESG performance and initiatives. The Group is keen to build long-term, trustworthy relationships with our stakeholders in the community and the industry.

We engage in the business of marine construction (including reclamation and related works and marine transportation), building and infrastructure services and trading of marine gas oil. We have a track record in taking on significant marine construction and building and infrastructure contracts with a solid reputation and years of experience in Malaysia and Singapore.

## Scope of the Report

The Report examines the Group’s ESG management approaches and corresponding performance within our operational boundaries, which mainly include reclamation and related works, building and infrastructure services in Malaysia, marine transportation and trading of marine gas oil in Malaysia and Singapore, and the administrative activities in Hong Kong from 1 July 2022 to 30 June 2023 (the “**Reporting Period**”, “**2023**”). Unless otherwise specified, the reporting scope, which is identical to that of last year, includes the following subsidiaries. The business segments and subsidiaries covered are listed below:

Business Segment	Entity	Location
Corporate office	The Company	Hong Kong
Reclamation and related works, building and infrastructure works	JBB Builders (M) Sdn. Bhd.	Malaysia
Marine transportation and trading of marine gas oil	JBB Builders (M) Sdn. Bhd. JBB Resources (Singapore) Private Limited	Malaysia Singapore

# Environmental, Social and Governance Report

## Reporting Standard

The Report has been prepared in accordance with the ESG Reporting Guide (“**ESG Reporting Guide**”) set out in Appendix 27 of the Listing Rules, as well as referencing to the recommendations of the Task Force on Climate-related Financial Disclosure (“**TCFD**”). Throughout the Report, we adopt the reporting principles of materiality, quantitative, balance and consistency, as described below:

Reporting Principle	Description
Materiality	We have identified the material topics by means of internal discussion and engagement with the key stakeholders. The results are summarised in the section – Materiality Assessment.
Quantitative	In accordance with the ESG Reporting Guide, we revealed our ESG performance with the aid of environmental and social key performance indicators (“ <b>KPIs</b> ”) using robust methodologies, so that the effectiveness of our ESG policies and management systems can be evaluated and validated.
Balance	We have calculated and presented the environmental and social KPIs with reference to the ESG Reporting Guide. Robust methodologies were adopted as illustrated in the respective sections of the Report. We have included data comparisons over years to provide an unbiased comparison of our ESG performance from time to time.
Consistency	The same methodologies, standard and reporting scope have been adopted for the Report, as compared with the previous years.

The Report has been reviewed and approved by the Board.

## Contact and Feedback

The Group strives to build a longstanding relationship with the community. We formulate our business strategies for the best interests of our stakeholders; therefore, we treasure your feedback on this Report and our sustainability performance. If you have any comments or suggestions, please feel free to contact us via [enquiry@jbb.com.my](mailto:enquiry@jbb.com.my).

# Environmental, Social and Governance Report

## ESG MANAGEMENT

### Sound ESG Governance Structure

The Group believes that effective ESG governance practices are essential to sustaining business growth. Our Risk Management and Internal Control Policy outlines the roles and responsibilities of the Board and senior management to maintain a high level of accountability and the systems in place to manage risks. Sound ESG governance also enables us to implement a cohesive, business wide ESG strategy, as well as bolstering stakeholder relations. In order to facilitate senior management's oversight of ESG issues, we have integrated ESG governance into the corporate governance structure of the Group, from the Board to Department Heads to form a working group ("**ESG Working Group**").



# Environmental, Social and Governance Report

The Board, Audit Committee, Executive Directors, Company Secretary, and Department Heads are the five major governing bodies that constitute the ESG Working Group. The Audit Committee works on behalf of the Board to oversee the Group's risk management framework. The Board is responsible for managing the Group's ESG management procedures. The table below outlines each of their roles and responsibilities:

Governing Body	Roles and Responsibilities
The Board	<ul style="list-style-type: none"> <li>• Overseeing the assessment of the Group environmental and social impacts;</li> <li>• Ensuring that suitable and effective ESG risk management and internal control systems are in place;</li> <li>• Ensuring the Group's ESG policies align with the regulatory requirements and expectation of investors;</li> <li>• Setting the management approach, strategy, priorities and objectives;</li> <li>• Reviewing the Group's performance periodically against the ESG goals and targets;</li> <li>• Authorising and assigning duties to the ESG Working Group; and</li> <li>• Approving the Report.</li> </ul>
Audit Committee	<ul style="list-style-type: none"> <li>• Acting on behalf of the Board to maintain the oversight of the risk management process, including ESG risks;</li> <li>• Reviewing the ability of the Company to manage and respond to the risks; and</li> <li>• Ensuring the accuracy of the metrics and disclosures, and providing recommendation to the Board.</li> </ul>
Executive Directors	<ul style="list-style-type: none"> <li>• Making decisions on ESG-related goals setting and coordinating relevant communication across the Group;</li> <li>• Determining the level of risk tolerance of the Group and the capacity of the Group to mitigate those risks;</li> <li>• Providing leadership for the implementation of ESG practices and evaluating the progress of the risk management;</li> <li>• Advocating a top-down approach on ESG-related issues to ensure the inclusion of ESG considerations in the Group's business decision-making process; and</li> <li>• Attending regular meetings of the ESG Working Group to formulate ESG-related strategies and promote ESG awareness throughout the Group.</li> </ul>
Company Secretary	<ul style="list-style-type: none"> <li>• Closely monitoring the development in ESG-related laws and regulations that may affect the Group's business and operations and advise the Board accordingly; and</li> <li>• Consolidating ESG-related reporting regularly for the Executive Directors to review, in order to facilitate monitoring of ESG-related risks.</li> </ul>
Department Heads	<ul style="list-style-type: none"> <li>• Executing ESG policies and procedures, and collecting input of ESG matters at department and reporting to the Executive Directors;</li> <li>• Setting ESG-related goals, monitoring ESG-related risks and taking practical measures to mitigate ESG-related risks in day-to-day operations; and</li> <li>• Providing information for the Board and Audit Committee to assess the effectiveness of the risk management and internal control system.</li> </ul>

# Environmental, Social and Governance Report

## Intended Outcomes

Roles and responsibilities of the Board, as listed in the table above, are in place to ensure they are informed of ESG risks and opportunities associated with the Group. Similarly, for the other governing bodies, the above roles and responsibilities are set out to accomplish the following: (1) ESG risks and opportunities in the context of strategic objectives are identified; (2) the impact of the ESG risks and opportunities are identified, assessed, and addressed; (3) appropriate and effective ESG risk management and internal control systems are in place; and (4) ESG performance is reviewed against the goals and targets.

## ESG Risk Management

The Board oversees the Group's sustainability matters including risk management, internal control, and ESG disclosure. Regular meetings are held to discuss our ESG approach and performance. To further identify key ESG risks for the Group, we have commissioned an independent consultant to conduct a detailed ESG risk assessment during the Reporting Period. The Board assesses identified ESG risks, including climate-related risks and opportunities, and provides insights to enhance the Group's ESG performance. To identify the materiality of ESG issues to our business and stakeholders, stakeholder engagements are held on a regular basis. The material issues identified are incorporated into our ESG policy framework. The identified issues are reviewed annually by the Audit Committee to refine our ESG risk management operations. This year, some of the material ESG risk items identified by the Group are summarised as follows:

Risks	Implications	Our Responses
Climate Physical Risk	All locations of the Group's business are vulnerable to physical climate risks, such as extreme weather events and rising temperature. Failure to plan for the acute and chronic physical effects of climate change may result in financial losses, interruption to our operations, and could endanger our employees' safety and health.	In order to mitigate the impact of such risks, we have adopted a variety of preventative measures against climate-related risks. Climate scenario analysis is also conducted to identify and assess the potential implications of a range of plausible future states under conditions of uncertainty. For details, please refer to "CLIMATE CHANGE PREPAREDNESS".
Climate Transition Risk	Regarding climate-related commitment of governments around the globe, including Singapore's and Malaysia's carbon neutrality target by 2050, we anticipate that there will be some adjustments to the existing policies and regulations, as well as technological and market transitions.	The Group has performed an assessment on transitional risks, following the recommendations of TCFD, and has been proactively exploring the feasibility of implementing mitigation measures accordingly. This includes the planning of an internal carbon pricing system to address the impact of transition risks on our businesses, including the effect of carbon taxes/fuel prices on trading of marine gas oil.

# Environmental, Social and Governance Report

Risks	Implications	Our Responses
Widespread Diseases	The governments of the operating jurisdictions have been imposing different policies and restrictions over the past years in response to the COVID-19 pandemic. For example, Malaysia has taken emergency public health measures to prevent the spread of COVID-19, including the enforcement of Standard Operation Procedures under the Movement Control Order following the nation-wide outbreak, which may affect the Group's business performance.	The Group has been paying close attention to the latest development of the COVID-19 pandemic. To oversee the Group's pandemic risk, a number of new policies and management systems have been developed and put in place, including the formation of a pandemic response team. As the World Health Organization has declared an end to COVID-19 in May 2023, we are expecting limited impacts from the widespread diseases risk in the coming years.
Licensing Risk	Poor environmental and safety performance can lead to regulatory non-compliance, difficulty in obtaining permits, reputational damage, and limited business opportunities.	The Group has been continuously monitoring and improving our environmental and safety performance. By prioritising on-going progress, we can protect our reputation, maintain a competitive advantage, as well as maximising our business opportunities.
Corruption Risk	It is imperative that all corruption related risks are addressed with urgency. Failure to do so could compromise the Group's reputation and financial performance.	In order to ensure that our business practices are free of all kinds of corruption, we have established an extensive Code of Conduct for employees and the Anti-Corruption Policy. Anti-corruption training is also scheduled for all employees to ensure standards are met. For details, please refer to "Business Ethics".

# Environmental, Social and Governance Report

## STAKEHOLDER ENGAGEMENT

We are keen on keeping open communication with our stakeholders in order to better understand their perspectives and expectations on the Group's ESG concerns as well as the related environmental and social implications on our business. By gathering stakeholders' opinions through a variety of communication channels and understanding their concerns, the Group may improve its ESG management approach.

Stakeholder Groups	Communication Channels
 Investors and Shareholders	<ul style="list-style-type: none"><li>• Company website</li><li>• Company's publications</li><li>• Annual general meeting</li></ul>
 Customers	<ul style="list-style-type: none"><li>• Company website</li><li>• Company's publications</li><li>• Ongoing direct communication</li><li>• Complaint channels</li><li>• Regular meetings</li><li>• Customer satisfactory survey</li></ul>
 Subcontractors	<ul style="list-style-type: none"><li>• Selection and evaluation process</li><li>• Self-assessment</li><li>• Day-to-day monitoring and site inspections</li><li>• Regular evaluation</li><li>• Regular site meetings</li></ul>
 Employees	<ul style="list-style-type: none"><li>• Orientation</li><li>• Training sessions</li><li>• Employee coaching</li><li>• Mentoring</li><li>• Regular meetings</li><li>• Performance appraisals</li><li>• Staff events</li></ul>
 Community and the Public	<ul style="list-style-type: none"><li>• Company website</li><li>• Company's publications</li><li>• Community activities</li></ul>

# Environmental, Social and Governance Report

## MATERIALITY ASSESSMENT

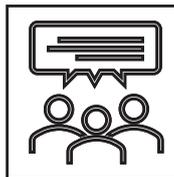
To ensure that we have a comprehensive understanding of our ESG strategy and performance, we commissioned an independent consultant to obtain feedback from various stakeholders. To increase the accuracy and inclusivity of our materiality assessment, we reached out to several stakeholder groups, such as our Board, senior management, employees, customers, subcontractors, and suppliers through an online survey. We have made a concerted effort to address their concerns in the relevant sections of this Report. By engaging with a diverse range of stakeholders and being responsive to their feedback, we aim to continually improve our ESG practices and better serve the needs of our stakeholders.

### 1. Identification

With reference to international trends, peer analysis and ESG Reporting Guide, the independent consultant assisted the Group in identifying **27 topics** that are most closely related to its business and impact, covering environmental and social aspects.

### 2. Engagement

Through online questionnaire, the Group invited internal and external stakeholders to rate 27 identified topics based on their significance to the Group's business and operation and to the stakeholders respectively.



### 4. Verification

The results were verified by management for ESG Report disclosure and incorporation into the Group's business strategy setting. The identified issues and corresponding impact are reviewed from time to time to ensure their relevance to the Group.

### 3. Prioritisation

We reviewed and consolidated the stakeholders' responses. Based on the materiality assessment results, we determined the materiality level of each ESG issue. This ESG Report focuses on the most material ESG issues and highlights the Group's relevant strategies and impacts.



# Environmental, Social and Governance Report

By conducting the materiality assessment, we are able to gain valuable insights into the ESG risks and opportunities associated with our business operations. This information allows us to develop effective strategies that prioritise the most important ESG issues and allocate resources accordingly. In addition, the materiality assessment helps us to understand and meet the expectations of our stakeholders and improve their satisfaction with our business activities. This is achieved by identifying the ESG issues that are most important to our stakeholders and ensuring that we prioritise these issues in our decision-making processes. By using materiality assessment to guide our ESG efforts, we can create long-term value for our stakeholders while also mitigating risks and making a positive impact on society and the environment.

Key Concerns from Stakeholders	Our Responses	Sections
Customer Satisfaction	In response to customer satisfaction, we guarantee that emphasis is placed on the calibre of services on offer. Our business in Malaysia has obtained ISO 9001:2015 certification and we are dedicated to delivering a quality service. We welcome client feedback and are constantly finding ways to better serve our clients.	RESPONSIBLE OPERATIONS – Reliable Services
Customer Health and Safety	We are dedicated maintaining our employees' physical and mental well-being, as well as workplace safety. We have established a safety management framework across all operational sites to ensure that our systems are all operating in a safe working environment.	OUR PEOPLE – Healthy and Safe Workplace
Labour Rights	As responsible employers, we are committed to ensuring that labour rights are considered. The Group has zero tolerance for actions violating labour rights; thus, abides by standards set by the International Labour Organisation. Our Human Resources Department is responsible for ensuring that employment process adheres to all labour policies.	OUR PEOPLE – Child and Forced Labour-free Workplace
Customer Privacy and Data Protection	We have comprehensive data protection policies in place to guarantee that all customer information entrusted to us is stored safely. We have also been strictly adhering to relevant laws and regulations.	RESPONSIBLE OPERATIONS – Reliable Services
Ethical Business	Just like our stakeholders, we place a lot of emphasis on corporate ethics. We have implemented our Code of Conduct as well as other anti-corruption and anti-fraud measures for our employees. To ensure we are aware of any corporate misbehaviour, we maintain a number of reporting and whistleblowing channels.	RESPONSIBLE OPERATIONS – Business Ethics

# Environmental, Social and Governance Report

## OUR SUSTAINABILITY ALIGNMENT

In 2015, the United Nations adopted the 2030 Agenda for Sustainable Development action, which underpinned 17 Sustainable Development Goals (“SDGs”) with an aim to end poverty, protect the planet and ensure a peaceful and prosperous world by 2030. We have matched our ESG management and efforts with the 7 SDGs that we have determined to be the most important to our stakeholders and our business since we are a responsible Group with a long-term sustainability goal. Details of our response can be referenced to the sections below.

SDGs	Sections
	OUR PEOPLE – Healthy and Safe Workplace
	OUR PEOPLE – Fair and Diverse Workplace
	ECO-FRIENDLY OPERATIONS
	OUR PEOPLE – Employment Conditions
	RESPONSIBLE OPERATIONS – Supply Chain Management ECO-FRIENDLY OPERATIONS
	CLIMATE CHANGE PREPAREDNESS
	ECO-FRIENDLY OPERATIONS

# Environmental, Social and Governance Report

## OUR PEOPLE

As part of our core values, we deeply acknowledge the welfare of our people and appreciate the contribution they have made to the Group. In order to reciprocate the dedication from our employees, we show our token of appreciation through ensuring that employment ethicality aspects such as compensation, recruitment, rest periods are matched with various criteria to provide a pleasant work pace and environment that fosters well-being for our employees.



The Group advocates highly for equal opportunity, where we recognise that the diversity of our employees is a crucial asset that we highly value. We ensure the provision of equal opportunity in the array of employment aspects, where toleration of discrimination and harassment are highly condemned, such as the use of derogatory comments derived from the difference in racial or ethnic characteristic. Furthermore, the Group advocates for gender equality in the workplace, from daily interactions to crucial opportunities that involves hierarchical positioning, we embrace the benefits of diversity in employment and talent development irrespective of gender and personal characteristics. To realistically quantify, measure and achieve the gender equal phenomena within the workplace, the Group established sound Gender Diversity Policy that states the Group's determination to instigate significant changes through developing realistic targets, such as reducing turnover rates and maintaining gender equilibrium of human resources in every hierarchy of the Group. Our Gender Diversity Policy is realistic based on its measurability through a gender ratio target that is revised periodically, where adjustments will be made accordingly to the target. The identification and quantification methods of the gender ratio can be verified in the Gender Diversity Policy under our Labour Policy.

# Environmental, Social and Governance Report

Our dedication to uphold excellent employment standards and prioritisation of a safe working space is paramount, through the maximisation of health hazard reduction and enhancement of employee well-being. The following states employment figures as at the end of the Reporting Period and in FY2022 (“2022”):

Employment Figures		2023	2022
Total Number <sup>1</sup>		51	53
By gender	Male	70.59%	71.70%
	Female	29.41%	28.30%
By age group	Below 30	1.96%	13.21%
	30 – 50	84.31%	77.36%
	Over 50	13.73%	9.43%
By geographical region	Hong Kong	1.96%	1.89%
	Singapore	11.77%	11.32%
	Malaysia	86.27%	86.79%
By employment type	Senior Management	3.92%	3.78%
	Middle Management	15.69%	15.09%
	General Staff	80.39%	81.13%

Employee Turnover Rate <sup>2</sup>		2023	2022
Total Turnover Rate		9.62%	18.00%
By gender	Male	10.81%	17.39%
	Female	6.67%	19.35%
By age group	Below 30	25.00%	26.67%
	30 – 50	7.14%	16.00%
	Over 50	16.67%	20.00%
By geographical region	Hong Kong	0.00%	0.00%
	Singapore	33.33%	120.00%
	Malaysia	6.67%	6.82%

<sup>1</sup> The number excludes the Directors.

<sup>2</sup> The turnover rate is calculated by dividing the employees in the specified category leaving employment by the average number of employees in the specified category.

# Environmental, Social and Governance Report

## Healthy and Safe Workplace

### SDG 3: Good Health and Well-being

“To ensure healthy lives and promote well-being for all at all ages.”

It is our duty as responsible employers to give our utmost to maintain the health and well-being of our employees, as well as providing a safe and healthy working environment for all.



By adherence to the SDG 3 – Good health and well-being, the Group pledges to integrate a safe and healthy work environment for all employees through fostering a balanced work-life culture that enables the assurance of employee well-being. In order to simultaneously ensure the safety of neighbouring communities while maintaining a healthy and safe workspace, we impose a systematically driven safety management framework and extensive safety policies throughout all the Group’s premises and operations.

The Group complies with all applicable laws and regulations for maintaining a secure workplace and protecting workers from occupational hazards. There was no material non-compliance with these laws that may have significant impact on the Group during the Reporting Period. Due to the Group’s heavy emphasis on providing significant attention to the quality of working environment for employees, distinct health and safety guidelines and regulation are set in synchronicity with relevant laws and regulations with further alignment with environmental and sustainable practices. We have formulated the Occupational Safety, Health and Environment Policy which has been considered alongside global standards and procedures. The Occupational Safety, Health and Environment Policy is applicable to all employees and temporary staff across the Group.

Aspect	Relevant Laws and Regulations	Jurisdiction
Workers’ Health and Safety	<ul style="list-style-type: none"> <li>• Occupational Safety and Health Act 1994</li> <li>• Construction Industrial Development Board Act 1996</li> <li>• Prevention and Control of Infectious Disease Act 1988</li> <li>• Factories and Machinery Act 1967</li> <li>• Factories and Machinery (Building Operations and Works of Engineering Construction) (Safety) Regulations 1986</li> <li>• Worker’s Standard Accommodation and Amenities (Amendment) 2019</li> </ul>	Malaysia
Working Environment	<ul style="list-style-type: none"> <li>• Workplace Safety and Health Act</li> </ul>	Singapore
	<ul style="list-style-type: none"> <li>• Occupational Safety and Health Ordinance (Cap. 509)</li> <li>• Employees’ Compensation Ordinance (Cap. 282)</li> </ul>	Hong Kong
	<ul style="list-style-type: none"> <li>• Environmental Quality Act 1974 (Act 127)</li> <li>• Prescribed Activities (Opening Burning) Order 2000</li> <li>• Environmental Quality (Scheduled Wastes) Regulations 2005</li> </ul>	Malaysia

# Environmental, Social and Governance Report

The Group takes extensive measures to ensure the safety of our business premises, such as the conduction of workplace safety and health inspections, and any non-compliance will be reported during the scheduled health and safety committee (the “**Committee**”) meetings. Through this standardised process, it is ensured that the Group complies with both the legal requirements and its internal standards.

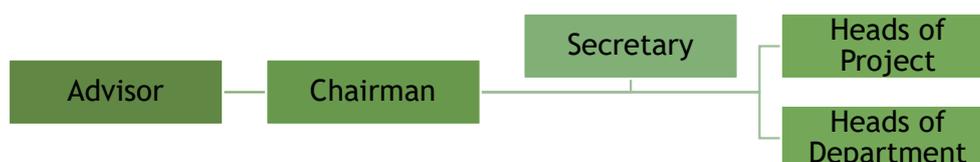
## Safety Targets

With the belief that accident and injuries are preventable with comprehensive safety and health management, we have set the safety and health targets for 2024 as follows:



## Safety Management

Maintaining the health and safety of all employees is paramount to the Group. All health and safety related matters are handled by the Committee. Respective project and department heads are responsible for reporting back to the chairman and advisor. The Committees’ responsibilities involve reviewing health and safety policies and ensuring that the policies are adopted and observed appropriately. In addition, the Committee will oversee and provide assistance to the following matters: accidents, near-misses, dangerous incidents, occupational poisoning, diseases, and all other circumstances that may violate our health and safety standards. Every month the Committee performs a walkthrough inspection to ensure that all health and safety standards are met.



# Environmental, Social and Governance Report

## Safety Operations

To uphold the safety standards of the Group, all new employees must fill out a health declaration form to prove the well-being of their physical capabilities and that it is suitable for performance in the workspace. To further maximise the safety of on-site workers, protective equipment such as safety harnesses, safety vests and helmets are provided by the Group and the proper utilisation of the equipment is ensured. Scheduled inspections are conducted on machinery and equipment to ensure they are functioning with no defects. Any system malfunctions that may cause serious health and safety issues to our employees will be either replaced or fixed immediately.

A permit system is devised to regulate the health and safety risks related to hazardous or high-risk tasks such as working at height or high temperatures. Prior to employee engagement in such activities, a permit must be obtained subject to applicable safety laws and scheduled inspections. The Group will not tolerate any non-compliance with safety policies, and procedures to enforce rights and permissions are in effect.



Slope Slippage Prevention – Inspection and Prevention

# Environmental, Social and Governance Report

The below framework is composed by the Health, Safety and Environmental Manual of the Group to ensure the quality control of health and safety risk management, with further desires to achieve the commitment stipulated in the Occupational Safety, Health and Environmental Policy. The safety management system is adopted to regulate employee behaviour throughout high-risk site operations such as fire hazard, tool and machinery operation, and to ensure their adherence to safety procedures. To amplify deterrence, fines are applied to violators of the composed rules and regulations. Through this solid framework, the Group ensures the effective management of health and safety risks throughout all working units.



## Safety Training

In order to routinely update and refresh our workers' safety expertise in the areas such as project safety, emergency response, accident investigation and firefighting, we established an annual training plan. The workers get safety orientation training that covers a range of safety issues, including our safety and health regulations, safe work practices and accident reporting protocols.

## Incident Handling

We are well planned and prepared for handling emergency situations. We outline the process and procedures to specify what to do, whom to inform and where to go in different scenarios in response to the corresponding types of emergencies. In the event of an accident or incident, a report will be filed in compliance with the relevant regulations and an investigation will be carried out in a timely manner.

# Environmental, Social and Governance Report

## Chemical Safety

One of the most crucial considerations on construction sites is chemical safety. Any improper handling of the chemicals might endanger workers' health and safety. As a result, a permit is required prior to handling chemicals and other hazardous substances at work. Subcontractors must submit a self-declaration in advance to declare the chemicals are used in which job and where the chemicals are stored for our review. The Safety Department will verify and evaluate the safety information of chemical items. We also keep a well-organised registry for keeping track of the substances we have on hand.

	2023	2022	2021
Number of lost day due to work-related injuries	0	0	0
Number of work-related fatalities	0	0	0

## Employment Conditions

### SDG 8: Decent Work and Economic Growth

“Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.”

We strive to stimulate sustainable economic growth amongst the economies we operate in by providing a number of desirable job opportunities to local workers.



The implementation of a motivating workforce culture is fostered through an incentive to performance parallel, which facilitates the synchronised growth of the Group and its workers. In order to achieve this symbiosis, we articulated an all-inclusive compensation package that is not only appealing, but most importantly is effective in increasing motivation. Additional wage increases and/or discretionary bonuses are incentivised on an appraised performance in proportion to the Group's overall profitability. Through the articulation of competent policies that support our praxis of providing sustainable work-life balance to employees, we dedicate our practices to maximising a healthy lifestyle among staff members. In order to achieve a fair and equitable environment for our people, all eligible employees have full entitlement to extra paid leaves for business and personal settlements, which include relocation leave, medical leave, paternity leave, maternity leave, marriage leave, compassionate leave and emergency leave. Furthermore, we offer diverse allowances to all eligible employees on living standard essential such as housing, travelling and relocation.

# Environmental, Social and Governance Report

## Fair and Diverse Workplace

### SDG 5: Gender Equality

“Achieve gender equality and empower all women and girls.”

The Group actively condemns any form of discrimination against women, in compliance with our zero-tolerance policy.



Our dedication to be fair employers is solidified through our commitment to create a workplace that consists of a triangulation between diversity, equality and inclusiveness. Any form of prejudice, ostracisation, or harassment will be treated fairly regardless of the victim’s age, colour, race, ethnicity, nationality, gender, marital status, religious beliefs, or sexual orientation. Within the employment scope, any individual with diseases or disabilities will not be stripped of any opportunities or minimised chances. The Group strongly condemns the use of child labour and has instilled multiple policies to prevent and prohibit the occurrence of these instances, including forced labour.

We strongly believe in promoting gender equality in the workplace. To ensure that we achieve this goal, we have implemented a gender diversity policy that outlines our commitment to exploring new strategies for recruiting, selecting, and promoting female candidates or employees. Our aim is to increase female participation across all levels in the Group, so that we can maintain a balanced gender composition in our workforce. To monitor our progress, we have established a target gender ratio that we will periodically review to ensure that we are meeting our objectives. Our policy reflects our belief that equal representation of men and women in the workplace is not only the right thing to do, but it is also good for our business. We understand the value of diversity and believe that it brings new ideas, perspectives, and approaches to problem-solving.

The Group complies with all applicable laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other benefits and welfare. There was no material non-compliance with these laws that may have significant impact on the Group during the Reporting Period.

Aspect	Relevant Laws and Regulations	Jurisdiction
Workers’ Health and Safety	• Employment Act 1955	Malaysia
	• Employment Act	Singapore
	• Employment Ordinance (Cap. 57)	Hong Kong

# Environmental, Social and Governance Report

## Child and Forced Labour-free Workplace

The Group is dedicated to the praxis of being responsible employers, which sustains labour rights for both potential candidates and current employees. We severely condemn child or forced labour which means the Group has zero tolerance for such unethical activities to occur within our business operations. In order to sustain this ideology, the Group avoids child labour through abiding by the definitions set by the International Labour Organisation and articulates the policies against these practices derived from the official definitions. Our Human Resources Department is responsible for the tight monitorisation of the employment process through the full adherence to labour policies, where any illegitimate employment will be halted immediately.

The Group complies with all applicable laws and regulations relating to preventing child and forced labour. There was no material non-compliance with these laws that may have significant impact on the Group during the Reporting Period.

Aspect	Relevant Laws and Regulations	Jurisdiction
Workers' Health and Safety	• Children and Young Persons (Employment) Act	Malaysia
	• Employment (Children and Young Persons) Regulations	Singapore
	• Employment Ordinance (Cap. 57)	Hong Kong

## Child Labour

The Group highly condemns the exploitation of children in any form and child labour is strictly prohibited in any scope of our business. All potential employees must meet the age requirement set by the International Labour Standards to perform any high-risk jobs if any. To ensure this, all applicants must present a valid form of identification document for verification of age. All associates of the Group, such as business partners, are expected to uphold the same degree of diligence and abide by governing laws in the work location of the country. If any form of child labour is discovered at work, the Human Resources Department will immediately terminate the employment contract and conduct necessary remedial actions.

## Forced Labour

The Group recognises and respects the individual rights of employees to make personal decisions on their employment duration without receiving any form of threat. The use of coercion, threats, violence, intimidation, harassment, or cornering employees into debt servitude as a method of coercion is highly forbidden in the Group's practices. Furthermore, as responsible employers the Group ensures the punctuality of salary distribution, with the insurance that non-capital payment methods such as promissory notes and vouchers will not be an option. Individual rights of employees' freedom of movement are advocated, and we prohibit any unjustified limitations imposed on their human rights. According to our policy, it is entirely prohibited to detain, restrict, or jail personnel in the workplace or dorms. Prevention of forced labour falls under the purview of our Whistleblowing Policy, where any reported violation of this policy will be handled with the utmost severity. Extensively, we advocate for the collaboration and co-operation with business partners to avoid and prevent child labour by adhering to applicable laws and regulations, through establishing a set of comparable standards.

# Environmental, Social and Governance Report

## Learning and Development

We are aware of how critical it is to maintain the competitiveness of the Group and the workforce to acquire professional skills, competence and market knowledge. We have made every attempt to determine to worker's learning and development needs. We urge to keep looking for new learning opportunities in the interim. Our Employment Training and Development Policy mandates that coaching and mentoring as well as training must be given to the Board members, management, new hires and other employees.

Throughout the Reporting Period, a wide array of extensive training was brought upon our staff members. The training plan consisted of 15 different training aspects, including generalised and specialised training in form of seminars and focused groups respectively. Training conducted in the reporting year provided our staff members with substantial knowledge on industry skills such as geotechnical engineering and project planning. Training that ensured and increased the safety awareness of staff members such as first aider training was also provided during the reporting year. Furthermore, we provided essential corporate governance training which covered anti-corruption, ESG factors and general health and safety protocols. Our praxis in providing a holistic training system derives from our goal as the Group not only increase the quality management by adhering to our Occupational Safety, Health and Environmental Policy, but also utilise training programmes as a means to create a work environment that fosters a symbiosis between stability and ambition.

Employee Training		2023	2022
Total Number of Training Hours		769.83	776.10
Average Training Hours <sup>3</sup> per Employee		14.80	15.52
(% of employees who received training) <sup>4</sup>		(100.00%)	(106.00%)
By gender	Male	13.55	13.72
		(100.00%)	(113.04%)
	Female	17.89	19.52
		(100.00%)	(90.32%)
By employment type	Senior Management	28.16	43.05
		(100.00%)	(100.00%)
	Middle Management	6.50	12.94
		(87.50%)	(100.00%)
	General Staff	15.75	14.66
		(102.38%)	(107.50%)

<sup>3</sup> It is calculated by dividing the employees received training in the specified category by the average number of employees in the specified category.

<sup>4</sup> The percentage of employees who received training includes employees who left the Group during the Reporting Period.

# Environmental, Social and Governance Report



Seminar Kawalan Pencemaran Air



Geotechnical Engineering Training



Automated External Defibrillator Training

## ***Employee Motivation***

Our commitment to employee development and motivation is reflected in our annual performance evaluation process. Through this process, we assess the performance of our employees, aiming to identify areas of improvement and enhance their overall motivation. In cases where employees demonstrate lower performance levels, we provide support through personalised performance improvement plans. These plans are designed to help individuals identify specific areas for development and provide them with necessary resources and guidance to enhance their skills and capabilities. Conversely, high-performing employees are duly recognised for their exceptional contributions. They may be eligible for salary increment and/or discretionary bonuses as a means of acknowledging their valuable efforts and fostering a culture of recognition and reward.

# Environmental, Social and Governance Report

## RESPONSIBLE OPERATIONS

We acknowledge our role as a trusted partner to our customers, collaborating with them to consistently deliver exceptional projects within designated timelines. Our commitment to upholding shared values and standards extends not only to our customers but also to our subcontractors, fostering enduring relationships throughout our operations. We place great emphasis on cultivating long-term partnerships with both customers and business associates, recognising their significance to our success. To achieve this, we actively engage with our subcontractors and employees, working closely together to ensure that our services consistently meet and exceed customer expectations and requirements.

### Supply Chain Management

#### SDG 12: Responsible Consumption and Production

“To ensure sustainable consumption and production patterns.”

We ensure that environmental factors are discussed with subcontractors, and all sustainable/green procurement standards are met throughout our operations.



A sound supply chain management is key to providing our clients with efficient and reliable services to the pinnacle of our potential, which directly influences and reflects the operational competence of the Group. Enthusiastically engaging with our subcontractors allows the Group to holistically implement ESG principles and integrate objectives into the operating processes. This brought us constant communication with subcontractors and we can regularly appraise the level of ESG integration that they implement in internal processes, ensuring their adherence to our criteria and specifications.

### Selection of Subcontractors

Screening process of subcontractor eligibility includes a self-introduction and appraisal in order to provide to the Group a valid understanding of their capabilities and limitations. The appraisal should be holistic and multi-dimensional, including aspects such as their ESG-related risks, pertinent management policies, procedures and performance, as well as their quality system, business history, reputation and track record. All potential subcontractors are required to go through a further filtration which involves the completion of a questionnaire that includes crucial factors such as: environmental quality and assurance, pollution discharges, labour rights, health and safety regulations, audit requirements, supply chain management, quality assurance, anti-corruption and bribery, among other things, are all factors to be considered.

Internal selections prioritise suppliers and subcontractors who integrate the Environmental Management System ISO 14001, acknowledge sustainability-related certification and/or verification from recognised authorities, and subcontractors who can significantly prove their compliance with ESG standards with applicable laws and regulations. Additionally, the determination regarding the competence of subcontractors is evaluated and compared through their proficiency in factors such as quality assurance, environmental management, and health and safety management.

# Environmental, Social and Governance Report

## Subcontractor Engagement and Management

Bypassing the screening process suggests that the compliance of environmental rules and regulations are mandatory in all eligible subcontractors. Furthermore, certified subcontractors will be listed on the Approved Subcontractor List for reference. Regulations and observations are prominent within on-site operations to ensure the compliance with internal policies and if irregularity is observed, corrective actions will take place immediately. Scheduled on-site inspections are carried out to guarantee the compliance with ESG standards of subcontractor's processes, and if there are instances of non-conformity, instant rectification will be required.

Site meetings between the Group and subcontractors are hosted on a regular basis to improve communication, address issues and provide ESG related training. To simultaneously maintain peak performance while ensuring compliance with the necessary standards, rules and regulations, current subcontractors are required to partake in periodical re-evaluations based on their performance in areas such as efficiency, quality and corrective measures. Any subcontractors who do not reach the standard must integrate an improvement plan into their processes to rectify their shortcomings.

## Green Procurement

The Group aims to minimise any purchases that may cause environmental degradation, through taking into account the effects that each purchase, such as equipment, machinery or general goods may impose on the environment. Furthermore, the Group encourages subcontractors to adhere to our Green Procurement Policy by purchasing more environmentally sustainable items in any feasible operation circumstance.

### The Group's Procurement Principles

Prefer	Avoid
✓ Products with a high rate of recycling	✗ Single-use disposable products
✓ Products with more recyclable content	✗ Products that are more water consuming
✓ Products with less packaging	✗ Over-packaging products
✓ Products with higher energy efficiency	✗ Products which emit a huge amount of irritating or toxic substances during installation, use and disposal
✓ Products made using green technology or with green fuels	
✓ Products with lower water consumption	
✓ More durable products	

# Environmental, Social and Governance Report

## Supplier Code of Conduct

The Group established a Supplier Code of Conduct that outlines our fundamental expectations in order to regulate the extent to which suppliers and subcontractors uphold a certain degree of professionalism, and simultaneously maintain ethical standards and business conduct. The code focuses on areas such as: observance of laws, rules, and regulations; environmental sustainability; human rights and social sustainability; ethics and corporate integrity; safety and health; protection of the Group's information, records, and assets; and use of personal information. The Group conducts regular surveys to ensure business associates adhere to the Supplier Code of Conduct.

During the Reporting Period, the Group collaborated with 24 subcontractors, and suppliers of sand and marine gas oil from Malaysia and Singapore. Supplier distribution statistics are summarised in the table below:

Supplier Distribution	2023	2022
Total Number of Subcontractors and/or Suppliers	24	31
<b>By geographical region (% of subcontractors and/or suppliers)</b>		
Malaysia	18 (75.00%)	24 (77.42%)
Singapore	6 (25.00%)	7 (22.58%)

## Reliable Services

The Group consistently proves our commitment towards clients which can be seen through previous completions in significant maritime construction projects as well as other services. We provide premium services and maximise client satisfaction through offering highly trained and specialised talent to tailor clients' needs in an efficient and reliable manner. During the Reporting Period, there was no material non-compliance in relation to laws and regulation governing health and health and product safety, advertising, labelling and privacy matters.

## Quality Services

Our assurance to consistently deliver high quality goods and services that satisfy clients' needs and adhere to all applicable legal requirements are credible to Malaysian operations' quality management system in synchronicity with the international standard ISO 9001:2015.

To ensure the Group provides premium quality services throughout a project cycle, a set of efficient project management systems have been put in place. This system further extends to the relationship with our subcontractors, as they are required to undergo the Group's strict protocols, ensuring that we are complacent with quality of products and services they provide. Following the receipt of client's construction drawings, the Group reviews the plan for any flaws or inconsistencies to articulate a schedule and take necessary incremental adjustments, in accordance with the project quality guidelines.

The Group-client relationship is interconnected due to our philosophy that communication is crucial to produce quality products and services. Discrepancies between the Group and clients are dealt through thorough discussion and deconstruction of relevant hardships, to subsequently overcome conflicts. Project and contact managers are appointed to keep track of project developments and provide frequent status updates on a routine basis, whereas the planning department solidifies the progress goal for each project. Furthermore, the project manager and quantity surveyors are responsible for monitoring project schedules and take remedial actions when delays occur.

# Environmental, Social and Governance Report

The Group dedicates resources, policies, and utmost effort to fortify the highest standards of products and services to not only meet, but furthermore strive to exceed client's standards. The flexibility of our Group encourages clients to submit defect lists if the product strays from their expectations, which facilitates the Group to tailor the amendments with the utmost efficiency.

Our customer's opinions and suggestions are highly valued, as we strive to constantly find areas of improvement in order to foster an ever-evolving environment which facilitates our Group to provide higher quality services in the future. This could be achieved through the conduction of a customer satisfaction survey following a completed project, which include ratings of project design, project management and overall quality. The appraisal will be reviewed at the management meeting where customer feedback will be critically analysed, evaluated then summarised for the articulation of further actions. During the Reporting Period, the Group did not receive any product and service-related complaints.

## **Data Privacy**

The Group has taken measures to ensure the anonymity and security of customer information. Our Data Protection Policy supports the data protection principle, which states that only essential personal data, defined as relevant and necessary, can be collected. Processing of client's personal data adheres to the relevant laws and regulations, where disclosure of personal data to third parties is strictly prohibited, unless given exceptional circumstances where consent is given from the customers or relevant data is required for legal purposes.

## **Intellectual Property**

The Group commits to the protection of our intellectual property rights, such as trademarks, patents, copyrights, designs, invention, programmes and documentation. All works created by any eligible employees within the Group will be retained as intellectual properties, and all parties are required to obtain permission before using them in any asset, such as our Company logo. During the Reporting Period, the Group did not observe any non-compliance with relevant laws and regulations related to the violation of our intellectual property rights regarding our products and services.

## **Business Ethics**

Upholding the reputation as a trustworthy partner with clients and stakeholders requires the Groups respect for moral principles at all times and across all disciplines. Any non-compliance that compromises the Group's integrity and reputation will not be tolerated and repercussions will be prominent. The Group maintains the utmost respect for ethical standards and adherence to relevant laws and regulations in all aspects of business, by maintaining a thorough and stringent Code of Conduct as well as pertinent rules.

# Environmental, Social and Governance Report

The Group complies with all applicable laws and regulations relating to bribery, extortion, fraud and money laundering. There was no material non-compliance with these laws that may have significant impact on the Group, nor any concluded legal cases regarding corrupt practices against the Group or its employees, during the Reporting Period.

Aspect	Relevant Laws and Regulations	Jurisdiction
Anti-corruption	• Anti-Corruption Commission Act 2009	Malaysia
	• Prevention of Corruption Act	Singapore
	• Prevention of Bribery Ordinance (Cap. 201)	Hong Kong

## Anti-corruption

The establishment of our Code of Conduct for employees and Anti-Corruption Policy strictly forbids all forms of bribery and corruption, which governs all business activities carried out by the Group. This includes, but is not limited to promising, offering, making, authorising, soliciting, or accepting any financial and other advantages, such as gifts, entertainment, and hospitality. Furthermore, all firm documents, including books, invoices, records, accounts, funds and assets, must be accurately established and consistently maintained. Due diligence is performed during the subcontractor selection process, where anti-corruption compliance is one of the crucial factors that is taken into consideration in the process of subcontractor selection. The expectation of the Group requires a high degree of transparency from employees regarding any potential conflicts of interest. If conflict of interest is prominent, it must be disclosed to the senior management and Human Resources Department to evaluate.

Anti-corruption training and workshops are scheduled periodically for employees of all levels in the hierarchy, to ensure the understanding of compliance with standards and guidelines in this field. Additionally, the Human Resource Department provides anti-corruption compliance consultation services to all employees within the Group.

## Anti-fraud

The Group is dedicated to the prevention of fraud from affecting the Group's revenue, assets, reputation and information. The Anti-Fraud Policy is operating in guidance to identification, reporting and investigating potential frauds, with the implementation of fraud risk assessments to minimise the possible impact of fraud risk on the Group. Procedures involving fraud risk mitigation includes the formation of a risk management group to specialise in the identification of potential risks, and further evaluation to formulate appropriate alleviation measures.

## Anti-competitive Behaviours

The Group advocates for an equal and non-hostile work environment, in which employees are required to abide by the competition laws and regulations in international standards to protect fair market competition. Full compliance is required from our employees to the Policy Against Anti-Competition, which states that all forms of anti-competitive behaviour is strictly prohibited, and that the Group has established an awareness system for employees to report any suspected anti-competitive behaviour.

# Environmental, Social and Governance Report

## Reporting Channels and Whistleblowing Policy

Official reporting mechanisms are in place for the Group's employees if any non-compliance or violation of the Code of Conduct, Anti-corruption Policy, Anti-fraud Policy or Policy Against Anti-competition. Reports made by employees can be conducted in different methods and is dependent on the suitability to the situation, where reports can be conducted in person, in writing or by phone. All complaints will be treated with the utmost importance through prompt examination, and findings will be sufficiently communicated to the Board and the Audit Committee.

Additionally, employees and stakeholders have full access to whistleblowing mechanisms where any instances of business misconduct can be reported to the managing team through literature. Within the Whistleblowing Policy prominently specifies the scope of report, where every report will be treated with the highest degree of integrity and protection – all that comes forth with reliable information will not face any negative backlash from the Group.

## COMMUNITY ENGAGEMENT

We firmly believe that our success is intimately tied to the well-being and prosperity of the communities in which we operate. Our focus extends across various critical areas, including culture, education, environment, health, social welfare, and sports. These core pillars of our Community Investment Policy guide our efforts to make a positive contribution to the communities we serve. By adhering to our fundamental aims and purposes, we strive to contribute to the betterment of communities and fulfil our broader social responsibility. The following table summarises our commitment to these key areas of community investment.

Areas	Aims and Purposes
Education	<ul style="list-style-type: none"><li>Invest in training and development so that employees may acquire the information and skills necessary to handle complicated situations and frequently update their expertise;</li><li>Support and hire interns and recent graduates;</li><li>Donate to universities to support their training activities and programmes; and</li><li>Support university payment assistant schemes for university students.</li></ul>
Environmental	<ul style="list-style-type: none"><li>Encourage public awareness of energy usage, waste management, water management, and air quality through projects and initiatives;</li><li>Purchase energy-efficient machinery and vehicles, or those with certifications for energy-saving labelling;</li><li>Encourage green procurement; and</li><li>Set up training to increase understanding of environmental concerns and climate change.</li></ul>
Sports	<ul style="list-style-type: none"><li>Make donations to support sports activities;</li><li>Encourage developing a sports culture in the community; and</li><li>Support the local community to develop a healthy lifestyle and enhance their overall quality of life.</li></ul>

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Areas	Aims and Purposes
Work-life Balance	<ul style="list-style-type: none"><li>• Organise training that places an emphasis on inclusive, equitable and lifelong learning opportunities; and</li><li>• Set up team-building exercises to foster a sense of belonging and collaboration among co-workers.</li></ul>
Labour	<ul style="list-style-type: none"><li>• Offer a work environment for employees that fosters fairness, equity, and respect for social and cultural diversity, and that is free from unlawful discrimination, harassment and vilification as determined by current and future legislation; and</li><li>• Promote social welfare.</li></ul>

We are dedicated to supporting our neighbourhood through a variety of financial support. During the Reporting Period, a total amount of approximately RM1.5 million was contributed to the community through donation, contribution and sponsorship.

# Environmental, Social and Governance Report

## ECO-FRIENDLY OPERATIONS

### SDG 6: Clean Water and Sanitation

“To ensure sustainable consumption and production patterns.”



### SDG 14: Life Below Water

“Conserve and sustainably use the oceans, seas and marine resources for sustainable development.”

In line with SDG 6 and SDG 14, we have implemented stringent wastewater discharge management procedures to uphold the safety and quality of water sources and the surrounding marine environment. We actively contribute to the preservation of clean water resources and the conservation of diverse marine ecosystems. Our commitment to these goals is further detailed in Wastewater Management Procedure as illustrated in this section.



The Group recognises the importance of maintaining a sustainable and environmentally responsible approach in all aspects of our operations. As our operations are primarily located close to the coast, we understand the potential environmental impacts that construction activities can have on coastal areas, including the generation of hazardous and non-hazardous waste, air pollutants, and greenhouse gas (“GHG”) emissions. However, our commitment to preserving the coastal and marine environments is unwavering. We have implemented rigorous environmental procedures and policies, such as the Environmental Policy and the Environmental and Natural Resources Management Policy, to ensure the protection of these valuable ecosystems. Moreover, we actively collaborate with our subcontractors to ensure their compliance with our environmental requirements.

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The Group complies with all applicable laws and regulations relating to air and GHG emissions, discharges into water and land and use of resources. There was no material non-compliance with these laws that may have significant impact on the Group during the Reporting Period. The Group was not aware of any issue in sourcing water that is fit for purpose.

Aspect	Relevant Laws and Regulations	Jurisdiction
Environment	• Environmental Quality Act	Malaysia
	• Ambient Air Quality Standard	
	• Environmental Protection and Management Act	Singapore
	• Air Pollution Control Ordinance (Cap.311)	Hong Kong

The following summarises the environmental procedures we practice on-site:

## Pollutant Discharge Procedures

- Ensure compliance with the Environmental Quality Act of Malaysia;
- Manage all forms of discharge, emission, pollutants, waste, noise and deposit of environmentally hazardous substances; and
- Ban waste discharge into water.

## Air Quality Control Procedures

- Ensure compliance with the Ambient Air Quality Standard of Malaysia;
- Mitigate the impacts of air emission of our site operations;
- Outline the dust control procedures on site, such as cleaning the tires of our vehicles before they enter public roads, and wetting down the sites and the roads where our vehicles pass through to minimise fugitive dust emission;
- Keep vehicle and machinery well-tuned and tires inflated properly to reduce exhaust emissions;
- Limit site clearing to the project area and stabilise the disturbed areas as soon as possible to minimise dust accumulation; and
- Appoint a professional environmental consultant to carry out air quality monitoring and sampling, and send the samples to accredited laboratories for analysis.

## Wastewater Management Procedures

- Ensure compliance with the Environmental Quality Act when operating in Malaysia;
- Segregate domestic sewage from construction wastewater and surface runoff;
- Deploy wastewater treatment facilities on site, such as septic tanks, prior to desludging process to improve the quality of effluent discharge;
- Deploy proper toilet facilities on site and portable toilets at working areas;
- Appoint a qualified contractor to perform desludging on site regularly; and
- Conduct a self-monitoring assessment regularly to ensure the quality of the effluent discharges meet the required standard.

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## *Emission Management and Resource Conservation*

The Group has undertaken significant efforts to transform its operations into a low-carbon and resilient business, demonstrating our commitment to reducing our carbon footprint. Our primary focus is on utilising renewable energy sources and implementing energy-saving techniques. We recognise the importance of addressing emissions at their source and have initiated behavioural changes, such as encouraging staff to opt for economy class travel during business visits and adopt video conferencing.

In line with our dedication to energy conservation, we have been conducting annual training sessions for all employees to enhance their knowledge and awareness of energy-saving practices. Additionally, we regularly remind staff members to power off lights, air conditioning, laptops and other equipment when not in use. Whenever feasible, we incorporate natural lighting into our facilities and maintain a room temperature of 25°C to optimise energy efficiency. We also closely monitor our energy consumption by periodically collecting data. This allows us to analyse consumption patterns and make informed decisions regarding energy management. To ensure compliance with our energy consumptions, we conduct regular inspections of our offices and sites.

Moreover, we have begun collecting GHG scope 3 data this year as part of our ongoing commitment to comprehensive emissions management. We recognise the importance of expanding our scope 3 inventory, and we have plans to further enhance our data collection efforts in the coming years. This comprehensive approach enables us to analyse GHG emissions by location and categories, ultimately to facilitate a better management of our overall emissions.

Through these initiatives, we are steadfastly working towards achieving our emission management and resource conservation goals, while continually striving to minimise our environmental impact.

## *Waste Management*

### **SDG 12: Responsible Consumption and Production**

“To ensure sustainable consumption and production patterns.”

In our business operations, the production of hazardous waste necessitates our dedicated focus on achieving target 12.4, which aims to ensure the responsible management of chemicals and all types of waste throughout their life cycle. Our commitment lies in minimising the environmental and health impacts associated with these substances by reducing their release into the air, water, and soil. To uphold this objective, we have implemented a robust waste management system that ensures the proper handling of the hazardous waste we generate. By adhering to stringent protocols and best practices, we actively contribute to the preservation of the environment and the well-being of our stakeholders.



For our site and office operations, it is inevitable that we generate various types of waste, including general, hazardous, and construction trash. However, we have been actively implementing a range of waste management policies and processes to minimise the adverse environmental impacts associated with waste disposal.

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To effectively manage hazardous waste, we strictly adhere to the Hazardous Waste Management Procedure. This entails confining and storing hazardous waste in designated areas as per the prescribed protocol. Containers used for hazardous waste must meet stringent safety requirements and be clearly labelled to ensure proper identification. In order to prevent spills or leaks, our storage rooms are constructed and maintained with utmost precision. It is important to note that there are strict limits on the maximum quantity and duration for which hazardous waste can be kept. Furthermore, the handling of hazardous waste is exclusively carried out by skilled personnel who utilise appropriate safety gear. The collection and disposal of hazardous waste are entrusted to authorised contractors to ensure compliance with regulations.

For general waste, we follow a classification system that determines its recyclability. All recyclable and reusable materials are either sold to scrap merchants or preserved for future use. Non-recyclable items are disposed of responsibly, and detailed records of their disposal are maintained. It is important to highlight that our commitment to environmental protection extends to our air quality control measures. As outlined in the Air Quality Control Procedure, burning of trash on site is strictly prohibited. This policy helps us maintain a clean and healthy environment, preventing air pollution and the associated risks.

Meanwhile, in order to encourage employees' environmental awareness and resource conservation, we have set green office principles for our business operations. Reuse, recycling and energy conservation are promoted among staff members. Additionally, we conduct annual waste management training sessions to educate our employees on best practices in waste reduction and disposal.

The Group complies with all applicable laws and regulations relating to generation of waste and waste handling, which includes proper package, labelling, sorting and storage of waste prior to disposal. There was no material non-compliance with these laws that may have significant impact on the Group during the Reporting Period.

Aspect	Relevant Laws and Regulations	Jurisdiction
Waste	<ul style="list-style-type: none"><li>Environmental Quality (Scheduled Wastes) Regulations</li><li>First Schedule (Regulation 2) of Environment Quality (Schedule Waste) Regulation 2005</li><li>Guidelines for Packaging, Labelling and Storage of Scheduled Wastes</li></ul>	Malaysia

# Environmental, Social and Governance Report

## Environmental Performance<sup>5</sup>

The Group's environmental performance data during the Reporting Period and in 2022 have been summarised in the table below.

		Unit	2023	2022
<b>Air Emissions</b>	Nitrogen oxides ("NO <sub>x</sub> ")	kg	74.80	84.98
	Sulphur oxides ("SO <sub>x</sub> ")	kg	0.67	0.68
	Particulate Matter ("PM")	kg	6.30	7.26
<b>Energy Consumption<sup>6</sup></b>	<b>Total energy consumption</b>	<b>MWh</b>	<b>473.26</b>	<b>467.16</b>
	Total energy intensity			
	– By size of workforce <sup>7</sup>	MWh per employee	9.62	9.10
	– By number of projects <sup>8</sup>	MWh per project	13.52	11.81
	Direct energy consumption	MWh	417.83	421.69
	– Diesel	MWh	178.66	175.33
	– Unleaded petrol	MWh	239.17	246.36
	Indirect energy consumption	MWh	55.43	45.47
	– Purchased electricity <sup>9</sup>	MWh	55.43	45.47
<b>GHG Emissions</b>	<b>Total GHG emission</b>	<b>tCO<sub>2</sub>e</b>	<b>146.37</b>	<b>141.78</b>
	– Scope 1 <sup>10</sup>	tCO <sub>2</sub> e	107.33	111.45
	– Scope 2 <sup>11</sup>	tCO <sub>2</sub> e	36.97	30.33
	– Scope 3 <sup>12</sup>	tCO <sub>2</sub> e	2.07	–
	Total GHG emission intensity			
	– By size of workforce	tCO <sub>2</sub> e per employee	2.87	2.68
	– By number of projects	tCO <sub>2</sub> e per project	4.07	3.54
<b>Water Consumption</b>	<b>Freshwater<sup>13</sup></b>	<b>m<sup>3</sup></b>	<b>834.00</b>	<b>539.00</b>
	Intensity			
	– By size of workforce <sup>14</sup>	m <sup>3</sup> per employee	18.95	11.72
	– By number of projects	m <sup>3</sup> per project	28.76	14.97
<b>Waste<sup>15</sup></b>				
	<b>Hazardous Waste</b>			
	Toner cartridge	tonne	0.0036	0.0028
	Chemical waste	tonne	0.10	N/A
	Lubricant oil	tonne	0.30	N/A
	<b>Total hazardous waste</b>	<b>tonne</b>	<b>0.40</b>	<b>0.0028</b>
	Intensity			
	– By size of workforce <sup>16</sup>	tonne per employee	0.009	0.0001
	– By number of projects	tonne per project	0.014	0.0001
<b>Non-hazardous Waste</b>	Waste plastic	tonne	14.19	13.84
	Waste paper	tonne	1.35	1.24
	<b>Total non-hazardous waste</b>	<b>tonne</b>	<b>15.54</b>	<b>15.08</b>
	Intensity			
	– By size of workforce <sup>17</sup>	tonne per employee	0.35	0.33
	– By number of projects	tonne per project	0.54	0.42
<b>Paper Consumption<sup>18</sup></b>	<b>Office paper</b>	<b>tonne</b>	<b>0.60</b>	<b>0.54</b>
	Intensity			
	– By size of workforce	tonne per employee	0.01	0.01
	– By number of projects	tonne per project	0.02	0.01

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- <sup>5</sup> The calculation had referred to GHG Protocol — Emission Factors from Cross-Sector Tools and the published emission factors of the “How to prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs” published by HKEx.
- <sup>6</sup> The total volume and intensity of energy consumption increased this year is mainly due to resumption of business operations from the COVID-19 pandemic and ongoing business activities. The size and stage of the projects affected the number of travelling required for the business discussions, site visits and projects’ monitoring.
- <sup>7</sup> The intensity by the size of workforce for purchased electricity covers the office in Malaysia only. Our offices in Hong Kong and Singapore operate in a shared office, which electricity supply is managed by the building management company. The intensity by the size of workforce for diesel and unleaded petrol consumption covers the operation in Malaysia and Singapore only as our office in Hong Kong does not involve the use of vehicles.
- <sup>8</sup> The number of projects includes the projects generating revenue and tenders/quotations submitted under the Group’s applicable jurisdictions for the related emissions during the Reporting Period.
- <sup>9</sup> As there was no lockdown period during the Reporting Period, the use of electricity increased compared with 2022. On the other hand, additional two units of air conditioner and 24 hours run at server room together with the high temperature in 2023 also contributed to the increase of indirect energy consumption.
- <sup>10</sup> Scope 1 represents direct GHG emissions generated from the use of unleaded petrol and diesel oil by the Group’s vehicles and those under rental for the Group’s use in Malaysia and Singapore.
- <sup>11</sup> Scope 2 represents indirect GHG emissions generated from the use of purchased electricity in office and project sites in Malaysia.
- <sup>12</sup> Scope 3 represents other indirect GHG emissions generated from business air travels by employees. The data is not available for 2022 due to the restriction of movement during the COVID-19 pandemic.
- <sup>13</sup> Water consumption increased compared with 2022 as the water consumption arising from a project which is currently under the stage of certification of making good defects for 1 month in which period such consumption is borne by the Group instead of the subcontractors. Other than that, the monthly water consumption remains stable.
- <sup>14</sup> The intensity by the size of workforce for water covers the office in Malaysia only. Our offices in Hong Kong and Singapore operate in a shared office, in which water is managed by the building management company.
- <sup>15</sup> The weight figures are derived by estimation. We will refine the measurement methodology in future if feasible.
- <sup>16</sup> The intensity by the size of workforce for hazardous waste covers the office in Malaysia only. Our offices in Hong Kong and Singapore operate in a shared office, in which waste is managed by the building management company.
- <sup>17</sup> The intensity by the size of workforce for non-hazardous waste covers the office in Malaysia only. Our offices in Hong Kong and Singapore operate in a shared office, in which waste is managed by the building management company.
- <sup>18</sup> The figure of office paper consumption includes the Company’s office in Hong Kong, Malaysia and Singapore. Paper consumption increased compared with 2022 as there were more sizable engagement under discussion and there were transactions performed during the Reporting Period which consumed paper.

# Environmental, Social and Governance Report

## ENVIRONMENTAL TARGET ACHIEVEMENTS

As a responsible corporation, we are deeply committed to playing our part in reducing emissions and actively supporting the global transition towards a zero-carbon economy. In alignment with this commitment, we have set ambitious environmental goals that serve as our guiding principles. In the following table, we present a summary of these targets alongside our performance during the Reporting Period. By transparently sharing our progress, we aim to demonstrate our dedication to environmental sustainability, and contribute to the collective efforts in combatting climate change.

	Targets	Target Progress	Status
Energy Consumption	Replace all the existing vehicles, machineries and electrical appliances to those of high efficiency or certified with energy-saving labels by financial year ending 2030.	We have been taking energy efficiency into account while making purchase. We strive to invest in high efficiency vehicles/machinery and those that have been certified with energy-saving labels as part of our environmental commitment.	
	Engage only with subcontractors who can provide vehicles, machineries and electrical appliances of high efficiency or certified with energy-saving labels by financial year ending 30 June 2030, if possible.	We have been using ESG-related risks, pertinent management practices and subcontractor environmental management systems as selection criteria. Subcontractor self-assessment enables us to review subcontractors' performance, including the provision of high-efficiency and/or energy-saving label certified machines, electrical appliances and vehicles.	
	Replace all existing light bulbs and tubes to LED light bulbs and tubes to energy efficient tubes, energy efficiency lighting or automatic light switch by financial year ending 30 June 2025.	When possible, we use green procurement practices to choose items with higher energy efficiency when replacing our lighting system, including energy-efficient light bulbs and tubes.	
	Reduce the average energy consumption of diesel oil and unleaded petrol by 2%, 5% and 10% per number of projects generating revenue and tenders/ quotations submitted by financial year ending 30 June 2022, 2025 and 2030 respectively from the 2019 baseline.	Compared to 2019, the energy consumption intensity of fuel has increased by approximately 3%. It was mainly due to increase in driving distance of company vehicles during the Reporting Period.	
	Reduce the average energy consumption of purchased electricity by 2%, 5% and 10% by financial year ending 30 June 2022, 2025 and 2030 respectively from the 2019 baseline.	Our energy consumption of purchased electricity reduced by approximately 31% compared with 2019.	

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	Targets	Target Progress	Status
Paper Consumption	Replace all existing printer to the one which require login for copying and printing in order to track usage of paper by individual employee by financial year ending 30 June 2025.	While we are still updating our printing and filing systems, we have been encouraging our staff to adopt electronic communication tools to cut back on unnecessary paper usage.	
	Replace all the existing filing method with electronic filing by making good use of the Enterprise Resource Planning System and online server for all departments including documents once Enterprise Resource Planning System is in place, unless it is contradictory to the local rules and regulations in which physical filing is required.	Additionally, we encourage them to recycle used paper, and print and copy on both sides of paper.	
	Reduce the average consumption of paper by 2%, 5% and 10% per number of projects generating revenue and tenders/quotations submitted by financial year ending 30 June 2022, 2025 and 2030 respectively from the 2019 baseline.	Our paper consumption reduced by approximately 43% per number of projects generating revenue and tenders/quotations submitted when compared with 2019.	
Air Emissions	Reduce the average emission of SOx by 2%, 5% and 10% per number of projects generating revenue and tenders/quotations submitted by financial year ending 30 June 2022, 2025 and 2030 respectively from the 2020 baseline.	The levels of SOx, NOx, and PM emissions have yet to meet our reduction targets due to increase in driving distance of company vehicles along with the expansion of Singapore's operations and increase in business activities. We endeavour to keep both the vehicles we own and those under rental in good shape, and our employees to avoid idling engine so as to reduce exhaust emissions and help achieve the targets.	
	Reduce the average emission of NOx by 2%, 5% and 10% per number of projects generating revenue and tenders/quotations submitted by financial year ending 30 June 2022, 2025 and 2030 respectively from the 2020 baseline.		
	Reduce the average emission of PM by 2%, 5% and 10% per number of projects generating revenue and tenders/quotations submitted by financial year ending 30 June 2022, 2025 and 2030 respectively from the 2020 baseline.		
Water Consumption	Set up collection point at all sites to collect excessive water withdrawn and reuse such water for cleaning, water spraying and irrigation purposes and other purpose by financial year ending 30 June 2030.	We optimise water utilisation by performing routine water facility inspections to stop water leakage. Furthermore, we have been educating our staff members on the importance of water conservation.	
	Reduce the average consumption of freshwater by 2%, 5% and 10% by financial year ending 30 June 2022, 2025 and 2030 respectively from its financial year ended 30 June 2019 baseline, assuming the market has been recovered from COVID-19.	The consumption of freshwater reduced by approximately 20% compared with 2019.	

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	Targets	Target Progress	Status
Waste Management	Reduce the average hazardous waste (toner cartridge) production by 2%, 5% and 10% per number of projects generating revenue and tenders/quotations submitted by financial year ending 30 June 2022, 2025 and 2030 respectively the 2021 baseline, if any.	The hazardous waste intensity has yet to meet our reduction target. We aim to limit the generation of waste toner cartridge by limiting the printing quotas.	
	Set up recycling bins at all offices and sites to collect recyclable metals and aluminium, plastic bottles, waste paper, ink cartridge, carton boxes and other recyclable materials.	Recycling bins and reusable item collecting points have been set up to enable resource recycling and reuse. We will continue to encourage staff to use the facilities and raise their understanding of the importance of recycling and reuse.	
	Set up collection points at all offices for reusable items, like stationeries and non-confidential single side used paper.		
	No single-use plastic cutlery, bags, straws or stirrers available in the pantry.	The volume of plastic waste generation has yet to meet our 2022 reduction target. In order to take the lead in reducing plastic waste and fulfil our reduction target, we have established green procurement standard to avoid purchasing single-use disposable items and over-packaging products.	
	Reduce the average plastic waste by 2%, 5% and 10% per each amount of revenue to be generated by financial year ending 30 June 2022, 2025 and 2030 respectively from its financial year ended 30 June 2019 baseline.		
	Reduce the average waste paper by 2%, 5% and 10% per number of projects generating revenue and tenders/quotations submitted by financial year ending 30 June 2022, 2025 and 2030 respectively from its financial year ended 30 June 2019 baseline.	Compared to 2019, the waste paper intensity has increased by approximately 7%. We aim to reduce it by limiting the printing quotas across our business operations.	

# Environmental, Social and Governance Report

## CLIMATE CHANGE PREPAREDNESS

### SDG 13: Climate Action

“Take urgent action to combat climate change and its impacts.”

In 2023, we have made significant strides in enhancing our resilience to climate-related challenges and strengthening our capacity to withstand natural catastrophes. By actively addressing climate-related risks, we are taking concrete actions to safeguard our business, protect the environment, as well as support the communities we operate in. Our ongoing commitment to SDG 13 underscores our dedication to fostering a sustainable future while ensuring the long-term viability of our marine construction endeavors.



In today's rapidly changing world, the marine construction industry faces a critical challenge in the form of climate change. As global temperatures continue to rise and extreme weather events become more frequent and intense, we recognise the urgent need to prioritise climate change preparedness. We understand that the consequences of climate change pose significant risks to our operations, the environment, and the communities we serve. As part of our commitment to comprehensive climate change preparedness, we have conducted a thorough climate scenario analysis. This analysis has allowed us to assess the potential impacts of different climate scenarios on our projects, operations, and supply chain. By integrating climate scenario analysis into our decision-making processes, we are better equipped to identify vulnerabilities, seize opportunities, and develop adaptive strategies that will ensure the long-term resilience and sustainability of our business.

### Climate Scenarios

TCFD has published the Guidance on Scenario Analysis for Non-financial Companies in 2020, calling for businesses to consider their strategic plans against a set of scenarios that covers a reasonable variety of future outcomes. Climate scenario analysis is a process for identifying and assessing the potential implications of a range of plausible future states under conditions of uncertainty.

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We have made reference to the Representative Concentration Pathway (“**RCP**”) of Intergovernmental Panel on Climate Change (“**IPCC**”), as well as the scenarios of International Energy Agency (“**IEA**”).

## Scenario 1 – Business-as-usual

Reference	RCP8.5 of IPCC, and Stated Policies Scenarios (“ <b>STEPS</b> ”) of IEA (2020)
Scenario Description and Assumption	RCP8.5 corresponds to the pathway with the highest greenhouse gas emissions, and assumes that global emissions continue to rise throughout the 21st century, leading to a global mean temperature rise of close to 4°C in 2100. The STEPS assumes only cautious implementation of current commitments and plans, including those yet to be formally adopted.  Scenario 1 assumes that current trends and policies continue unchanged, with no significant efforts to reduce greenhouse gas emissions or address climate change. This would result in significant impacts on the environment and society, including rising global temperatures, rising sea levels, more frequent and intense heatwaves, droughts, wildfires, and extreme weather events like hurricanes and floods.
Impacts	<ul style="list-style-type: none"> <li>• With more frequent and intense extreme weather events, higher damage from tropical cyclones is expected, especially in Malaysia and Singapore, where the construction operations are conducted.</li> <li>• The operation could be disrupted by heavy rain and windy weather, which may lead to project delays.</li> <li>• Government policies and regulations may lead to higher compliance and procurement cost, but with limited impact.</li> </ul>

## Scenario 2 – Immediate and Strong Transition

Reference	RCP2.6 of IPCC, and Sustainable Development Scenario (“ <b>SDS</b> ”) of IEA (2020)
Scenario Description and Assumption	RCP2.6 is a very stringent pathway which requires CO <sub>2</sub> emissions to start declining by 2020 and eventually become zero by 2100, while methane emissions would be reduced to approximately half of 2020 levels, and that sulphur dioxide emissions would decline to approximately 10% of those of 1980 to 1990. To achieve such changes, there would be a strong and immediate transition in government policies and measures. This scenario is likely to limit global warming below 2°C by 2100.  The SDS is a pathway aiming at ensuring universal access to affordable, reliable, sustainable and modern energy services by 2030; substantially reducing air pollution; and taking effective action to combat climate change.
Impacts	<ul style="list-style-type: none"> <li>• The supply chain could be disrupted if the carbon pricing system affects the construction material markets, thereby leading to shortages of raw material supply of the Group.</li> <li>• Increased compliance and procurement costs could be incurred when stringent government policies and regulations come into force.</li> <li>• Carbon pricing could reach US\$90 to US\$140 per tCO<sub>2</sub>e by 2030.<sup>19</sup></li> </ul>

<sup>19</sup> Based on Net Zero by 2050 scenario in Global Energy and Climate Model by IEA. For details, please refer to <https://iea.blob.core.windows.net/assets/2db1f4ab-85c0-4dd0-9a57-32e542556a49/GlobalEnergyandClimateModelDocumentation2022.pdf>.

# Environmental, Social and Governance Report

## Climate-related Risks

To allow our stakeholders to gain valuable insights into the potential impacts and vulnerabilities we encounter in the face of evolving climate dynamics, we have summarised the climate-related risks the Group faces against different time horizons in the table below.

Impact	More Frequent/Intense Heatwaves and Rising Mean Temperatures	More Frequent/Intense Extreme Weather Events	Policies and Regulations	Development of Technology	Reputation
<b>Risk Type</b>	<b>Physical</b>	<b>Transition</b>			
<b>Overall Anticipated Result</b>	<ul style="list-style-type: none"> <li>Loss of labour productivity</li> <li>Increased operating costs</li> </ul>	<ul style="list-style-type: none"> <li>Increase operating costs</li> <li>Increase insurance premiums</li> </ul>	<ul style="list-style-type: none"> <li>Material impact if no decarbonisation plan takes place</li> </ul>	<ul style="list-style-type: none"> <li>Increase demand of green technologies</li> </ul>	<ul style="list-style-type: none"> <li>Increase liquidity risk</li> </ul>
<b>Short-term Result (e.g. 0-5 years)</b>	<ul style="list-style-type: none"> <li>Mild loss on labour productivity in all scenarios</li> </ul>	<ul style="list-style-type: none"> <li>May delay the project progress</li> </ul>	<ul style="list-style-type: none"> <li>Costs of carbon may increase; carbon tax would reach S\$45/tCO<sub>2</sub>e in 2026 and 2027</li> </ul>	<ul style="list-style-type: none"> <li>Environmentally friendly construction technologies are being developed</li> <li>Explore the feasibility to adopt such technologies</li> </ul>	<ul style="list-style-type: none"> <li>Stock price may be affected if there is negative news on climate-related issues</li> </ul>
<b>Medium-term Result (e.g. 5-10 years)</b>	<ul style="list-style-type: none"> <li>Moderate loss on labour productivity in Scenario 1</li> </ul>	<ul style="list-style-type: none"> <li>Insurance costs are likely to increase on assets and locations with high exposure to natural disasters</li> </ul>	<ul style="list-style-type: none"> <li>Capital expenses are expected to transit towards a low-carbon economy</li> </ul>	<ul style="list-style-type: none"> <li>Sub-contractors may ask for higher price to adopt green technologies</li> </ul>	<ul style="list-style-type: none"> <li>Additional barriers to secure loans, especially in Scenario 2</li> </ul>
<b>Long-term Result (e.g. &gt; 15 years)</b>	<ul style="list-style-type: none"> <li>Significant loss on labour productivity in Scenario 1</li> <li>Higher maintenance and replacement cost for construction material and machinery</li> </ul>	<ul style="list-style-type: none"> <li>Expected damage from tropical cyclone could be 17% and 23% higher than 2015 in Malaysia and Singapore in Scenario 1</li> <li>Carbon price will rise significantly in Scenario 2</li> </ul>	<ul style="list-style-type: none"> <li>Carbon price will rise significantly in Scenario 2</li> </ul>	<ul style="list-style-type: none"> <li>Decrease construction demand if the Group cannot keep up with the latest green technologies</li> </ul>	<ul style="list-style-type: none"> <li>Additional barriers to secure loans, especially in Scenario 2</li> </ul>

## Countermeasures

To mitigate the potential impacts of climate-related consequences, we have taken proactive measures to reduce their effects. We specifically targeting areas prone to wind and water erosion of bare soil to implement mulching and vegetation, and effectively minimise erosion risks. Furthermore, to address dust management, we have employed close-turfing and hydro-seeding techniques, ensuring a more controlled environment. To regulate the air currents and prevent dirt blowouts, we have strategically installed obstacles such as board fences, wind fences, and sediment fences throughout our properties. Additionally, we have undertaken tree planting initiatives and established perennial grasses to serve as wind barriers, contributing to the overall resilience of our sites. Through these proactive endeavours, we are actively working towards minimising the potential impacts of climate-related consequences and fostering a more sustainable approach to marine construction.

# Environmental, Social and Governance Report

On the other hand, the Group has formulated a set of climate risk policy to address the climate transition risks. The ESG Working Group is to identify, assess and oversee the climate-related risks in collaboration with an external consultant. Audit Committee meeting is conducted at least twice annually to maintain the oversight of the climate risk management process. With regard to the carbon pricing scheme of Singapore, the Group is assessing the impact of the carbon pricing to the Group's business operation in Singapore, and is prepared to enhance its data collection to facilitate the setting of an internal carbon price, so as to quantify its cost of emissions and set its key climate-related targets in line with the existing and expected regulatory requirements, market constraints and the Group's financial goals.

## Climate-related Opportunities

As the world faces the realities of climate change, it is becoming increasingly clear that the transition to a low-carbon economy is essential for a long-term sustainability. While the challenges of climate change are vast and complex, there are also many opportunities for the Group to take action and create positive changes.

The table below summarises the climate-related opportunities of the Group.

Opportunities	Impact Period	Description
<b>Construction Projects</b>	Medium-to-long Term	<ul style="list-style-type: none"> <li>Under the impact of climate change, it is anticipated that the frequency of occurrence of extreme sea level events and coastal flooding may increase. The wave height and wave loading experienced by coastal infrastructure may become more severe, thereby causing damages to such infrastructure and shortening its lifespan.</li> <li>Increase project opportunities due to shortened lifespan of coastal infrastructure in Malaysia and Singapore.</li> </ul>
<b>Market</b>	Short-to-medium Term	<ul style="list-style-type: none"> <li>Public-sector incentives in green investment are available in the operating countries of the Group, including Malaysia.</li> <li>The Group may utilise the green incentives, such as the Green Investment Tax Allowance of Malaysia (an initiative to encourage the buying and selling of green technologies, the Investment Tax Allowance for purchasing green technology equipment/assets and the Income Tax Exemption for providing green technologies services) to enhance its ability to achieve green production.</li> </ul>

# Environmental, Social and Governance Report

## HKEX ESG REPORTING GUIDE INDEX

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
<b>Aspect A: Environment</b>		
<b>A1 Emissions</b>	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p>Note:</p> <p>Air emissions include NO<sub>x</sub>, SO<sub>x</sub>, and other pollutants regulated under national laws and regulations.</p> <p>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</p> <p>Hazardous wastes are those defined by national regulations.</p>	ECO-FRIENDLY OPERATIONS
KPI A1.1	The types of emissions and respective emissions data.	ECO-FRIENDLY OPERATIONS – Environmental Performance
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ECO-FRIENDLY OPERATIONS – Environmental Performance
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ECO-FRIENDLY OPERATIONS – Environmental Performance
KPI A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	ECO-FRIENDLY OPERATIONS – Environmental Performance
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	ECO-FRIENDLY OPERATIONS – Environmental Target Achievements
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	ECO-FRIENDLY OPERATIONS – Environmental Target Achievements

# Environmental, Social and Governance Report

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
<b>A2 Use of Resources</b>	<p>Policies on efficient use of resources including energy, water and other raw materials.</p> <p>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</p>	ECO-FRIENDLY OPERATIONS
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	ECO-FRIENDLY OPERATIONS – Environmental Performance
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	ECO-FRIENDLY OPERATIONS – Environmental Performance
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	ECO-FRIENDLY OPERATIONS – Environmental Target Achievements
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	ECO-FRIENDLY OPERATIONS
KPI A2.5	Total packaging material used for finished products (in tonnes), and, if applicable, with reference to per unit produced.	Not applicable, as our business operation in 2023 did not involve the use of packaging material.
<b>A3 The Environment and Natural Resources</b>	Policies on minimising the issuer's significant impact on the environment and natural resources.	ECO-FRIENDLY OPERATIONS
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	ECO-FRIENDLY OPERATIONS
<b>A4 Climate Change</b>	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	CLIMATE CHANGE PREPAREDNESS
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	CLIMATE CHANGE PREPAREDNESS

# Environmental, Social and Governance Report

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
<b>Aspect B: Social</b>		
<b>B1 Employment</b>	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>	OUR PEOPLE – Employment Conditions, Fair and Diverse Workplace
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	OUR PEOPLE
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	OUR PEOPLE
<b>B2 Health and Safety</b>	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>	OUR PEOPLE – Healthy and Safe Workplace
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	OUR PEOPLE – Healthy and Safe Workplace
KPI B2.2	Lost days due to work injury.	OUR PEOPLE – Healthy and Safe Workplace
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	OUR PEOPLE – Healthy and Safe Workplace

# Environmental, Social and Governance Report

HKEx ESG Reporting Guide General Disclosures & KPIs	Explanation/Reference Section
<p><b>B3 Development and Training</b></p> <p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</p>	<p>OUR PEOPLE – Learning and Development</p>
<p>KPI B3.1</p> <p>The percentage of employees trained by gender and employee category (e.g. senior management, middle management).</p>	<p>OUR PEOPLE – Learning and Development</p>
<p>KPI B3.2</p> <p>The average training hours completed per employee by gender and employee category.</p>	<p>OUR PEOPLE – Learning and Development</p>
<p><b>B4 Labour Standards</b></p> <p>Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to preventing child and forced labour.</p>	<p>OUR PEOPLE – Child and Forced Labour-free Workplace</p>
<p>KPI B4.1</p> <p>Description of measures to review employment practices to avoid child and forced labour.</p>	<p>OUR PEOPLE – Child and Forced Labour-free Workplace</p>
<p>KPI B4.2</p> <p>Description of steps taken to eliminate such practices when discovered.</p>	<p>OUR PEOPLE – Child and Forced Labour-free Workplace</p>

# Environmental, Social and Governance Report

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
<b>B5 Supply Chain Management</b>	Policies on managing environmental and social risks of the supply chain.	RESPONSIBLE OPERATIONS – Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	RESPONSIBLE OPERATIONS – Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	RESPONSIBLE OPERATIONS – Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	RESPONSIBLE OPERATIONS – Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	RESPONSIBLE OPERATIONS – Supply Chain Management
<b>B6 Product Responsibility</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	RESPONSIBLE OPERATIONS – Reliable Services
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable, as our business operation in 2023 did not involve selling or shipping of products.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	RESPONSIBLE OPERATIONS – Reliable Services
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	RESPONSIBLE OPERATIONS – Reliable Services
KPI B6.4	Description of quality assurance process and recall procedures.	RESPONSIBLE OPERATIONS – Reliable Services
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	RESPONSIBLE OPERATIONS – Reliable Services

# Environmental, Social and Governance Report

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
<b>B7 Anti-corruption</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to bribery, extortion, fraud and money laundering.	RESPONSIBLE OPERATIONS – Business Ethics
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	RESPONSIBLE OPERATIONS – Business Ethics
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	RESPONSIBLE OPERATIONS – Business Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	RESPONSIBLE OPERATIONS – Business Ethics
<b>B8 Community Investment</b>	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	COMMUNITY ENGAGEMENT
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	COMMUNITY ENGAGEMENT
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	COMMUNITY ENGAGEMENT

# Environmental, Social and Governance Report

## TCFD INDEX

TCFD Core Elements	Required Information	Reference Section
<p><b>Governance</b> Disclosure of the organisation's governance around climate-related risks and opportunities.</p>	<p>A. Executive Board's oversight of climate-related risks and opportunities</p> <p>B. Management's role in assessing and managing climate-related risks and opportunities</p>	<p>ESG MANAGEMENT; CLIMATE CHANGE PREPAREDNESS – Climate-related Risks, Climate-related Opportunities</p>
<p><b>Strategy</b> Disclosure of the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.</p>	<p>A. Description of climate-related opportunities and risks</p> <p>B. Impact of climate-related risks on the organization's businesses, strategy, and financial planning</p> <p>C. Resilience of the organizational strategy</p>	<p>CLIMATE CHANGE PREPAREDNESS – Climate-related Risks, Climate-related Opportunities</p>
<p><b>Risk Management</b> Disclosure of how the organisation identifies, assesses, and manages climate-related risks.</p>	<p>A. Organisation's processes for identifying and assessing climate-related risks</p> <p>B. Organisation's processes for managing climate-related risks</p> <p>C. Integration of processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management</p>	<p>ESG MANAGEMENT; CLIMATE CHANGE PREPAREDNESS – Climate Scenarios, Climate-related Risks</p>
<p><b>Metrics &amp; Targets</b> Disclosure the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	<p>A. Metrics used by the organisation to assess climate-related risks and opportunities</p> <p>B. Disclosure of Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions</p> <p>C. Targets used by the organisation to manage climate-related risks and opportunities</p>	<p>ECO-FRIENDLY OPERATIONS – Environmental Performance, Environmental Target Achievements; CLIMATE CHANGE PREPAREDNESS – Climate-related Risks, Climate-related Opportunities</p>

# Independent Auditor's Report



## Crowe Malaysia PLT

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Chartered Accountants

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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JBB BUILDERS INTERNATIONAL LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of JBB Builders International Limited (“**the Company**”) and its subsidiaries (“**the Group**”) set out on pages 117 to 192, which comprise the consolidated statement of financial position as at 30 June 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (“**ISAs**”) issued by the IASB. Our responsibilities under those standards are further described in the “*Auditor's responsibilities for the audit of the consolidated financial statements*” section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independent and Other Ethical Responsibilities*

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (“**IESBA Code**”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

# Independent Auditor's Report

## KEY AUDIT MATTERS

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

## REVENUE FROM CONSTRUCTION SERVICES

Refer to Note 5 to the consolidated financial statements and the accounting policies in Note 2(q) to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
<p>The Group recorded revenue from construction services of approximately RM26,710,000 for the year ended 30 June 2023.</p> <p>The Group recognises revenue from construction services progressively over time using the cost-to-cost method based on the proportion of the actual total contract costs incurred at the end of the reporting period compared to the estimated total budgeted contract costs to complete the construction contract.</p> <p>The revenue recognition therefore relies on estimations of total budget contract costs which requires significant management estimations and judgments.</p> <p>We identified the revenue recognition from construction services as a key audit matter because it is significant to the consolidated statement of profit or loss and other comprehensive income and management judgment is needed in estimating total budgeted contract costs and the amount of revenue to be recognised by the Group.</p>	<p>Our procedures in relation to recognition of revenue from construction services mainly included:</p> <ul style="list-style-type: none"><li>• Testing and evaluating the effectiveness of the key internal controls in place on budget preparation and revenue recognition of the construction operations;</li><li>• Evaluating the basis in determining the expected total costs to complete the contract. Checking the budgeted costs to complete the contract on a sample basis and evaluating the appropriateness of the key estimations and assumptions adopted by the management of the Company;</li><li>• Checking to the key terms and conditions of construction contracts on a sample basis, and assessing whether they had been appropriately reflected in the estimation of total budgeted contract costs;</li><li>• Checking construction costs incurred during the year by tracing to supporting documentation on a sample basis;</li><li>• Performing recalculation of revenue recognised from construction services on a sample basis; and</li><li>• Assessing the related disclosures in the consolidated financial statements with reference to the requirements of the IFRS 15.</li></ul>

# Independent Auditor's Report

## RECOVERABILITY OF TRADE RECEIVABLES AND CONTRACT ASSETS

Refer to Note 17 and Note 18 to the consolidated financial statements and the accounting policies in Note 2(i) (i), Note 2(j) and Note 2(r) to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
<p>Trade receivables and contract assets of the Group carried at approximately RM44,593,000 and RM12,907,000 respectively as at 30 June 2023.</p>	<p>Our procedures in relation to the loss allowance for trade receivables and contract assets mainly included:</p>
<p>The Group measures loss allowance on trade receivables and contract assets at amounts equal to lifetime expected credit losses. Expected credit losses (“ECL”) on these financial assets are estimated using a provision matrix which involved significant management judgement in estimating expected loss rate based on historical credit loss experience, adjusting factors that are specific to the debtors and assessment of both current and forecasted general economic conditions.</p>	<ul style="list-style-type: none"><li>• Obtaining an understanding of how the management assess the ECL of trade receivables and contract assets;</li><li>• Testing the mathematical accuracy of the ECL model on trade receivables and contract assets prepared by the management;</li><li>• Testing whether items in the ageing report were categorised appropriately on a sample basis;</li></ul>
<p>We identified impairment assessment of trade receivables and contract assets as a key audit matter because of the significance of the Group's trade receivables and contract assets balances to the consolidated financial statements, combined with the significant degree of estimations by the management of the Company in estimating of ECL of trade receivables and contract assets which may affect their carrying values at the end of the reporting period.</p>	<ul style="list-style-type: none"><li>• Assessing the reasonableness of the ECL by testing the accuracy of the historical default rate and examining the reasonableness of the forward looking information used by the management; and</li><li>• Assessing the related disclosures in the consolidated financial statements with reference to the requirements of the IFRS 9.</li></ul>

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# Independent Auditor's Report

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

# Independent Auditor's Report

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## OTHER MATTERS

This report is made solely to members of the Group, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

The engagement partner on the audit resulting in this independent auditor's report is Piong Yew Peng.

**Crowe Malaysia PLT**

*Chartered Accountants*

Malaysia, 22 September 2023

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023  
(Expressed in Malaysian Ringgit)

	Note	2023 RM'000	2022 RM'000
Revenue	5	217,776	512,303
Direct costs		(205,491)	(483,144)
<b>Gross profit</b>		<b>12,285</b>	29,159
Other revenue	6	3,265	1,217
Other net (loss)/income	6	(275)	364
(Allowance)/reversal for impairment loss on trade receivables and contract assets	7(c)	(5,785)	627
General and administrative expenses		(14,883)	(12,879)
<b>(Loss)/profit from operations</b>		<b>(5,393)</b>	18,488
Share of loss of a joint venture		(93)	(53)
Finance costs	7(a)	(1,436)	(1,677)
<b>(Loss)/profit before taxation</b>	7	<b>(6,922)</b>	16,758
Income tax expenses	11	(1,291)	(3,263)
<b>(Loss)/profit for the year</b>		<b>(8,213)</b>	13,495
<b>Other comprehensive income for the year</b>			
Items that will not be reclassified to profit or loss:			
Currency translation differences		3,781	3,397
<b>Total comprehensive (expenses)/income for the year</b>		<b>(4,432)</b>	16,892
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the Company		(8,226)	12,527
Non-controlling interests		13	968
		<b>(8,213)</b>	13,495
<b>Total comprehensive (expenses)/income attributable to:</b>			
Owners of the Company		(4,445)	15,924
Non-controlling interests		13	968
		<b>(4,432)</b>	16,892
<b>(Loss)/earnings per share (Sen per share)</b>			
– Basic	12	(1.65)	2.51
– Diluted	12	(1.65)	2.51

The notes on pages 123 to 192 form part of these financial statements.

# Consolidated Statement of Financial Position

As at 30 June 2023

(Expressed in Malaysian Ringgit)

	Note	2023 RM'000	2022 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	13	889	942
Investment properties	14	2,200	2,200
Interest in a joint venture	15	264	357
Deposits paid for acquisition of investment properties	16(a)	56,423	16,829
Deposits paid for acquisition of property, plant and equipment		92	189
Deposits placed for life insurance policies	16(b)	1,022	1,005
Deferred tax assets	24(b)	38	373
		<b>60,928</b>	21,895
<b>Current assets</b>			
Trade and other receivables	17	50,742	139,959
Contract assets	18(a)	12,907	26,765
Tax recoverable	24(a)	1,592	2,396
Fixed deposits with maturity over three months	19(a)	5,424	5,299
Pledged bank deposits	19(b)	9,769	12,561
Cash and cash equivalents	20(a)	77,505	85,919
		<b>157,939</b>	272,899
<b>Current liabilities</b>			
Trade and other payables	21	70,030	137,165
Contract liabilities	18(b)	–	1,872
Bank loans	22	3,769	3,333
Lease liabilities	23	262	281
Provision for taxation	24(a)	928	2,324
		<b>74,989</b>	144,975
<b>Net current assets</b>		<b>82,950</b>	127,924
<b>Total assets less current liabilities</b>		<b>143,878</b>	149,819

# Consolidated Statement of Financial Position

As at 30 June 2023  
(Expressed in Malaysian Ringgit)

	Note	2023 RM'000	2022 RM'000
<b>Non-current liabilities</b>			
Bank loans	22	10,412	10,316
Lease liabilities	23	138	243
Deferred tax liabilities	24(b)	—*	—*
		<u>10,550</u>	<u>10,559</u>
<b>Net assets</b>			
		<u>133,328</u>	<u>139,260</u>
<b>Capital and reserves</b>			
Share capital	25(b)	2,672	2,672
Reserves		<u>122,854</u>	<u>127,299</u>
<b>Total equity attributable to equity owners of the Company</b>			
		<u>125,526</u>	<u>129,971</u>
Non-controlling interests		<u>7,802</u>	<u>9,289</u>
		<u>133,328</u>	<u>139,260</u>

\* The amount represents an amount less than RM1,000.

Approved and authorised for issue by the board of directors on 22 September 2023

**Ng Say Piyu**  
Chairman and Executive Director

**Lam Fung Eng**  
Executive Director

The notes on pages 123 to 192 form part of these financial statements.

# Consolidated Statement of Changes in Equity

For the year ended 30 June 2023  
(Expressed in Malaysian Ringgit)

	Attributable to equity owners of the Company						Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Exchange reserve RM'000	Retained profits RM'000	Total RM'000		
<b>At 1 July 2021</b>	2,672	71,999	6,316	(244)	33,304	114,047	8,321	122,368
<b>Changes in equity for the year ended 30 June 2022:</b>								
Profit for the year	-	-	-	-	12,527	12,527	968	13,495
Other comprehensive income for the year								
Currency translation differences	-	-	-	3,397	-	3,397	-	3,397
Total comprehensive income for the year	-	-	-	3,397	12,527	15,924	968	16,892
<b>At 30 June 2022</b>	<u>2,672</u>	<u>71,999*</u>	<u>6,316*</u>	<u>3,153*</u>	<u>45,831*</u>	<u>129,971</u>	<u>9,289</u>	<u>139,260</u>
<b>At 1 July 2022</b>	<b>2,672</b>	<b>71,999</b>	<b>6,316</b>	<b>3,153</b>	<b>45,831</b>	<b>129,971</b>	<b>9,289</b>	<b>139,260</b>
<b>Changes in equity for the year ended 30 June 2023:</b>								
(Loss)/profit for the year	-	-	-	-	(8,226)	(8,226)	13	(8,213)
Other comprehensive income for the year								
Currency translation differences	-	-	-	3,781	-	3,781	-	3,781
Total comprehensive (expenses)/income for the year	-	-	-	3,781	(8,226)	(4,445)	13	(4,432)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(1,500)	(1,500)
<b>At 30 June 2023</b>	<u>2,672</u>	<u>71,999*</u>	<u>6,316*</u>	<u>6,934*</u>	<u>37,605*</u>	<u>125,526</u>	<u>7,802</u>	<u>133,328</u>

\* These reserve accounts comprise consolidated reserves of approximately RM122,854,000 (2022: RM127,299,000) in the consolidated statement of financial position.

The notes on pages 123 to 192 form part of these financial statements.

# Consolidated Statement of Cash Flows

For the year ended 30 June 2023  
(Expressed in Malaysian Ringgit)

	Note	2023 RM'000	2022 RM'000
<b>Operating activities</b>			
(Loss)/profit before taxation		(6,922)	16,758
Adjustments for:			
Allowance/(reversal) for impairment loss on trade receivables and contract assets	7(c)	5,785	(627)
Depreciation	7(c)	496	566
(Gain) on disposal of property, plant and equipment	7(c)	(4)	(11)
(Gain) on disposal of deposits paid for acquisition of investment properties	7(c)	–	(1,558)
Impairment loss on deposits paid for acquisition of investment properties	7(c)	33	48
(Gain) on deposits placed for life insurance policies	7(c)	(17)	(27)
Loss on disposal of financial assets at fair value through profit or loss (“FVTPL”)	7(c)	–	1
Share of loss of a joint venture		93	53
Interest expenses	7(a)	1,436	1,677
Interest income	6	(2,056)	(841)
Imputed interest income on contract assets	6	(977)	–
<b>Operating cash flow before movements in working capital</b>		<b>(2,133)</b>	16,039
Decrease/(increase) in trade and other receivables		45,264	(41,413)
Decrease in contract assets		14,631	16,469
(Decrease)/increase in trade and other payable		(69,223)	5,209
(Decrease)/increase in contract liabilities		(1,872)	1,748
<b>Cash used in operations</b>		<b>(13,333)</b>	(1,948)
Income tax paid		(1,680)	(1,789)
<b>Net cash used in operating activities</b>		<b>(15,013)</b>	(3,737)

# Consolidated Statement of Cash Flows

For the year ended 30 June 2023  
(Expressed in Malaysian Ringgit)

	Note	2023 RM'000	2022 RM'000
<b>Investing activities</b>			
Redemption of financial assets at FVTPL		–	1,044
Interest received		2,056	841
Proceeds on disposal of property, plant and equipment		4	11
Decrease/(increase) in pledged bank deposits		2,792	(2,764)
Payments for purchases of property, plant and equipment		(78)	(103)
Placement of deposits with maturity over three months		(125)	(96)
Deposits paid for acquisition of property, plant and equipment		(98)	(6)
<b>Net cash generated from/(used in) investing activities</b>		<b>4,551</b>	<b>(1,073)</b>
<b>Financing activities</b>			
Proceeds from bank borrowings		3,718	5,718
Repayment of bank borrowings		(3,186)	(2,633)
Dividends paid to non-controlling shareholders		(1,500)	–
Interest on bank borrowings		(993)	(553)
Capital element of lease rentals paid		(292)	(291)
Interest element on lease rental paid		(21)	(34)
<b>Net cash (used in)/generated from financing activities</b>		<b>(2,274)</b>	<b>2,207</b>
Net decrease in cash and cash equivalents		(12,736)	(2,603)
<b>Cash and cash equivalents at the beginning of the year</b>		<b>85,919</b>	<b>85,309</b>
Effect of foreign exchange rate changes		4,322	3,213
<b>Cash and cash equivalents at the end of the year</b>	20(a)	<b>77,505</b>	<b>85,919</b>

The notes on pages 123 to 192 form part of these financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 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 addresses of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

The ordinary shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 10 May 2019 (the “**Listing**”).

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 28. As at 30 June 2023, the directors of the Company consider that the Company is ultimately controlled by Dato’ Ng Say Piyu and Datin Ngooi Leng Swee (the “**Controlling Shareholders**”), who have entered into a confirmatory deed on 16 May 2018.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRSs**”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs which are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

### (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the “**Group**”) and the Group’s interest in a joint venture.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “**functional currency**”). The functional currency of the Company is Hong Kong dollars (“**HK\$**”) and the consolidated financial statements are presented in Malaysian Ringgit (“**RM**”), rounded to the nearest thousand, unless otherwise stated, as the Group’s principal activities were carried out in Malaysia and Singapore in which the management uses RM to control and monitor the performance and financial position of the Group.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the investment properties, including interests in leasehold land and buildings held as investment properties where the Group is the registered owner of the property interest (see Note 2(g)), are stated at their fair value.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Basis of preparation of the financial statements (Continued)

The deposits placed for life insurance policies are carried at the cash surrender value of the policies.

Other than changes in accounting policies resulting from the application of new and amendments to IFRSs, the accounting policies and methods computation used in the consolidated financial statements for the year ended 30 June 2023 are the same as those presented in the preparation of the Group's annual financial statements for the year ended 30 June 2022.

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, 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 believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities 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.

Judgements made by management in the application of IFRSs that have a significant effect on the consolidated financial statements and key sources of estimation uncertainty are discussed in Note 4.

### (c) Business combinations

#### (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 their 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 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.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) 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 consolidated into the consolidated financial statements 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 consolidated financial statements. 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.

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 consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement 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 equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position depending on the nature of the liability.

#### *Changes in the Group's interests in existing subsidiaries*

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

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 that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(i)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Joint venture

A joint venture is an arrangement whereby the Group or the 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 consolidated 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. At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. 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 consolidated statement 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 (after applying the ECL model to such other long-term interests where applicable).

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 is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

### (f) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (Note 2(i)(ii)):

- interests in leasehold land and buildings where the Group is the registered owner of the property interest (Note 2(h));
- right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest (Note 2(h)); and

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Property, plant and equipment (Continued)

- items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (Note 2(h)).

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 as follows:

Other properties leased for own use	Over the terms of the leases
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.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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.

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.

### (g) 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.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

#### (i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (Notes 2(f) and 2(i)(ii)), except for the following types of right-of-use asset:

- right-of-use assets that meet the definition of investment property are carried at fair value in accordance with Note 2(g); and
- right-of-use assets related to leasehold land and buildings where the Group is the registered owner of the leasehold interest are carried at cost in accordance with Note 2(f).

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (h) Leased assets (Continued)

#### (i) As a lessee (Continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

The Group presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment and presents lease liabilities separately in the consolidated statement of financial position.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

#### (ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(q)(v).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(h)(i), then the Group classifies the sub-lease as an operating lease.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) Credit loss and impairment of assets

#### (i) Credit losses from financial instruments and contract assets

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, fixed deposits with maturity over three months, pledged bank deposits and trade and other receivables); and
- contract assets as defined in IFRS 15 (see Note 2(r)).

Other financial assets measured at fair value, including equity securities measured at fair value through profit or loss (FVPL) and equity securities designated at fair value through other comprehensive income (FVOCI) (non-recycling), are not subject to the ECL assessment.

#### *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 (that is, 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; and
- 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.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) Credit loss and impairment of assets (Continued)

#### (i) Credit losses from financial instruments and contract assets (Continued)

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 forecasted general economic conditions at the reporting date.

For all other financial instruments, 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 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 actions 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 forecasted 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.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) Credit loss and impairment of assets (Continued)

#### (i) Credit losses from financial instruments and contract assets (Continued)

##### *Significant increases in credit risk (Continued)*

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 2(q)(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 (that is, 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 past due event;
- 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 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.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) Credit loss and impairment of assets (Continued)

#### (ii) Impairment of non-financial 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, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets;
- deposits paid for acquisition of investment properties;
- deposits paid for acquisition of property, plant and equipment; and
- investments in subsidiaries in the Company's statement of financial position.

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 (that is, a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever 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 amount 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

In respect of assets other than goodwill, 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.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (j) 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 2(r)).

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(i)(i)).

### (k) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, 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 consolidated statement of cash flows. Cash and cash equivalents are assessed for expected credit losses (ECLs) in accordance with the policy set out in Note 2(i)(i).

### (l) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

### (m) Interest-bearing borrowings

Interest-bearing borrowings are measured 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 2(t)).

### (n) Employee benefits

#### ***Short-term employee benefits and contributions to defined contribution retirement plans***

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (o) 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 2(g), 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.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (o) Income tax (Continued)

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 current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

### (p) Provisions, contingent liabilities and onerous contracts

#### (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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (p) Provisions, contingent liabilities and onerous contracts (Continued)

#### (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. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

### (q) 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 IFRS 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, that is, 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. The Group applies the most likely amount approach to estimate such variable consideration by considering the single most likely amount in a limited range of possible consideration amounts, taking into account the Group's current progress and future performance expectations compared to the agreed completion timeline.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable to be recovered.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (q) Revenue and other income (Continued)

#### (i) Construction contracts (Continued)

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 2(p)(ii).

#### (ii) Marine transportation services

Revenue is recognised upon the transportation services have been provided to customers.

#### (iii) Sales of goods and trading of marine gas oil

Revenue is recognised when the customer takes possession of and accepts the products.

#### (iv) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost or FVOCI (recycling) 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 (see Note 2(i)(i)).

#### (v) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

### (r) Construction contracts

#### (i) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(q)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(i)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(j)).

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (r) Construction contracts (Continued)

#### (i) Contract assets and contract liabilities (Continued)

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(q)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(j)).

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 (see Note 2(q)(iv)).

#### (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, for example, 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.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (r) Construction contracts (Continued)

#### (ii) Contract costs (Continued)

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised.

### (s) 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 recognises 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. Consolidated statement of financial position items are translated into RM at the closing foreign exchange rates 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 disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

### (t) 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.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (u) Related parties

- a) A person, or a close member of that person's family, is related to the Group if 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) An entity is related to the Group if 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.

### (v) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, 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.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (v) Segment reporting (Continued)

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.

### (w) Deposits placed for life insurance policies

The Group acquired key management insurance policies, which includes both investment and insurance elements. The life insurance policies are initially recognised at the amount of premium paid, and subsequently measured at each financial year end at its cash surrender value. Changes to the cash surrender value at each financial year end will be recognised in profit or loss as a gain or loss on deposits. In the event of death of the insured person, the surrender of the policies, or the policies matured, the deposits will be derecognised and any resulting gains or losses will be recognised in profit or loss.

### (x) Financial assets

Financial assets at FVTPL is initially measured at fair value.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (“**FVTOCI**”):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (x) Financial assets (Continued)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other net (loss)/income” line item.

## 3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

The Group has applied the following amendments to IFRSs issued by the IASB for the first time in the current year:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract

The application of the amendments to IFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 4. 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 consolidated financial statements. 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 consolidated financial statements. The significant accounting policies are set out in Note 2 above. Management believes the following significant accounting policies involve the most significant judgments and estimates used in the preparation of the consolidated financial statements.

### Key sources of estimation uncertainty

#### (i) *Revenue recognition from construction contracts*

As explained in accounting policy Note 2(q)(i), revenue from construction contracts is recognised over time. Such revenue and profit recognition on uncompleted projects is dependent on estimating the total budgeted contract costs of the contract, as well as the contract costs incurred to date. The actual outcomes in terms of total costs may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in the future years as an adjustment to the amounts recorded to date.

#### (ii) *Provision of expected credit losses on trade receivables and contract assets*

Trade receivables and contract assets are reviewed by management at the end of each reporting period to determine the expected credit losses. Expected credit losses on trade receivables and contract assets are estimated using a provision matrix which involved significant management judgement in estimating expected loss rate based on historical credit loss experience, adjusted for factors that are specific to the debtors and assessments of both current and forecasted general economic conditions. Credit risk assessments focus on the customers' past history of making payments when due and current ability and willingness to pay, taking into account the financial position of the customers and the macroeconomic environment in which the customers operate.

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 provision of expected credit losses or a material reversal of provision of expected credit losses may arise.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### Key sources of estimation uncertainty (Continued)

#### *(iii) Impairment of non-current assets*

If circumstances indicate that the carrying amount of an asset may not be fully recoverable, the asset may be considered “impaired”, and an impairment loss may be recognised in accordance with accounting policy for impairment of assets as described in Note 2(i)(ii). The carrying amounts of assets are reviewed and tested for impairment, where applicable, periodically or whenever the events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to the level of revenue and 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, where applicable.

#### *(iv) Determining the lease term*

As explained in policy Note 2(h), a lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group’s operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group’s control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

### 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.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 5. REVENUE AND SEGMENT REPORTING

The principal activities of the Group are the provision of marine construction services, building and infrastructure services, and trading business of marine gas oil.

### (a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or services lines is as follows:

	2023 RM'000	2022 RM'000
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Construction contracts		
– Reclamation and related works	10,012	49,520
– Building and infrastructure	16,698	7,502
	<b>26,710</b>	57,022
Marine transportation	173,611	411,870
	<b>200,321</b>	468,892
<b>Revenue from other source</b>		
Marine gas oil	17,455	43,411
	<b>217,776</b>	512,303

Revenue from construction contracts is recognised over time, while revenue from marine transportation and marine gas oil are recognised at a point in time.

As at 30 June 2023, the aggregate amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately RM772,219,000 (2022: RM507,899,000). 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 2024 to 30 June 2027.

### (b) Segment reporting

IFRS 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.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 5. REVENUE AND SEGMENT REPORTING (CONTINUED)

### (b) Segment reporting (Continued)

For management purpose, the Group is organised into business units based on their products and services and has four reportable segments as follows:

#### ***Marine construction services***

- Reclamation and related works, which includes land reclamation and other marine civil works 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 works in construction of properties and infrastructure works.

#### ***Trading business of marine gas oil***

- The trading of marine gas oil.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment (loss)/profit represents the (loss)/profit earned by each segment without allocation of central administrative and corporate expenses, unallocated other revenue and other net (loss)/income, 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. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

No segment assets and liabilities are presented as they were not regularly provided to the CODM for the purpose of resources allocation and performance assessment.

Information regarding the above segments is reported below.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 5. REVENUE AND SEGMENT REPORTING (CONTINUED)

### (b) Segment reporting (Continued)

The following is an analysis of the Group's revenue and results by reportable segments:

**For the year ended 30 June 2023**

	Marine construction			Marine gas oil RM'000	Elimination of inter-segment revenue RM'000	Total RM'000
	Reclamation and related works RM'000	Marine transportation RM'000	Building and infrastructure RM'000			
<b>Revenue</b>						
Revenue from external customers	10,012	173,611	16,698	17,455	-	217,776
Inter-segment revenue	1,018	-	-	-	(1,018)	-
Reportable segment revenue	<u>11,030</u>	<u>173,611</u>	<u>16,698</u>	<u>17,455</u>	<u>(1,018)</u>	<u>217,776</u>
<b>Reportable segment (loss)/profit</b>	<u>(6,865)</u>	<u>4,257</u>	<u>6,578</u>	<u>1,023</u>	<u>-</u>	4,993
Unallocated central administrative and corporate expenses						(12,428)
Unallocated other revenue and other net loss						2,042
Finance costs						(1,436)
Share of loss of a joint venture						(93)
Loss before taxation						<u>(6,922)</u>
<b>Other segment information</b>						
Depreciation	228	3	-	-	-	231
Allowance/(reversal) for impairment loss on trade receivables and contract assets	7,912	888	(2,940)	(75)	-	5,785
Impairment loss on deposits paid for acquisition of investment properties	-	-	33	-	-	33

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 5. REVENUE AND SEGMENT REPORTING (CONTINUED)

### (b) Segment reporting (Continued)

The following is an analysis of the Group's revenue and results by reportable segments (Continued):

#### For the year ended 30 June 2022

	Marine construction				Elimination of inter-segment revenue RM'000	Total RM'000
	Reclamation and related works RM'000	Marine transportation RM'000	Building and infrastructure RM'000	Marine gas oil RM'000		
<b>Revenue</b>						
Revenue from external customers	49,520	411,870	7,502	43,411	–	512,303
Inter-segment revenue	8,249	–	–	–	(8,249)	–
Reportable segment revenue	<u>57,769</u>	<u>411,870</u>	<u>7,502</u>	<u>43,411</u>	<u>(8,249)</u>	<u>512,303</u>
<b>Reportable segment profit</b>	<u>10,393</u>	<u>15,337</u>	<u>1,491</u>	<u>2,180</u>	<u>–</u>	<u>29,401</u>
Unallocated central administrative and corporate expenses						(10,823)
Unallocated other revenue and other net income						(90)
Finance costs						(1,677)
Share of loss of a joint venture						(53)
Profit before taxation						<u>16,758</u>
<b>Other segment information</b>						
Depreciation	239	2	–	–	–	241
(Reversal)/allowance for impairment loss on trade receivables and contract assets	105	170	(977)	75	–	(627)
(Gain) on disposal of deposits paid for acquisition of investment properties	(1,265)	–	(293)	–	–	(1,558)
Impairment loss on deposits paid for acquisition of investment properties	<u>48</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>48</u>

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 5. REVENUE AND SEGMENT REPORTING (CONTINUED)

### Geographical information

The following is an analysis of geographical location of (a) the Group's revenue from external customers; and (b) the Group's property, plant and equipment, investment properties, deposits paid for acquisition of investment properties, deposits paid for acquisition of property, plant and equipment, deposits placed for life insurance policies 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, investment properties, deposits paid for acquisition of investment properties, deposits paid for acquisition of property, plant and equipment and deposits placed for life insurance policies 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

	2023 RM'000	2022 RM'000
Malaysia (place of domicile)	33,288	94,871
Singapore	184,488	417,432
	<u>217,776</u>	<u>512,303</u>

#### (b) Non-current assets

	2023 RM'000	2022 RM'000
Malaysia	60,717	21,434
Singapore	9	11
Hong Kong	164	77
	<u>60,890</u>	<u>21,522</u>

### Information about major customers

Revenue from customers contributing individually 10% or more of the Group's revenue is as follows:

	2023 RM'000	2022 RM'000
Customer i <sup>1</sup>	<u>168,761</u>	<u>381,260</u>

<sup>1</sup> Revenue from the Group's marine construction services – marine transportation services.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 6. OTHER REVENUE AND OTHER NET (LOSS)/INCOME

	2023 RM'000	2022 RM'000
<b>Other revenue</b>		
Interest income on financial assets measured at amortised cost	2,056	841
Imputed interest income on contract assets	977	–
Handling service fee on provision of diesel	4	14
Others	228	362
	<u>3,265</u>	<u>1,217</u>
<b>Other net (loss)/income</b>		
Net foreign exchange loss	(263)	(1,183)
Impairment loss on deposits paid for acquisition of investment properties	(33)	(48)
Gain on deposits placed for life insurance policies	17	27
Gain on disposal of property, plant and equipment	4	11
Gain on disposal of deposits paid for acquisition of investment properties	–	1,558
Loss on disposal of financial assets at FVTPL	–	(1)
	<u>(275)</u>	<u>364</u>

## 7. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting):

### (a) Finance costs

	2023 RM'000	2022 RM'000
Interest on bank loans	1,083	553
Imputed interest on contract assets	332	1,090
Interest on lease liabilities (Note 13)	21	34
	<u>1,436</u>	<u>1,677</u>
Total interest expenses on financial liabilities not at fair value through profit or loss		

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 7. (LOSS)/PROFIT BEFORE TAXATION (CONTINUED)

(Loss)/profit before taxation is arrived at after charging/(crediting) (Continued):

### (b) Staff costs (including directors' emoluments)

	2023 RM'000	2022 RM'000
Salaries, wages and other benefits	8,417	7,665
Contributions to defined contribution retirement plan	754	669
	<u>9,171</u>	<u>8,334</u>
Less: Amount included in direct costs	(915)	(1,005)
	<u>8,256</u>	<u>7,329</u>

### (c) Other items

	2023 RM'000	2022 RM'000
Depreciation charge (Note 13)		
– owned property, plant and equipment	387	309
– right-of-use assets	109	257
	<u>496</u>	<u>566</u>
Less: Amount included in direct costs	(2)	(1)
	<u>494</u>	<u>565</u>
Short-term lease expenses (Note 13)	395	670
Less: Amount included in direct costs	(189)	(482)
	<u>206</u>	<u>188</u>
Allowance/(reversal) for impairment loss on trade receivables and contract assets	5,785	(627)
Auditors' remuneration	392	372
(Gain) on disposal of deposits paid for acquisition of investment properties	–	(1,558)
(Gain) on deposits placed for life insurance policies	(17)	(27)
(Gain) on disposal of property, plant and equipment	(4)	(11)
Net foreign exchange loss	263	1,183
Impairment loss on deposits paid for acquisition of investment properties	33	48
Loss on disposal of financial assets at FVTPL	–	1

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 8. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

### For the year ended 30 June 2023

	Directors' fees RM'000	Salaries, allowances and benefits in kind RM'000	Discretionary bonus RM'000	Contributions to defined contribution plan RM'000	Total RM'000
<b>Executive directors</b>					
Dato' Ng Say Piyu ( <i>Chairman</i> )	69	432	-	52	553
Mr. Lam Fung Eng	69	216	45	31	361
Mr. Ng Chong Boon	69	216	45	31	361
<b>Non-executive director</b>					
Datin Ngooi Leng Swee	69	-	-	-	69
<b>Independent non-executive directors</b>					
Mr. Tai Lam Shin	69	-	-	-	69
Ms. Chan Pui Kwan	69	-	-	-	69
Mr. Chan Tsun Choi, Arnold	69	-	-	-	69
	<u>483</u>	<u>864</u>	<u>90</u>	<u>114</u>	<u>1,551</u>

### For the year ended 30 June 2022

	Directors' fees RM'000	Salaries, allowances and benefits in kind RM'000	Discretionary bonus RM'000	Contributions to defined contribution plan RM'000	Total RM'000
<b>Executive directors</b>					
Dato' Ng Say Piyu ( <i>Chairman</i> )	65	432	18	54	569
Mr. Lam Fung Eng	65	216	9	27	317
Mr. Ng Chong Boon	65	216	9	27	317
<b>Non-executive director</b>					
Datin Ngooi Leng Swee	65	-	-	-	65
<b>Independent non-executive directors</b>					
Mr. Tai Lam Shin	65	-	-	-	65
Ms. Chan Pui Kwan	65	-	-	-	65
Mr. Chan Tsun Choi, Arnold	65	-	-	-	65
	<u>455</u>	<u>864</u>	<u>36</u>	<u>108</u>	<u>1,463</u>

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 8. DIRECTORS' EMOLUMENTS (CONTINUED)

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 years ended 30 June 2023 and 2022. No director waived or agreed to waive any emoluments during the years ended 30 June 2023 and 2022.
- (ii) Executive and non-executive directors of the Company are entitled to discretionary bonus payments which are determined with reference to the operating results of the Group, salaries paid by comparable companies and individual performance of the director.
- (iii) The Company has no position as the chief executive officer. The day-to-day management of the Group's business is handled by the executive directors of the Company and senior management collectively.

## 9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, 3 (2022: 3) are directors of the Company whose emoluments are disclosed in Note 8. The aggregate of the emoluments of the remaining 2 (2022: 2) individuals were as follows:

	2023 RM'000	2022 RM'000
Salaries, allowances and benefits in kind	1,021	874
Discretionary bonus	241	166
Contributions to defined contribution retirement plan	70	59
	<u>1,332</u>	<u>1,099</u>

The emoluments of the 2 (2022: 2) individuals with the highest emoluments are within the following bands:

	2023 Number of individuals	2022 Number of individuals
HK\$Nil to HK\$1,000,000	-	1
HK\$1,000,001 to HK\$1,500,000	2	1

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 year ended 30 June 2023 (2022: nil).

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 10. DIVIDENDS

The board of directors of the Company does not recommend to declare any final dividend for the year ended 30 June 2023 (2022: nil).

## 11. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2023 RM'000	2022 RM'000
<b>Current tax</b>		
Malaysia corporate income tax	14	1,067
Singapore corporate income tax	882	2,272
Withholding tax on payment made to a non-resident in Malaysia	115	129
	<u>1,011</u>	<u>3,468</u>
<b>(Over)/under provision in prior years</b>	<b>(57)</b>	65
<b>Deferred tax</b> (Note 24(b))		
Origination and reversal of temporary differences	337	(270)
	<u>1,291</u>	<u>3,263</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) No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the years ended 30 June 2023 and 2022.
- (iii) Corporate income tax in Malaysia is calculated at the statutory rate of 24% of the estimated taxable profit for the years ended 30 June 2023 and 2022.
- (iv) Corporate income tax in Singapore is calculated at the statutory rate of 17% of the estimated taxable profit for the years ended 30 June 2023 and 2022. 75% of the chargeable income of first Singapore dollars ("SGD") 10,000 and 50% of the chargeable income of next SGD190,000 are exempted under Inland Revenue Authority of Singapore's partial tax exemption scheme.
- (v) Withholding tax on payment made to a non-resident in Malaysia is calculated at the statutory rate of 15% of the payment made for the years ended 30 June 2023 and 2022.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 11. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

### (b) Reconciliation between tax expenses and accounting (loss)/profit at applicable tax rates:

	2023 RM'000	2022 RM'000
(Loss)/profit before taxation	<u>(6,922)</u>	<u>16,758</u>
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to the (loss)/profits in the countries concerned	(2,049)	3,170
Tax effect of non-deductible expenses	1,479	1,117
Tax effect on non-taxable income	(646)	(538)
Tax effect of tax loss not recognised	1,305	–
Utilisation of tax losses previously not recognised	(68)	(737)
Tax effect of tax exemptions	(60)	(55)
(Over)/under provision in prior years	(57)	65
Withholding tax on payment made to a non-resident in Malaysia	115	129
Others	<u>1,272</u>	<u>112</u>
	<u><u>1,291</u></u>	<u><u>3,263</u></u>

## 12. (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the consolidated loss attributable to owners of the Company of approximately RM8,226,000 (2022: profit attributable to owners of the Company of approximately RM12,527,000) and the weighted average of 500,000,000 ordinary shares (2022: 500,000,000 ordinary shares) in issue during the year ended 30 June 2023.

### (b) Diluted (loss)/earnings per share

The diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share as there were no dilutive potential ordinary shares in existence during the years ended 30 June 2023 and 2022.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 13. PROPERTY, PLANT AND EQUIPMENT

	Other properties leased for own use RM'000	Leasehold improvements RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
<b>Cost:</b>						
At 1 July 2021	289	404	24,465	2,886	1,871	29,915
Exchange realignments	8	-	-	-	-	8
Additions	-	60	14	-	29	103
Disposal	-	-	-	(305)	-	(305)
At 30 June 2022	297	464	24,479	2,581	1,900	29,721
At 1 July 2022	297	464	24,479	2,581	1,900	29,721
Exchange realignments	10	-	-	-	2	12
Additions	167	26	-	-	52	245
Transfers	-	-	-	-	195	195
Disposal	(166)	-	-	(99)	-	(265)
At 30 June 2023	308	490	24,479	2,482	2,149	29,908
<b>Accumulated depreciation:</b>						
At 1 July 2021	63	249	24,435	2,578	1,190	28,515
Exchange realignments	3	-	-	-	-	3
Depreciation for the year	104	73	6	191	192	566
Disposal	-	-	-	(305)	-	(305)
At 30 June 2022	170	322	24,441	2,464	1,382	28,779
At 1 July 2022	170	322	24,441	2,464	1,382	28,779
Exchange realignments	8	-	-	-	1	9
Depreciation for the year	109	93	8	80	206	496
Disposal	(166)	-	-	(99)	-	(265)
At 30 June 2023	121	415	24,449	2,445	1,589	29,019
<b>Carrying amount:</b>						
At 30 June 2023	187	75	30	37	560	889
At 30 June 2022	127	142	38	117	518	942

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Right-of-use assets

The analysis of the carrying amount of right-of-use assets by class of underlying asset is as follows:

	2023 RM'000	2022 RM'000
Other properties leased for own use, carried at depreciated cost	187	127
Motor vehicles, carried at depreciated cost	28	91
	<u>215</u>	<u>218</u>

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2023 RM'000	2022 RM'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Other properties leased for own use	109	104
Motor vehicles	63	153
	<u>172</u>	<u>257</u>
Interest on lease liabilities (Note 7(a))	21	34
Expense relating to short-term leases and other leases with remaining lease term ending within 12 months after the end of reporting period (Note 7(c))	395	670

The total cash outflow for leases during the year ended 30 June 2023 was RM708,000 (2022: RM995,000).

During the year ended 30 June 2023, additions to right-of-use assets were approximately RM167,000 (2022: nil). This amount related to a new lease entered.

The Group regularly entered into short-term leases for office premises, staff quarters, motor vehicles, machineries and space for parking. As at 30 June 2023 and 2022, the portfolio of short-term leases is similar to the portfolio of leases for which the short-term leases expense was recognised during the year.

The maturity analysis of lease liabilities is set out in Note 23.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Right-of-use assets (Continued)

#### (i) Other properties leased for own use

The Group has obtained the right to use other properties as its office premises through tenancy agreements. The leases typically run for an initial period ranging from 2 to 3 years.

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities.

#### (ii) Other leases

The Group leases office premises, staff quarters, motor vehicles, machineries and space for parking under leases expiring from 1 to 12 months. Some leases include an option to renew the lease when all terms are renegotiated, while some include an option to purchase the leased equipment at the end of the lease term at a price deemed to be a bargain purchase option. None of the leases includes variable lease payments.

## 14. INVESTMENT PROPERTIES

	RM'000
At 1 July 2021	2,710
Fair value adjustment	<u>(510)</u>
At 30 June 2022 and 2023	<u>2,200</u>

### Fair value measurement of properties

#### (i) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 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 that is, unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 14. INVESTMENT PROPERTIES

### Fair value measurement of properties (Continued)

#### (i) Fair value hierarchy (Continued)

- Level 2 valuations: Fair value measured using Level 2 inputs that is, 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; and
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at 30 June 2023 and 2022 RM'000	Fair value measurements as at 30 June 2023 and 2022 categorised into		
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>Recurring fair value measurement</b>				
Investment properties:				
– Commercial – Malaysia	<u>2,200</u>	–	<u>2,200</u>	–

During the year ended 30 June 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2022: nil). 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 30 June 2023 and 2022. The valuations were carried out by an independent firm, CBRE WTW Valuation & Advisory Sdn. Bhd. (formerly known as C H Williams Talhar & Wong Sdn. Bhd.), who have among their staff valuers registered with The Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia, with recent experience in the location and category of properties 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, adjusted to reflect the locations and conditions of the subject properties, using market data which is publicly available.

As at 30 June 2023, all investment properties have been pledged to a bank as security for bank facilities granted to the Group (2022: all).

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 15. INTEREST IN A JOINT VENTURE

	2023 RM'000	2022 RM'000
Cost of investment in an unlisted joint venture	450	450
Share of post-acquisition loss and other comprehensive loss, net of dividends received	(186)	(93)
	<u>264</u>	<u>357</u>

The joint venture is accounted for using the equity method in these consolidated financial statements.

The followings are the particulars of a joint venture which is an unlisted corporate entity whose 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.

Information of joint venture, JBB Kimlun, that is not individually material:

	2023 RM'000	2022 RM'000
Carrying amount of the Group's interest in this joint venture	<u>264</u>	<u>357</u>
The Group's share of (loss) for the year	(93)	(53)
The Group's share of other comprehensive income	-	-
The Group's share of total comprehensive (expenses)	<u>(93)</u>	<u>(53)</u>

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 16. DEPOSITS

### (a) Deposits paid for acquisition of investment properties

- (i) During the year ended 30 June 2023, upon the completion of major transaction pursuant to the master supplemental agreement entered into with a customer ("**Customer A**") and a related party of Customer A ("**Party B**"), both independent third parties to the Group, in relation to the settlement transactions (reference is made to the announcements of the Company dated 22 June 2022, 15 July 2022, 30 August 2022, 5 October 2022, 12 October 2022 and 13 April 2023, and the circular of the Company dated 19 July 2022 ("**Publications in relation to Major Transaction**")), trade receivables of approximately RM41,620,000 are deemed to be settled by the assignment of 19 properties to the Group and 1 property to a Group's nominee ("**Subcontractor A**") with the properties located in the area of Mukim of Plentong, District of Johor Bahru, State of Johor, Malaysia of approximately RM41,620,000 in aggregate owned by Party B.

In relation to the assignment of 1 property to Subcontractor A as abovementioned, the Group entered into a deed of settlement with Subcontractor A, pursuant to which trade payables due to Subcontractor A by the Group with a total amount of approximately RM1,993,000 are deemed to be settled by the assignment of such property of approximately RM1,993,000 from Party B to Subcontractor A.

The legal titles of the properties had not been transferred to the Group as at 30 June 2023. Accordingly, trade receivables of approximately RM41,620,000 and trade payables of approximately RM1,993,000 were derecognised, and deposits paid for acquisition of investment properties of approximately RM39,627,000 were recognised as non-current assets until the title of the properties are transferred.

- (ii) During the year ended 30 June 2022, the Group entered into deeds of settlement with 3 subcontractors, all independent third parties to the Group, pursuant to which trade payables due to these subcontractors by the Group with total amount of approximately RM4,974,000 are deemed to be settled by the assignment of 2 properties located in the area of Mukim of Pengerang and Mukim of Pantai Timur, Kota Tinggi, Johor, Malaysia and 2 properties located in the area of Mukim of Tanjung Kupang, District of Johor Bahru, State of Johor, Malaysia of approximately RM5,063,000 in aggregate beneficially owned by the Group to the subcontractors or their nominees with the differences of approximately RM89,000 settled by the nominee of one of the subcontractors in cash and cash equivalents. A gain on disposal (including the impact of the related tax) of approximately RM1,558,000 was recognised and the carrying amount of the deposits paid for the abovementioned properties amounted to approximately RM3,425,000 was derecognised during the year ended 30 June 2022.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 16. DEPOSITS (CONTINUED)

### (a) Deposits paid for acquisition of investment properties (Continued)

- (iii) During the year ended 30 June 2022, the Group entered into a deed of settlement with a customer (“**Customer B**”), and a developer (the “**Developer**”), a related party of Customer B and an independent third party to the Group, pursuant to which contract assets owing from Customer B to the Group with total amount of approximately RM2,059,000 are deemed to be settled by the assignment of 8 properties located in the area of Mukim of Tebrau, District of Johor Bahru, State of Johor, Malaysia of approximately RM2,059,000 in aggregate owned by the Developer to the Group. Given that the said properties were being developed, the legal titles of the properties had not been transferred to the Group as at 30 June 2022. Accordingly, contract assets of approximately RM2,059,000 were derecognised and deposits paid for acquisition of investment properties were recognised as non-current assets until the title of the properties are transferred.

During the years ended 30 June 2023 and 2022, the recoverable amount of deposits paid for acquisition of investment properties are less than its carrying amount. Accordingly, impairment loss on deposits paid for acquisition of investment properties of approximately RM33,000 (2022: RM48,000) were recognised. The valuation of recoverable amount of deposits paid for acquisition of investment properties as at 30 June 2023 and 2022 were carried out by independent firms, who have among their valuers registered with The Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia, with recent experience in the location and category of properties being valued. The recoverable amount of deposits paid for acquisition 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, adjusted to reflect the locations and conditions of the subject properties, using market data which is publicly available.

As at 30 June 2023, the amount of deposits paid for acquisition of investment properties represents the consideration paid for the acquisition of 55 (2022: 36) investment properties in Malaysia. As the legal titles in respect of those investment properties had not been vested in the Group as of the end of each reporting period, the payments made were accounted as deposits paid.

	2023		2022	
	No.	RM'000	No.	RM'000
At 1 July	36	16,829	32	18,243
Additions	19	39,627	8	2,059
Disposals	–	–	(4)	(3,425)
Impairment loss	N/A	(33)	N/A	(48)
At 30 June	55	56,423	36	16,829

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 16. DEPOSITS (CONTINUED)

### (a) Deposits paid for acquisition of investment properties (Continued)

Name of valuer	Location of properties	2023 RM'000	2022 RM'000
CBRE WTW Valuation & Advisory Sdn. Bhd. (formerly known as C H Williams Talhar & Wong Sdn. Bhd.)	In the area of Mukim of Pengerang and Mukim of Pantai Timur, Kota Tinggi, Johor, Malaysia	14,818	14,818
KGV International Property Consultant (Johor) Sdn. Bhd.	In the area of Mukim of Tebrau, District of Johor Bahru, State of Johor, Malaysia	2,011	2,011
Knight Frank Malaysia Sdn. Bhd.	In the area of Mukim of Plentong, District of Johor Bahru, State of Johor, Malaysia	39,594	N/A
		<u>56,423</u>	<u>16,829</u>

As at 30 June 2023, deposits paid for acquisition of investment properties of approximately RM12,911,000 (2022: RM12,911,000) have been pledged to a bank as security for a bank facility granted to the Group.

### (b) Deposits placed for life insurance policies

	RM'000
At 1 July 2021	978
Gain on deposits placed for life insurance policies	<u>27</u>
At 30 June 2022	1,005
Gain on deposits placed for life insurance policies	<u>17</u>
At 30 June 2023	<u>1,022</u>

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 16. DEPOSITS (CONTINUED)

### (b) Deposits placed for life insurance policies (Continued)

During the year ended 30 June 2021, a life insurance policy (the “**Policy 2021**”) was taken to insure an executive director of the Company (the “**Insured Person**”). Under the Policy 2021, the beneficiary is a bank (the “**Bank**”) and the total insured sum is approximately RM3,200,000. At the inception of the Policy 2021, the Group paid an upfront payment of approximately RM804,000. For any insured events happened to the Insured Person, the insured sum will first be used to settle the outstanding bank loans of the Group from the Bank, and thereafter any excess portion will be payable to the Group. The Bank will pay the Group a variable return per annum afterwards (with no minimum return guaranteed) during the effective period of the Policy 2021. The Policy 2021 can be withdrawn at any time with surrender charges if such withdrawal occurs before the 10th anniversary from date of inception and a cash refund will be received based on the cash surrender value of the Policy 2021, which is determined by the gross premium paid plus accumulated return earned and minus any charges made in accordance with the terms and conditions of the Policy 2021, at the date of withdrawal. The Policy 2021 exposes the Group to significant insurance risk.

During the year ended 30 June 2020, a life insurance policy (the “**Policy 2020**”) was taken to insure the Insured Person. Under the Policy 2020, the beneficiary is the Bank and the total insured sum is approximately RM1,610,000. At the inception of the Policy 2020, the Group paid an upfront payment of approximately RM401,000. For any insured events happened to the Insured Person, the insured sum will first be used to settle the outstanding bank loans of the Group from the Bank and thereafter any excess amount will be payable to the Group. The Policy 2020 can be withdrawn at any time with surrender charges if such withdrawal occurs before the 10th anniversary from the date of inception and a cash refund will be received based on the cash surrender value of the Policy 2020 at the date of withdrawal.

As at 30 June 2023 and 2022, the directors of the Company expect that the Policy 2021 and Policy 2020 will be terminated at the 10th anniversary from the date of inception and there will be no specific surrender charges in accordance with the terms of the Policy 2021 and Policy 2020. The directors of the Company consider that the expected life of the Policy 2021 and Policy 2020 will remain unchanged from initial recognition.

In the event of death of the Insured Person, the deposits will be derecognised and any resulting gains or losses will be recognised in profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 17. TRADE AND OTHER RECEIVABLES

	Note	2023 RM'000	2022 RM'000
Trade receivables	(i)	<b>58,283</b>	142,102
Less: allowance for doubtful debts (Note 26(a))		<b>(13,690)</b>	(7,763)
	(ii)	<b>44,593</b>	134,339
Deposits, prepayments and other receivables	(iii), (iv)	<b>6,149</b>	5,620
		<b>50,742</b>	139,959

Notes:

- (i) As at 30 June 2023, trade receivables of approximately RM3,622,000 (2022: nil) and contract assets of approximately RM7,466,000 (2022: nil) as disclosed in note 18(a) owing from a customer are secured by the original issue documents of strata/individual titles and other transfer documents pertaining to 9 properties of total net price of approximately RM20.6 million being held in escrow by the Group's solicitor pursuant to the master supplemental agreement dated 22 June 2022.
- (ii) All of the trade receivables are expected to be recovered within one year.
- (iii) The amount of deposits, prepayments and other receivables are expected to be recovered or recognised as expenses within one year.
- (iv) As at 30 June 2023, the amount of deposits, prepayments and other receivables included amount due from a related company of approximately RM60,000 (2022: nil), in which a key management personnel of the Group has controlling interest. The amount was unsecured, non-trade nature and repayable on demand.

### Aging analysis of trade receivables

As at the end of the reporting period, the aging analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	2023 RM'000	2022 RM'000
Within 30 days	<b>14,556</b>	51,698
31 to 60 days	<b>17,277</b>	17,422
61 to 90 days	<b>9,970</b>	22,657
Over 90 days	<b>2,790</b>	42,562
	<b>44,593</b>	134,339

Trade receivables are generally due within 14 to 90 days from the date of invoice. Further details on the Group's credit policy and credit risk coming from trade receivables are set out in Note 26(a).

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 18. CONSTRUCTION CONTRACTS

### (a) 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 12 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:

	Note	2023 RM'000	2022 RM'000
<b>Contract assets</b>			
Arising from performance under construction contracts		<b>4,828</b>	10,460
Retention receivables	(i)	<b>8,079</b>	16,305
		<b>12,907</b>	26,765
Gross carrying amount	(ii)	<b>13,474</b>	28,105
Less: loss allowance (Note 26(a))		<b>(122)</b>	(250)
Less: imputed interest		<b>(445)</b>	(1,090)
		<b>12,907</b>	26,765
Receivables from contracts with customers within the scope of IFRS 15, which are included in "Trade and other receivables" (Note 17)		<b>44,593</b>	134,339

Notes:

- (i) As at 30 June 2023, the amount of approximately RM991,000 (2022: RM8,925,000) included in the contract assets are expected to be recovered after more than one year, all of which related to retention receivables.
- (ii) Trade receivables of approximately RM3,622,000 (2022: nil) as disclosed in note 17 and contract assets of approximately RM7,466,000 (2022: nil) owing from a customer are secured by the original issue documents of strata/ individual titles and other transfer documents pertaining to 9 properties of total net price of approximately RM20.6 million being held in escrow by the Group's solicitor pursuant to the master supplemental agreement dated 22 June 2022.

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 12 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.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 18. CONSTRUCTION CONTRACTS (CONTINUED)

### (a) Contract assets (Continued)

The changes in contract assets are due to (i) adjustments arising from changes in the measure of progress of contracting work; (ii) reclassification to trade receivables when the Group has unconditional right to the consideration; and (iii) recognition of imputed interest on contract assets of approximately RM445,000 (2022: RM1,090,000) for the year ended 30 June 2023.

### (b) Contract liabilities

	2023 RM'000	2022 RM'000
<b>Contract liabilities</b>		
Construction contracts		
— Billings in advance of performance	-	1,872

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*

	2023 RM'000	2022 RM'000
At beginning of the year	1,872	124
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(1,872)	(124)
Increase in contract liabilities as a result of billing in advance of construction activities	-	1,872
At the end of the year	-	1,872

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 19. FIXED DEPOSITS WITH MATURITY OVER THREE MONTHS AND PLEDGED BANK DEPOSITS

### (a) Fixed deposits with maturity over three months

As at 30 June 2023, the weighted average effective interest rate of the Group's fixed deposits with maturity over three months was 2.75% (2022: 2.35%) per annum.

### (b) Pledged bank deposits

- i Pledged bank deposits have been pledged to banks as security for banking facilities granted to the Group.
- ii The effective interest rates of the pledged bank deposits are as follow:

	2023	2022
Pledged bank deposits	<u>1.93%</u>	<u>1.04%</u>

## 20. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

### (a) Cash and cash equivalents comprise:

	2023 RM'000	2022 RM'000
Deposits with banks	54,359	52,944
Cash and bank balances	<u>23,146</u>	<u>32,975</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>77,505</u>	<u>85,919</u>

### (b) Reconciliation of liabilities arising from financing activities

	Lease liabilities RM'000	Bank loans RM'000	Total RM'000
<b>At 1 July 2022</b>	<b>524</b>	<b>13,649</b>	<b>14,173</b>
Exchange realignments	1	-	1
Non-cash – new lease liabilities	167	-	167
Non-cash – interest cost	21	993	1,014
Cash flow – financing activities	<u>(313)</u>	<u>(461)</u>	<u>(774)</u>
<b>At 30 June 2023</b>	<u><b>400</b></u>	<u><b>14,181</b></u>	<u><b>14,581</b></u>
<b>At 1 July 2021</b>	<b>811</b>	<b>10,564</b>	<b>11,375</b>
Exchange realignments	4	-	4
Non-cash – interest cost	34	553	587
Cash flow – financing activities	<u>(325)</u>	<u>2,532</u>	<u>2,207</u>
<b>At 30 June 2022</b>	<u><b>524</b></u>	<u><b>13,649</b></u>	<u><b>14,173</b></u>

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 21. TRADE AND OTHER PAYABLES

	Note	2023 RM'000	2022 RM'000
Trade payables		<b>62,800</b>	123,095
Other payables and accruals	(i)	<b>1,359</b>	1,123
Retention payables	(ii)	<b>5,871</b>	12,947
		<b>70,030</b>	137,165

Notes:

- (i) The amount of other payables and accruals included amount due to a joint venture of approximately RM6,000 (2022: RM11,000) which was unsecured, non-trade and repayable on demand as at 30 June 2023.
- (ii) Except for the amounts of approximately RM913,000 (2022: RM2,321,000) included in the retention payables as at 30 June 2023 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 the end of the reporting period, the aging analysis of trade payables, based on the invoice date, is as follows:

	2023 RM'000	2022 RM'000
Within 30 days	<b>19,667</b>	56,152
31 to 90 days	<b>34,366</b>	29,069
Over 90 days	<b>8,767</b>	37,874
	<b>62,800</b>	123,095

## 22. BANK LOANS

	2023 RM'000	2022 RM'000
Bank loans, secured	<b>14,181</b>	13,649

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 22. BANK LOANS (CONTINUED)

The bank loans was repayable as follows:

	2023 RM'000	2022 RM'000
Within 1 year or on demand	3,769	3,333
Within a period of more than 1 year but not exceeding 2 years	4,058	3,722
Within a period of more than 2 years but not exceeding 5 years	6,354	6,594
	<u>14,181</u>	13,649
Less: Amounts due within 1 year shown under current liabilities	<u>(3,769)</u>	<u>(3,333)</u>
Amounts shown under non-current liabilities	<u><u>10,412</u></u>	<u><u>10,316</u></u>

As at 30 June 2023, the Group's banking facilities were secured and guaranteed by:

- (i) investment properties of approximately RM2,200,000 (2022: RM2,200,000) (Note 14);
- (ii) deposits paid for acquisition of investment properties of approximately RM12,911,000 (2022: RM12,911,000) (Note 16(a)); and
- (iii) deposits with licensed banks of the Group with carrying amounts of approximately RM9,769,000 (2022: RM12,561,000) (Note 19(b)).

As at the end of the reporting period, the bank loans bear interest as follow:

	2023	2022
Bank loans	<u><u>7.20%</u></u>	<u><u>6.20%</u></u>

As at 30 June 2023, the Group had aggregate banking facilities of approximately RM67,000,000 (2022: RM67,000,000) for loans and borrowings. Unused facilities as at the same date amounted to approximately RM47,000,000 (2022: RM50,718,000).

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 23. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting period:

	2023		2022	
	Present value of the minimum lease payments RM'000	Total minimum lease payments RM'000	Present value of the minimum lease payments RM'000	Total minimum lease payments RM'000
Within 1 year	262	276	281	301
After 1 year but within 2 years	111	115	179	187
After 2 years but within 5 years	27	28	64	67
	138	143	243	254
	400	419	524	555
Less: total future interest expenses		(19)		(31)
Present value of lease liabilities		400		524

## 24. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2023 RM'000	2022 RM'000
Tax recoverable	1,592	2,396
Provision for taxation	(928)	(2,324)
	664	72

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 24. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

### (b) Deferred tax assets and liabilities recognised:

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the years are as follows:

	Depreciation allowances in excess of depreciation RM'000	Unrealised foreign exchange gain/(loss) RM'000	Credit loss allowance RM'000	Others RM'000	Total RM'000
At 1 July 2021	25	(45)	(15)	(68)	(103)
Charge/(credit) to profit or loss (Note 11(a))	7	(283)	(14)	20	(270)
At 30 June 2022	<b>32</b>	<b>(328)</b>	<b>(29)</b>	<b>(48)</b>	<b>(373)</b>
Exchange realignments (Credit)/charge to profit or loss (Note 11(a))	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2)</b>
	<b>(25)</b>	<b>335</b>	<b>13</b>	<b>14</b>	<b>337</b>
At 30 June 2023	<b>5</b>	<b>7</b>	<b>(16)</b>	<b>(34)</b>	<b>(38)</b>

For the purpose of presentation in the consolidated statement 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:

	2023 RM'000	2022 RM'000
Deferred tax assets	<b>38</b>	373
Deferred tax liabilities	<b>-*</b>	-*
	<b>38</b>	373

\* The amount represents an amount less than RM1,000.

### (c) Deferred tax assets and liabilities not recognised:

Deferred tax assets have not been recognised in respect of the following items:

	2023 RM'000	2022 RM'000
Tax losses	<b>2,001</b>	723
Deductible temporary differences	<b>3,396</b>	2,175
	<b>5,397</b>	2,898

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 24. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

### (c) Deferred tax assets and liabilities not recognised (Continued):

The above tax losses are under Malaysia subsidiaries which allowed to be utilised for 10 (2022: 10 consecutive years of assessment for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

There were no other material unrecognised deferred tax assets and liabilities as at 30 June 2023 and 2022.

## 25. CAPITAL AND RESERVES

### (a) Movement in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

### (b) Share capital

	No. of shares	Amount RM'000
<b>Authorised ordinary shares of HK\$0.01 each</b> At 1 July 2021, 30 June 2022 and 30 June 2023	<u>2,000,000,000</u>	<u>10,535</u>
<b>Issued and fully paid ordinary shares of HK\$0.01 each</b> At 1 July 2021, 30 June 2022 and 30 June 2023	<u>500,000,000</u>	<u>2,672</u>

### (c) Share premium

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company. Under the Companies Law of Cayman Islands, the share premium account of the Company is distributable to the owners of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debt as they fall due in the ordinary course of business.

### (d) Merger reserve

Merger reserve of the Group represents the difference between the nominal value of ordinary shares issued by the Company, and the issued share capital of JBB Builders (M) Sdn. Bhd., Gabungan Jasapadu Sdn. Bhd. and Pavilion Ingenious Sdn. Bhd. exchanged in connection with the reorganisation in preparation for the listing of the Company's shares on the Stock Exchange.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 25. CAPITAL AND RESERVES (CONTINUED)

### (e) Exchange reserve

The exchange reserve represents foreign exchange differences arising from the translation of the financial statements of the operations outside Malaysia. The reserve is dealt with in accordance with the accounting policies set out in Note 2(s).

### (f) Distributability of reserve

As at 30 June 2023, the aggregate amount of reserves available for distribution to owners of the Company was RM130,457,000 (2022: RM108,185,000).

### (g) 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 years ended 30 June 2023 and 2022.

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 interest-bearing bank loans and leases liabilities, less pledged bank deposits, fixed deposits with maturity over three months and cash and cash equivalents. The gearing ratio as at 30 June 2023 and 2022 are as follows:

	2023 RM'000	2022 RM'000
Leases liabilities	400	524
Bank loans	14,181	13,649
Total debt	14,581	14,173
Less: Pledged bank deposits	(9,769)	(12,561)
Fixed deposits with maturity over three months	(5,424)	(5,299)
Cash and cash equivalents	(77,505)	(85,919)
Net debt	N/A	N/A
Total equity	133,328	139,260
Net debt-to-equity ratio	N/A	N/A

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets and financial liabilities are disclosed in Note 2.

The Group has classified the financial instruments as follows:

	2023 RM'000	2022 RM'000
<b>Financial assets</b>		
Financial assets at amortised cost	<u>138,497</u>	<u>241,412</u>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	<u>84,611</u>	<u>151,338</u>

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk and foreign currency exchange risk. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

### (a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables, contract assets, fixed deposits with maturity over three months, pledged bank deposits and cash at banks. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

#### **Trade receivables and contract assets**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 30 June 2023, approximately 50% (2022: 36%) of the total gross trade receivables and contract assets was due from the Group's largest customer and approximately 87% (2022: 91%) of the total gross trade receivables and contract assets were due from the Group's five largest customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts. Normally, the Group does not obtain collateral from customers.

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments and external credit rating, where applicable.

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. The Group segments its trade receivables and contract assets based on geographic regions, due to different loss patterns experienced in the different regions.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Credit risk (Continued)

#### Trade receivables and contract assets (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets:

	2023							
	Malaysia			Singapore			Total	
	Expected loss rate %	Gross carrying amount RM'000	Loss allowance RM'000	Expected loss rate %	Gross carrying amount RM'000	Loss allowance RM'000	Gross carrying amount RM'000	Loss allowance RM'000
<b>Trade receivables (Note 17)</b>								
Current (not past due)	6.89	2,815	194	0.19	12,794	24	15,609	218
Less than 3 months past due	1.17	828	10	0.19	25,798	49	26,626	59
3 to 6 months past due	9.18	1,077	99	-	-	-	1,077	99
Over 6 months to 1 year past due	6.86	799	54	-	-	-	799	54
Over 1 year to 2 years past due	54.98	2,026	1,114	-	-	-	2,026	1,114
Over 2 years past due	100.00	4,049	4,049	-	-	-	4,049	4,049
Credit impaired (Note)	100.00	8,097	8,097	-	-	-	8,097	8,097
		<u>19,691</u>	<u>13,617</u>		<u>38,592</u>	<u>73</u>	<u>58,283</u>	<u>13,690</u>
<b>Contract assets (Note 18(a))</b>	0.90	13,474	122	-	-	-	13,474	122
		<u>33,165</u>	<u>13,739</u>		<u>38,592</u>	<u>73</u>	<u>71,757</u>	<u>13,812</u>

Note: Due to the increment of credit risk of a customer based on the latest market information and payment history, 100% expected loss rate is applied for all the agings of a customer.

	2022							
	Malaysia			Singapore			Total	
	Expected loss rate %	Gross carrying amount RM'000	Loss allowance RM'000	Expected loss rate %	Gross carrying amount RM'000	Loss allowance RM'000	Gross carrying amount RM'000	Loss allowance RM'000
<b>Trade receivables (Note 17)</b>								
Current (not past due)	0.68	19,900	136	0.25	36,663	92	56,563	228
Less than 3 months past due	5.79	19,819	1,148	0.25	28,187	70	48,006	1,218
3 to 6 months past due	5.05	6,742	340	-	-	-	6,742	340
Over 6 months to 1 year past due	3.20	3,270	105	-	-	-	3,270	105
Over 1 year to 2 years past due	8.36	11,736	981	-	-	-	11,736	981
Over 2 years past due	30.98	15,785	4,891	-	-	-	15,785	4,891
		<u>77,252</u>	<u>7,601</u>		<u>64,850</u>	<u>162</u>	<u>142,102</u>	<u>7,763</u>
<b>Contract assets (Note 18(a))</b>	0.89	28,105	250	-	-	-	28,105	250
		<u>105,357</u>	<u>7,851</u>		<u>64,850</u>	<u>162</u>	<u>170,207</u>	<u>8,013</u>

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Credit risk (Continued)

#### *Trade receivables and contract assets (Continued)*

Expected loss rates are based on actual loss experience over the past 3 years. 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.

Movements in the loss allowance account in respect of trade receivables and contract assets are as follows:

	2023 RM'000	2022 RM'000
At the beginning of the year	8,013	8,639
Exchange realignments	14	1
Allowance/(reversal) of impairment loss recognised	5,785	(627)
At the end of the year	13,812	8,013

The following significant changes in the gross carrying amounts of trade receivables and contract assets contributed to the increase in the loss allowance as at 30 June 2023:

- increase in loss allowance provided for certain customers with higher credit risks based on the latest market information and payment history; while partially offsetting by the decrease in balances of trade receivables and contract assets, resulted in the increase of loss allowance of approximately RM5,785,000.

The following changes in the gross carrying amounts of trade receivables and contract assets contributed to the decrease in the loss allowance as at 30 June 2022:

- decrease in balances of trade receivables past due over 6 months to 2 years resulted in a decrease in loss allowance of approximately RM1,348,000;
- decrease in balances of contract assets resulted in the decrease in loss allowance of approximately RM902,000; and
- offsetting by the increase in balances of trade receivables not past due to past due within 6 months resulted in the increase in loss allowance of approximately RM1,624,000.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Credit risk (Continued)

#### *Other receivables and deposits*

For other receivables and deposits, the directors of the Company make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable. The directors of the Company believe that there is no significant increase in credit risk of other receivables and deposits since initial recognition and the Group provided impairment based on 12 months ECL. As at 30 June 2023 and 2022, the Group assessed the ECL for other receivables and deposits were insignificant and thus no loss allowance was recognised.

#### *Cash and cash equivalents, fixed deposits with maturity over three months and pledged bank deposits*

To manage this risk, deposits are mainly placed with reputable financial institutions with high credit-ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these financial institutions.

### (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 at the end of the reporting period) and the earliest date the Group can be required to pay.

For bank loans 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 leases liabilities is prepared on the scheduled repayment dates.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Liquidity risk (Continued)

As at 30 June 2023

	On demand or within 1 year RM'000	More than 1 year but less than 2 years RM'000	More than 2 years but less than 5 years RM'000	Total contractual undiscounted cash flows RM'000	Carrying amounts RM'000
<b>Non-derivative financial liabilities</b>					
Trade and other payables	70,030	-	-	70,030	70,030
Bank loans	4,677	4,677	6,683	16,037	14,181
Leases liabilities	276	115	28	419	400
	<u>74,983</u>	<u>4,792</u>	<u>6,711</u>	<u>86,486</u>	<u>84,611</u>

As at 30 June 2022

	On demand or within 1 year RM'000	More than 1 year but less than 2 years RM'000	More than 2 years but less than 5 years RM'000	Total contractual undiscounted cash flows RM'000	Carrying amounts RM'000
<b>Non-derivative financial liabilities</b>					
Trade and other payables	137,165	-	-	137,165	137,165
Bank loans	4,055	4,272	7,053	15,380	13,649
Leases liabilities	301	187	67	555	524
	<u>141,521</u>	<u>4,459</u>	<u>7,120</u>	<u>153,100</u>	<u>151,338</u>

### (c) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the Group's fixed-rate short-term fixed deposits with maturity over three months, pledged bank deposits and leases liabilities. The management of the Group considers that the Group's exposure from these fixed-rate short-term fixed deposits with maturity over three months, pledged bank deposits and leases liabilities to interest rate risk is not significant.

The Group's interest rate risk arises primarily from cash at banks and bank loans. Cash at banks and bank loans at variable rates expose the Group to cash flow interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Malaysia base lending rate from the Group's bank loans denominated in Ringgit Malaysia.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

### (c) Interest rate risk (Continued)

#### *Sensitivity analysis*

As at 30 June 2023, it is estimated that a general increase/decrease of 95 basis points (2022: 24 basis points) in interest rates for bank loans, with all other variables held constant, would increase/decrease the Group's loss for the year (2022: decrease/increase the Group's profit for the year) and decrease/increase the retained earnings by approximately RM102,000 (2022: RM25,000).

The sensitivity analysis above indicates annualised impact on the Group's net interest that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to floating rate instruments which expose the Group to cash flow interest rate risk at that date. The analysis has been performed on the same basis throughout the year ended 30 June 2022.

### (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 has foreign currency denominated cash and cash equivalents which expose the Group to foreign currency risk.

#### *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 year end date.

	Exposure to foreign currencies	
	2023	2022
	Hong Kong dollars	Hong Kong dollars
	RM'000	RM'000
<b>Financial assets</b>		
Cash and cash equivalents	<u>2</u>	<u>2</u>

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

### (d) Foreign currency exchange risk (Continued)

#### ii) Sensitivity analysis

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have material impacts on the (loss)/profit for the year and equity of the Group and hence, no sensitivity analysis is presented.

### (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 2023 and 2022.

## 27. COMMITMENTS

### Capital commitments

Significant capital expenditure contracted for at the end of each of the reporting period but not recognised as liabilities is as follows:

	2023 RM'000	2022 RM'000
Equipment	<u>96</u>	<u>193</u>

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 28. SUBSIDIARIES

The following is a list of subsidiaries at 30 June 2023:

Name of company	Place of incorporation and business	Class of shares held	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by subsidiaries	
JBB Delima Investment Limited	British Virgin Islands	Ordinary	US\$2	100%	100%	–	Investment holding
Classic Solution Holdings Limited	British Virgin Islands	Ordinary	US\$1	100%	100%	–	Investment holding
Harbour Elite International Limited	British Virgin Islands	Ordinary	US\$2	100%	100%	–	Investment holding
JBB Holdings (Malaysia) Sdn. Bhd.	Malaysia	Ordinary	RM36,000,002	100%	–	100%	Investment holding
JBB Resources (HK) Limited	Hong Kong	Ordinary	HK\$10,000	100%	–	100%	Construction and trading of sand
JBB Resources (Singapore) Private Limited	Singapore	Ordinary	SGD100,000	100%	–	100%	Construction and trading of marine gas oil and sand
JBB Builders (M) Sdn. Bhd.	Malaysia	Ordinary	RM41,000,000	100%	–	100%	Marine construction, building and infrastructure services and trading of marine gas oil
JBB Marine (M) Sdn. Bhd.	Malaysia	Ordinary	RM1,000,000	52%	–	52%	Marine transportation and fleet management
Gabungan Jasapadu Sdn. Bhd.*	Malaysia	Ordinary	RM1,000,000	50%	–	50%	Land based machinery works and rental
Pavilion Ingenious Sdn. Bhd.	Malaysia	Ordinary	RM1,000,000	100%	–	100%	Sand dredging and loading works

\* Gabungan Jasapadu Sdn. Bhd. 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.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 28. SUBSIDIARIES (CONTINUED)

The following table lists out the information relating to each of the Group's subsidiaries 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.

	2023 RM'000	2022 RM'000
NCI percentage	48%	48%
Current assets	14,290	14,435
Non-current assets	—*	1
Current liabilities	(25)	(25)
Non-current liabilities	—*	—*
Net assets	14,265	14,411
Carrying amount of NCI	<u>6,847</u>	<u>6,917</u>

\* The amount represents an amount less than RM1,000.

Revenue	—	—
(Loss) for the year and total comprehensive (expenses)	(146)	(124)
(Loss) allocated to NCI	(70)	(60)
Cash flows (used in)/generated from operating activities	(125)	101
Cash flows generated from investing activities	<u>41</u>	<u>34</u>

### Gabungan Jasapadu Sdn. Bhd.

	2023 RM'000	2022 RM'000
NCI percentage	50%	50%
Current assets	2,605	5,710
Non-current assets	124	238
Current liabilities	(820)	(1,204)
Non-current liabilities	—	—
Net assets	1,909	4,744
Carrying amount of NCI	<u>955</u>	<u>2,372</u>

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 28. SUBSIDIARIES (CONTINUED)

### Gabungan Jasapadu Sdn. Bhd. (Continued)

	2023 RM'000	2022 RM'000
Revenue	5,083	10,161
Profit for the year and total comprehensive income	166	2,055
Profit allocated to NCI	83	1,028
Dividends paid to NCI	(1,500)	–
Cash flows generated from operating activities	2,031	1,401
Cash flows generated from/(used in) investing activities	16	(91)
Cash flows (used in) financing activities	(3,000)	–

## 29. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the Group entered into the following material related party transactions.

The directors of the Company are of the view that the following parties/companies were related parties that had transactions or balances with the Group during the year:

Name of party	Relationship with the Group
JBB Kimlun	A joint venture
Kukuh Sejahtera Sdn. Bhd.	A company controlled by a key management personnel of the Group

### (a) Key management personnel remuneration

The remuneration of key management personnel (including the executive directors of the Company as disclosed in Note 8) of the Group during the year is as follows:

	2023 RM'000	2022 RM'000
Short-term employee benefits	2,063	1,903
Post-employment benefits	133	126
	<u>2,196</u>	<u>2,029</u>

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 29. RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Transactions with related parties

During the year, the Group entered into the following related party transactions:

#### *Non-continuing transactions*

	2023 RM'000	2022 RM'000
Management fee expenses JBB Kimlun	69	63
Professional fee expenses Kukuh Sejahtera Sdn. Bhd.	60	–

The directors of the Company consider that the above related party transactions during the year were conducted on mutually-agreed terms in the ordinary course of the Group's business.

## 30. CONTINGENT LIABILITIES

### Performance bonds

	2023 RM'000	2022 RM'000
Performance bonds for contracts in favour of customers	2,362	2,362

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 based on the terms of the respective contracts for the relevant customers.

Except for the above mentioned, the Group did not have any significant contingent liabilities as at the end of the reporting period.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 31. NEW AND AMENDMENTS TO IFRSs NOT YET EFFECTIVE

At the date of this report, the Group has not early applied the following new and amendments to IFRSs and interpretations that have been issued but are not yet effective:

IFRS 17	Insurance Contracts <sup>1</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to IAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules <sup>1</sup>
Amendments to IAS 21	Lack of Exchangeability <sup>3</sup>
Amendments to IFRS 17	Insurance Contracts <sup>1</sup>
Amendment to IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 32. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2023 RM'000	2022 RM'000
<b>Non-current assets</b>		
Property, plant and equipment	164	77
Investment in a subsidiary	87,673	46,972
Amount due from a subsidiary	–	24,262
	<u>87,837</u>	<u>71,311</u>
<b>Current assets</b>		
Other receivables, prepayment and deposits	403	166
Amounts due from subsidiaries	1,336	417
Cash and cash equivalents	44,219	40,968
	<u>45,958</u>	<u>41,551</u>
<b>Current liabilities</b>		
Accruals and other payables	358	464
Amounts due to subsidiaries	152	1,471
Leases liabilities	83	70
	<u>593</u>	<u>2,005</u>
<b>Net current assets</b>	<u>45,365</u>	<u>39,546</u>
<b>Total assets less current liabilities</b>	<u>133,202</u>	<u>110,857</u>
<b>Non-current liabilities</b>		
Lease liabilities	73	–
<b>Net assets</b>	<u>133,129</u>	<u>110,857</u>
<b>Capital and reserves</b>		
Share capital	2,672	2,672
Reserves	130,457	108,185
	<u>133,129</u>	<u>110,857</u>

Approved and authorised for issue by the board of directors on 22 September 2023

**Ng Say Piyu**  
Chairman and Executive Director

**Lam Fung Eng**  
Executive Director

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 32. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (CONTINUED)

Movements in the Company's reserves:

	Share premium RM'000	Exchange reserve RM'000	Capital reserve RM'000	(Accumulated losses)/ Retained profits RM'000	Total RM'000
At 1 July 2021	71,999	(329)	44,602	(11,992)	104,280
Loss for the year	-	-	-	(1,464)	(1,464)
Other comprehensive income for the year					
Currency translation difference	-	5,369	-	-	5,369
Total comprehensive income/ (expenses) for the year	-	5,369	-	(1,464)	3,905
At 30 June 2022/1 July 2022	71,999	5,040	44,602	(13,456)	108,185
Profit for the year	-	-	-	14,812	14,812
Other comprehensive income for the year					
Currency translation difference	-	7,460	-	-	7,460
Total comprehensive income for the year	-	7,460	-	14,812	22,272
At 30 June 2023	71,999	12,500	44,602	1,356	130,457

Note:

Capital reserve represented the difference between the nominal value of the issued share capital of the Company and the net asset value of subsidiaries upon the reorganisation in preparation for the listing of the Company's shares on the Stock Exchange.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 33. MAJOR NON-CASH TRANSACTIONS

- (i) During the year ended 30 June 2023, upon the completion of major transaction pursuant to the master supplemental agreement entered into with Customer A and Party B, both independent third parties to the Group, in relation to the settlement transactions (reference is made to the Publications in relation to Major Transaction), trade receivables of approximately RM41,620,000 are deemed to be settled by the assignment of 19 properties to the Group and 1 property to Subcontractor A with the properties of approximately RM41,620,000 in aggregate owned by Party B.

In relation to the assignment of 1 property to Subcontractor A as abovementioned, the Group entered into a deed of settlement with Subcontractor A, pursuant to which trade payables due to Subcontractor A by the Group with a total amount of approximately RM1,993,000 are deemed to be settled by the assignment of such property of approximately RM1,993,000 from Party B to Subcontractor A.

The legal titles of the properties had not been transferred to the Group as at 30 June 2023. Accordingly, trade receivables of approximately RM41,620,000 and trade payables of approximately RM1,993,000 were derecognised, and deposits paid for acquisition of investment properties of approximately RM39,627,000 were recognised as non-current assets until the title of the properties are transferred.

- (ii) During the year ended 30 June 2022, the Group entered into deeds of settlement with 3 subcontractors, all independent third parties to the Group, pursuant to which trade payables due to these subcontractors by the Group with total amount of approximately RM4,974,000 are deemed to be settled by the assignment of 4 properties of approximately RM5,063,000 in aggregate beneficially owned by the Group to the subcontractors or their nominees with the differences of approximately RM89,000 settled by the nominee of one of the subcontractors in cash and cash equivalents. A gain on disposal (including the impact of the related tax) of approximately RM1,558,000 was recognised and the carrying amount of the deposits paid for the abovementioned properties amounted to approximately RM3,425,000 was derecognised during the year ended 30 June 2022.
- (iii) During the year ended 30 June 2022, the Group entered into a deed of settlement with Customer B, and the Developer, a related party of Customer B and an independent third party to the Group, pursuant to which contract assets owing from Customer B to the Group with total amount of approximately RM2,059,000 are deemed to be settled by the assignment of 8 properties of approximately RM2,059,000 in aggregate owned by the Developer to the Group. Given that the said properties were being developed, the legal titles of the properties had not been transferred to the Group as at 30 June 2022. Accordingly, contract assets of approximately RM2,059,000 were derecognised and deposits paid for acquisition of investment properties were recognised as non-current assets until the title of the properties are transferred.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 34. SHARE OPTION SCHEME

A share option scheme (the “**Scheme**”) was adopted by the Company on 11 April 2019 for the primary purpose of providing incentives or rewards to eligible participants which will expire on 10 April 2029. Under the Scheme, the board of directors of the Company may grant options to the eligible participants, including employees, directors, advisors, consultants, service providers, agents, customers, suppliers, partners or joint-venture partners of the Group, to subscribe for shares in the Company.

The maximum number of shares in respect of which options may be granted at any time under the Scheme together with options which may be granted under any other share option schemes for the time being of the Company must not in aggregate exceed 10% of the shares of the Company in issue of 500,000,000 shares as at the date of Listing (the “**Scheme Mandate Limit**”). The Company may seek approval of the 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 Scheme and any other schemes of the Company shall not exceed 10% of the shares of the Company in issue at the date of approval of refreshing of the Scheme Mandate Limit. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and other share option schemes of the Company shall not exceed 30% of the total number of shares of the Company in issued from time to time.

Options granted must be taken up within 21 days from the date of grant, upon payment of HK\$1.00. The subscription price is determined by the board of directors of the Company, and shall not be less than the highest of (i) the closing price of the Company’s shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; (ii) the average closing price of the Company’s shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company’s shares on the date of grant.

No share options are granted since the adoption of the Scheme and there are no outstanding share options under the Scheme as at 30 June 2023 and 2022.

## 35. EMPLOYEE RETIREMENT BENEFITS

### Defined contribution retirement plans

The Group operates the Mandatory Provident Fund Scheme (the “**MPF Scheme**”) for its employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) and the employees of the Group’s subsidiaries in Malaysia and Singapore are required to participate in Statutory Employees Provident Fund in Malaysia and the Central Provident Fund schemes in Singapore, respectively (the “**Schemes**”). The Schemes are defined contribution retirement plans of the Group.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 35. EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

### Defined contribution retirement plans (Continued)

The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

The assets of the Statutory Employee Provident Fund in Malaysia are held separately from those of the Group, in funds under the control of trustees. The Group contributes 12%-13% of the relevant payroll costs to the scheme, which contribution is matched by employees at lower rate 7%-11%.

The Group contributed 8.5%-17% (2022: 9%-17%) of the relevant wages while the employees contributed 7%-20% (2022: 7.5%-20%) of the relevant wages to the Central Provident Fund scheme in Singapore, subject to a cap of monthly ordinary wages of SGD6,000 and annual additional wages of SGD102,000 less total ordinary wages subject to Central Provident Fund for the year, for all employees who are Singapore citizens or permanent residents of Singapore.

During the years ended 30 June 2023 and 2022, the Group has no forfeiture of contributions to the Schemes under the defined contribution retirement plans (i.e. contributions processed by the employer on behalf of the employee who has left the defined contribution retirement plans prior to vesting fully in such contributions) as the contributions to the Schemes are vested fully and immediately to the employees once the contributions to the Schemes have been paid. As at 30 June 2023 and 2022, no forfeited contributions to the Schemes under the defined contribution retirement plans may be used by the Group to reduce the existing level of contributions. The total expense recognised in the profits or loss of approximately RM754,000 (2022: RM669,000) during the year ended 30 June 2023 represents contributions payable to these Schemes by the Group at rates specified in the rules of the Schemes (Note 7(b)).

## 36. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Subsequent to the year ended 30 June 2023, the Group disposed 3 properties located in the area of Mukim of Plentong, District of Johor Bahru, State of Johor, Malaysia and 3 properties located in the area of Mukim of Tebrau, District of Johor Bahru, State of Johor, Malaysia to 6 independent third parties to the Group, amounted to approximately RM7,426,000 in aggregate. The carrying amount of the deposits paid for the abovementioned property, which was included in "Deposits paid for acquisition of investment properties", amounted to approximately RM7,314,000 as at 30 June 2023.

# Financial Summary

## RESULTS

	2023 RM'000	For the year ended 30 June			
		2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
Revenue	<b>217,776</b>	512,303	141,040	125,531	329,929
Gross profit	<b>12,285</b>	29,159	6,678	19,835	38,387
(Loss)/profit before taxation	<b>(6,922)</b>	16,758	(9,644)	2,520	26,767
Income tax expenses	<b>(1,291)</b>	(3,263)	(1,815)	(2,200)	(7,707)
(Loss)/profit for the year	<b>(8,213)</b>	13,495	(11,459)	320	19,060
(Loss)/profit for the year attributable to:					
– Owners of the Company	<b>(8,226)</b>	12,527	(9,416)	2,158	19,632
– Non-controlling interests	<b>13</b>	968	(2,043)	(1,838)	(572)
	<b>(8,213)</b>	13,495	(11,459)	320	19,060

## ASSETS AND LIABILITIES

	2023 RM'000	As at 30 June			
		2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
Total assets	<b>218,867</b>	294,794	269,868	250,368	343,502
Total liabilities	<b>(85,539)</b>	(155,534)	(147,500)	(114,410)	(205,364)
Net assets	<b>133,328</b>	139,260	122,368	135,958	138,138
Equity attributable to equity owners of the Company	<b>125,526</b>	129,971	114,047	125,594	125,936
Non-controlling interests	<b>7,802</b>	9,289	8,321	10,364	12,202
Total equity	<b>133,328</b>	139,260	122,368	135,958	138,138

# Particulars of Major Properties

As at 30 June 2023

## A. INVESTMENT PROPERTIES

No.	Property	Uses	Term of lease	Built-up area (approximate square feet)	Nature of Property
1	No. 47, Jalan SiLC 2/16, Kawasan Perindustrian SiLC 81550 Iskandar Puteri, Johor	Intended for rental purpose	Interest in perpetuity	5,166	Commercial
2	No. 49, Jalan SiLC 2/16, Kawasan Perindustrian SiLC 81550 Iskandar Puteri, Johor	Intended for rental purpose	Interest in perpetuity	5,142	Commercial

## B. DEPOSITS PAID FOR ACQUISITION OF INVESTMENT PROPERTIES

No.	Property	Uses	Term of lease	Built-up area (approximate square feet)	Nature of Property
<b>Properties located in the area of Mukim of Pengerang and Mukim of Pantai Timur, Kota Tinggi, Johor, Malaysia</b>					
1	Parcel No. 52 Phase 1B, Cluster, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,485	Residential
2	Parcel No. 53 Phase 1B, Cluster, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,485	Residential
3	Parcel No. 54 Phase 1B, Cluster, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,485	Residential
4	Parcel No. 57 Phase 1B, Cluster, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,485	Residential
5	Parcel No. 58 Phase 1B, Cluster, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,485	Residential

## Particulars of Major Properties

No.	Property	Uses	Term of lease	Built-up area (approximate square feet)	Nature of Property
6	Parcel No. 59 Phase 1B, Cluster, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,485	Residential
7	Parcel No. 63 Phase 1B, Cluster, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,485	Residential
8	Parcel No. 67 Phase 1B, Cluster, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,485	Residential
9	Parcel No. 68 Phase 1B, Cluster, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,485	Residential
10	Parcel No. 77 Phase 1B, Cluster, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,485	Residential
11	Parcel No. 79 Phase 1B, Cluster, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,485	Residential
12	Parcel No. 18 Phase 1B, Double Storey Terrace House, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,005	Residential
13	Parcel No. 171 Phase 1B, Double Storey Terrace House, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,215	Residential

## Particulars of Major Properties

No.	Property	Uses	Term of lease	Built-up area (approximate square feet)	Nature of Property
14	Parcel No. 88 Phase 1B, Double Storey Terrace House, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,005	Residential
15	Parcel No. 89 Phase 1B, Double Storey Terrace House, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,005	Residential
16	Parcel No. 95 Phase 1B, Double Storey Terrace House, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,215	Residential
17	Parcel No. 97 Phase 1B, Double Storey Terrace House, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,005	Residential
18	Parcel No. 105 Phase 1B, Double Storey Terrace House, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,005	Residential
19	Parcel No. 116 Phase 1B, Double Storey Terrace House, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,005	Residential
20	Parcel No. 123 Phase 1B, Double Storey Terrace House, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,005	Residential

## Particulars of Major Properties

No.	Property	Uses	Term of lease	Built-up area (approximate square feet)	Nature of Property
21	Parcel No. 232 Phase 1B, Double Storey Terrace House, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,005	Residential
22	Parcel No. 233 Phase 1B, Double Storey Terrace House, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,005	Residential
23	Parcel No. 240 Phase 1B, Double Storey Terrace House, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,005	Residential
24	Parcel No. 242 Phase 1B, Double Storey Terrace House, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,005	Residential
25	Parcel No. 245 Phase 1B, Double Storey Terrace House, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,005	Residential
26	Parcel No. 246 Phase 1B, Double Storey Terrace House, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,005	Residential
27	Parcel No. 247 Phase 1B, Double Storey Terrace House, H.S.(D) 36899 PTD 6008, in the Mukim of Pengerang, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 25 May 2115	2,215	Residential
28	3-storey shop office, HSD 43702 PTD 13269, in the Mukim of Pantai Timur, District of Kota Tinggi, State of Johor	Intended to held for sale	Leased for a term of 99 years till 10 October 2116	4,135	Commercial

## Particulars of Major Properties

No.	Property	Uses	Term of lease	Built-up area (approximate square feet)	Nature of Property
<b>Properties located in the area of Mukim of Tebrau, District of Johor Bahru, State of Johor, Malaysia</b>					
29	D-15-01, Laman Glasier, Persiaran Aliff Harmoni Utama, Country Garden Sentral, 81200 Johor Bahru, Johor Darul Ta'zim	Intended to held for sale	Interest in perpetuity	543	Residential
30	D-19-11, Laman Glasier, Persiaran Aliff Harmoni Utama, Country Garden Sentral, 81200 Johor Bahru, Johor Darul Ta'zim	Intended to held for sale	Interest in perpetuity	543	Residential
31	D-21-12, Laman Glasier, Persiaran Aliff Harmoni Utama, Country Garden Sentral, 81200 Johor Bahru, Johor Darul Ta'zim	Intended to held for sale	Interest in perpetuity	543	Residential
32	D-23-11, Laman Glasier, Persiaran Aliff Harmoni Utama, Country Garden Sentral, 81200 Johor Bahru, Johor Darul Ta'zim	Intended to held for sale	Interest in perpetuity	543	Residential
33	D-25-05, Laman Glasier, Persiaran Aliff Harmoni Utama, Country Garden Sentral, 81200 Johor Bahru, Johor Darul Ta'zim	Intended to held for sale	Interest in perpetuity	543	Residential
34	D-27-01, Laman Glasier, Persiaran Aliff Harmoni Utama, Country Garden Sentral, 81200 Johor Bahru, Johor Darul Ta'zim	Intended to held for sale	Interest in perpetuity	543	Residential
35	C-1-17-08, Laman Glasier, Persiaran Aliff Harmoni Utama, Country Garden Sentral, 81200 Johor Bahru, Johor Darul Ta'zim	Intended to held for sale	Interest in perpetuity	403	Residential
36	C-1-17-09, Laman Glasier, Persiaran Aliff Harmoni Utama, Country Garden Sentral, 81200 Johor Bahru, Johor Darul Ta'zim	Intended to held for sale	Interest in perpetuity	403	Residential

## Particulars of Major Properties

No.	Property	Uses	Term of lease	Built-up area (approximate square feet)	Nature of Property
37	A25-01, The Astaka, Jalan Astaka Boulevard, One Bukit Senyum, 80300 Johor Bahru, Johor Darul Takzim	Intended to held for sale	Interest in perpetuity	2,207	Residential
38	A37-01, The Astaka, Jalan Astaka Boulevard, One Bukit Senyum, 80300 Johor Bahru, Johor Darul Takzim	Intended to held for sale	Interest in perpetuity	2,207	Residential
39	B10-01, The Astaka, Jalan Astaka Boulevard, One Bukit Senyum, 80300 Johor Bahru, Johor Darul Takzim	Intended to held for sale	Interest in perpetuity	2,207	Residential
40	B22-01, The Astaka, Jalan Astaka Boulevard, One Bukit Senyum, 80300 Johor Bahru, Johor Darul Takzim	Intended to held for sale	Interest in perpetuity	2,207	Residential
41	B24-01, The Astaka, Jalan Astaka Boulevard, One Bukit Senyum, 80300 Johor Bahru, Johor Darul Takzim	Intended to held for sale	Interest in perpetuity	2,207	Residential
42	B30-02, The Astaka, Jalan Astaka Boulevard, One Bukit Senyum, 80300 Johor Bahru, Johor Darul Takzim	Intended to held for sale	Interest in perpetuity	2,659	Residential
43	B31-01, The Astaka, Jalan Astaka Boulevard, One Bukit Senyum, 80300 Johor Bahru, Johor Darul Takzim	Intended to held for sale	Interest in perpetuity	2,207	Residential
44	B32-01, The Astaka, Jalan Astaka Boulevard, One Bukit Senyum, 80300 Johor Bahru, Johor Darul Takzim	Intended to held for sale	Interest in perpetuity	2,207	Residential
45	B32-03, The Astaka, Jalan Astaka Boulevard, One Bukit Senyum, 80300 Johor Bahru, Johor Darul Takzim	Intended to held for sale	Interest in perpetuity	2,659	Residential
46	B33-01, The Astaka, Jalan Astaka Boulevard, One Bukit Senyum, 80300 Johor Bahru, Johor Darul Takzim	Intended to held for sale	Interest in perpetuity	2,207	Residential

## Particulars of Major Properties

No.	Property	Uses	Term of lease	Built-up area (approximate square feet)	Nature of Property
47	B33-03, The Astaka, Jalan Astaka Boulevard, One Bukit Senyum, 80300 Johor Bahru, Johor Darul Takzim	Intended to held for sale	Interest in perpetuity	2,659	Residential
48	B35-02, The Astaka, Jalan Astaka Boulevard, One Bukit Senyum, 80300 Johor Bahru, Johor Darul Takzim	Intended to held for sale	Interest in perpetuity	2,659	Residential
49	B36-02, The Astaka, Jalan Astaka Boulevard, One Bukit Senyum, 80300 Johor Bahru, Johor Darul Takzim	Intended to held for sale	Interest in perpetuity	2,659	Residential
50	B40-02, The Astaka, Jalan Astaka Boulevard, One Bukit Senyum, 80300 Johor Bahru, Johor Darul Takzim	Intended to held for sale	Interest in perpetuity	2,659	Residential
51	B41-02, The Astaka, Jalan Astaka Boulevard, One Bukit Senyum, 80300 Johor Bahru, Johor Darul Takzim	Intended to held for sale	Interest in perpetuity	2,659	Residential
52	B41-03, The Astaka, Jalan Astaka Boulevard, One Bukit Senyum, 80300 Johor Bahru, Johor Darul Takzim	Intended to held for sale	Interest in perpetuity	2,659	Residential
53	B44-03, The Astaka, Jalan Astaka Boulevard, One Bukit Senyum, 80300 Johor Bahru, Johor Darul Takzim	Intended to held for sale	Interest in perpetuity	2,659	Residential
54	B47-05, The Astaka, Jalan Astaka Boulevard, One Bukit Senyum, 80300 Johor Bahru, Johor Darul Takzim	Intended to held for sale	Interest in perpetuity	2,217	Residential
55	B51-05, The Astaka, Jalan Astaka Boulevard, One Bukit Senyum, 80300 Johor Bahru, Johor Darul Takzim	Intended to held for sale	Interest in perpetuity	2,217	Residential