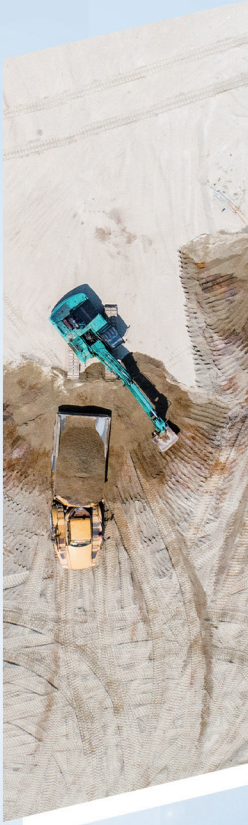


JBB BUILDERS INTERNATIONAL LIMITED

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

2023 Interim 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
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Level 31, Metropolis Tower
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Malaysia

Maybank Islamic Berhad

Level 8, Office Tower
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Singapore 486027

REGISTERED OFFICE

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P.O. Box 2681
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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1222, 12/F, Soundwill Plaza II – Midtown
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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

Management Discussion and Analysis

The board (the “**Board**”) of directors (the “**Directors**”) of JBB Builders International Limited (the “**Company**”) is pleased to present the interim report of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 31 December 2023 together with the comparative figures for the six months ended 31 December 2022.

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 six months ended 31 December 2023, the Group had completed a total of 2 building and infrastructure contracts with original contract sum in aggregate of approximately RM40.2 million. The Group and a customer mutually terminated a building and infrastructure contract with original contract sum of approximately RM143.1 million given that the market conditions have shifted significantly since the award of this contract.

As at 31 December 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 award), and 2 ongoing building and infrastructure contracts with original contract sum in aggregate of approximately RM164.2 million. Moreover, the Group also entered into trading business of marine gas oil with customers in Singapore who are our existing subcontractors during the period.

As at 30 June 2023, there were a total of 5 tenders and 2 quotations with expected contract sum in aggregate of approximately RM1,789.8 million submitted (including a revised tender and a revised quotation submitted subsequently). As at 30 June 2023, the results of the said tenders and quotations had not yet been released. During the six months ended 31 December 2023, the Group had submitted 4 tenders for building and infrastructure contracts with original contract sum in aggregate of approximately RM186.8 million, and the Group had been awarded a contract with original contract sum of approximately RM145.9 million. As at 31 December 2023, there were 5 tenders and 1 quotation with expected contract sum in aggregate of approximately RM1,496.9 million submitted but thus far no results has been returned.

Subsequent to the six months ended 31 December 2023, the Group had been awarded a reclamation and related works and marine transportation contract for the land reclamation works and mixed development in the district of Mukim Plentong, Johor with original contract sum of more than RM0.3 billion.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

Revenue increased by approximately RM7.4 million or 6.2% from approximately RM118.9 million for the six months ended 31 December 2022 to approximately RM126.3 million for the six months ended 31 December 2023. The slight increase in revenue was primarily due to the (i) increase in volume of sand transported from marine transportation works in Singapore; (ii) increase in volume of work generated from new contracts awarded during the year ended 30 June 2023 and during the six months ended 31 December 2023, while partially offsetting by the (i) decrease in demand of marine gas oil; and (ii) completion of certain contracts which contributed to a certain portion of revenue for the six months ended 31 December 2022.

Marine construction services

Revenue from marine construction services represented approximately 91.9% of the total revenue for the six months ended 31 December 2023. It increased by approximately RM18.8 million or 19.3% from approximately RM97.3 million for the six months ended 31 December 2022 to approximately RM116.1 million for the six months ended 31 December 2023.

Revenue from reclamation and related works, which represented approximately 1.4% of the total revenue from marine construction services for the six months ended 31 December 2023, decreased by approximately RM6.1 million or 79.2% from approximately RM7.7 million for the six months ended 31 December 2022 to approximately RM1.6 million for the six months ended 31 December 2023. Such decrease was mainly due to the decrease in volume of work performed upon the completion of certain contracts which contributed to a substantial portion of revenue for the six months ended 31 December 2022.

Revenue from marine transportation, which represented approximately 98.6% of the total revenue from marine construction services for the six months ended 31 December 2023, increased by approximately RM24.9 million or 27.8% from approximately RM89.6 million for the six months ended 31 December 2022 to approximately RM114.5 million for the six months ended 31 December 2023. Such increase was mainly due to the substantial increase in volume of sand transported generated from marine transportation contracts in Singapore, while partially offsetting by the completion of a contract in Malaysia which contributed to a certain portion of revenue for the six months ended 31 December 2022.

Building and infrastructure services

Revenue from building and infrastructure services represented approximately 6.3% of the total revenue for the six months ended 31 December 2023. Revenue from building and infrastructure services decreased by approximately RM3.0 million or 27.5% from approximately RM10.9 million for the six months ended 31 December 2022 to approximately RM7.9 million for the six months ended 31 December 2023. Such decrease was mainly due to the decrease in volume of work performed for building and infrastructure services upon the completion of certain contracts which contributed to a substantial portion of revenue for the six months ended 31 December 2022, while partially offsetting by the increase in volume of work performed from a new contract awarded during the year ended 30 June 2023.

Management Discussion and Analysis

Trading business of marine gas oil

Revenue from trading business of marine gas oil, which represented approximately 1.8% of the total revenue for the six months ended 31 December 2023, decreased by approximately RM8.4 million or 78.5% from approximately RM10.7 million for the six months ended 31 December 2022 to approximately RM2.3 million for the six months ended 31 December 2023. Such decrease was attributed from the decrease in demand of marine gas oil from our subcontractors.

Gross profit and gross profit margin

Gross profit decreased by approximately RM6.5 million or 72.2% from approximately RM9.0 million for the six months ended 31 December 2022 to approximately RM2.5 million for the six months ended 31 December 2023. The gross profit margin decreased from approximately 7.6% for the six months ended 31 December 2022 to approximately 2.0% for the six months ended 31 December 2023.

The decrement of gross profit was primarily caused by the record of gross loss for the segments of reclamation and related works and building and infrastructure services due to the increase of subcontracting cost as compared with gross profit for the corresponding period in 2022, while partially offsetting by the increase in revenue as abovementioned.

Other revenue

The other revenue increased from approximately RM1.4 million for the six months ended 31 December 2022 to approximately RM3.0 million for the six months ended 31 December 2023, which was mainly due to (i) the additional income of arrangement of marine transportation related activities for our subcontractors for the period amounted to approximately RM1.2 million; and (ii) the increase in interest income on deposits placed in the Group's banks in Hong Kong and Malaysia during the six months ended 31 December 2023 as a result of the increase in bank interest rates.

Other net income/(loss)

Other net income was approximately RM0.1 million for the six months ended 31 December 2023. It mainly included (i) gain on disposal of deposits paid for acquisition of investment properties of approximately RM167,000; (ii) gain on disposal of property, plant and equipment of approximately RM14,000; and (iii) the recognition of the foreign exchange loss of approximately RM56,000 arising from the translation of foreign currency denominated balances into Ringgit Malaysia.

Other net loss was approximately RM0.3 million for the six months ended 31 December 2022. It mainly included (i) the recognition of the foreign exchange loss of approximately RM252,000 arising from the translation of foreign currency denominated balances into Malaysia Ringgit; and (ii) impairment loss on deposits paid for acquisition of investment properties of approximately RM33,000.

Management Discussion and Analysis

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

During the six months ended 31 December 2023, credit risk increased for a customer based on the latest information and payment history, additional impairment loss of approximately RM0.9 million was recognised in respect of such customer. Taking into account of this factor, the increase in balances of trade receivables and contract assets, 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 independent valuer), impairment loss of approximately RM0.9 million was recognised for the six months ended 31 December 2023.

Reversal of impairment loss of approximately RM3.3 million was recognised for the six months ended 31 December 2022 which mainly arised from the reduction of loss allowances recognised in respect of a customer from approximately RM3.3 million as at 30 June 2022 to approximately RM0.5 million as at 31 December 2022 upon the completion of major transaction pursuant to the master supplemental agreement entered into with this customer and its related party in relation to the settlement transactions during the period.

General and administrative expenses

General and administrative expenses decreased by approximately RM1.2 million or 15.2% from approximately RM7.9 million for the six months ended 31 December 2022 to approximately RM6.7 million for the six months ended 31 December 2023. Such decrease was mainly due to the decrease of staff costs and legal and professional fees incurred, while partially offsetting by the increase of commissions paid arising from the disposal of deposits paid for acquisition of investment properties.

Finance costs

Finance costs decreased from approximately RM0.6 million for the six months ended 31 December 2022 to approximately RM0.5 million for the six months ended 31 December 2023 which mainly due to the reduction of balances of bank loans.

Income tax expenses

Income tax expenses of approximately RM0.8 million was recorded for the six months ended 31 December 2023 as compared with approximately RM1.1 million for the six months ended 31 December 2022. The decrease was mainly due to (i) the decrement of taxable profit of Malaysia subsidiaries; and (ii) the reduction of the recognition of deferred tax expenses, while partially offsetting by the increment of taxable profit of a Singapore subsidiary for the six months ended 31 December 2023 as compared with the six months ended 31 December 2022.

(Loss)/profit for the period attributable to owners of the Company

Due to the abovementioned items, the Group reported loss attributable to owners of the Company of approximately RM3.0 million for the six months ended 31 December 2023 while recorded profit attributable to owners of the Company of approximately RM3.5 million for the six months ended 31 December 2022.

Management Discussion and Analysis

Dividends

The Board does not recommend the payment of interim dividend for the six months ended 31 December 2023 (six months ended 31 December 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 31 December 2023, the Group had cash and cash equivalents of approximately RM75.0 million (30 June 2023: RM77.5 million) and pledged bank deposits of approximately RM9.9 million (30 June 2023: RM9.8 million). The Group did not have fixed deposits with maturity over three months as at 31 December 2023 (30 June 2023: RM5.4 million). The decrement was mainly due to the net operating and financing activities cash outflows, net investing activities cash inflows and effect of foreign exchange rate changes during the six months ended 31 December 2023. All are denominated in Hong Kong dollars, United States dollars, Singapore dollars and Ringgit Malaysia.

As at 31 December 2023, the Group had lease liabilities of approximately RM0.5 million (30 June 2023: RM0.4 million) carrying interest rate ranging from 2.3% to 8.2% (30 June 2023: ranging from 4.6% to 8.2%) and bank loans of approximately RM12.4 million (30 June 2023: RM14.2 million) carrying interest rate at 7.2% (30 June 2023: 7.2%). All are denominated in Ringgit Malaysia. The Group had unutilised banking facilities of approximately RM47.0 million (30 June 2023: RM47.0 million).

The Group continued to maintain a healthy liquidity position. The current ratio decreased from approximately 2.1 times as at 30 June 2023 to approximately 1.8 times as at 31 December 2023 which mainly due to the increase of subcontracting cost incurred and so the decrease of gross profit margin for the period, contributed to the increase of current liabilities in a larger portion than that of the current assets. The gearing ratio decreased from approximately 10.9% as at 30 June 2023 to approximately 10.0% as at 31 December 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 period/year. The decrease of gearing ratio was mainly due to the decrease of total bank loans and lease liabilities from approximately RM14.6 million as at 30 June 2023 to approximately RM12.9 million as at 31 December 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 six months ended 31 December 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 six months ended 31 December 2023.

Capital commitments

As at 31 December 2023, the Group had capital commitments of approximately RM81,000 (30 June 2023: RM96,000).

Pledge of assets

As at 31 December 2023, pledged bank deposits of approximately RM9.9 million (30 June 2023: RM9.8 million) have been pledged to banks as security for banking facilities granted to the Group with approximately RM7.5 million (30 June 2023: RM7.4 million) related to performance bonds. Pledged bank deposits related to performance bonds includes (i) minimum amount of deposits pledged to banks for facility lines for performance bonds; (ii) sinking fund (calculated at 6%-11% 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 (30 June 2023: RM12.9 million) and investment properties with carrying amount of approximately RM2.2 million (30 June 2023: RM2.2 million) as at 31 December 2023 was pledged to a bank as security for bank facilities granted to the Group.

Contingent liabilities

As at 31 December 2023, the Group had contingent liabilities in respect of performance bonds for contracts in favour of customers of approximately RM3.3 million (30 June 2023: 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 RM7.5 million; and (ii) corporate guarantees given by the Company as at 31 December 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 had 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 had significant exposure to individual customers. As at 31 December 2023, approximately 71% (30 June 2023: 50%) of the total gross trade receivables and contract assets was due from the Group's largest customer and approximately 92% (30 June 2023: 87%) 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 are 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 31 December 2023 and 30 June 2023, 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.

Management Discussion and Analysis

Interest rate risk

The Group 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.

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 "Principal risks and uncertainties facing the Group" under the "Directors' Report" in the 2023 annual report.

SIGNIFICANT INVESTMENTS HELD

Save as disclosed in this interim report, announcements of the Company dated 22 June 2022, 15 July 2022, 30 August 2022, 5 October 2022 and 12 October 2022, and the circular of the Company dated 19 July 2022, the Group did not hold any significant investments during the six months ended 31 December 2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 25 April 2019 (the "**Prospectus**"), circular dated 19 July 2022, 2023 annual report and this interim report, the Group did not have other plans for material investments and capital assets as at 31 December 2023.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the six months ended 31 December 2023.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this interim report, there were no other important events affecting the Group that have occurred since 31 December 2023 and up to the date of this interim report.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, excluding the Directors, the total number of full-time employees of the Group was 59 (30 June 2023: 55).

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.

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

Since July 2023, new contracts were awarded, including a building and infrastructure contract of a new ultra-modern 5 storey court complex in Johor and a reclamation and related works and marine transportation contract for the land reclamation works and mixed development in the district of Mukim Plentong, Johor with original contract sum in aggregate of approximately RM512.4 million. It is expected that these contracts will enhance and strengthen the revenue and profitability of the Group in the near future.

However, the construction 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. In light of these challenges, the Group remains conservative about its business and financial performance in the near future despite new contracts were awarded. 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.

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 of the Company.

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 31 December 2023:

Use of net proceeds as at 31 December 2023	Percentage of net proceeds %	Amount RM million	Amount utilised RM million	Actual balance as at 31 December 2023 RM million
Acquiring one rebuilt sand carrier from one of the existing subcontractors for marine transportation services	57.9	36.2	–	36.2
Purchasing new land-based machineries	7.3	4.6	–	4.6
Satisfying performance bonds requirement of prospective projects	23.4	14.7	(4.0)	10.7
Upgrading the information technology and project management systems	0.6	0.4	(0.3)	0.1
Recruiting and expanding management team for the building and infrastructure works	3.4	2.1	(0.7)	1.4
Working capital and general corporate purposes	7.4	4.6	(4.6)	–
	<u>100.0</u>	<u>62.6</u>	<u>(9.6)</u>	<u>53.0</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 31 December 2023, approximately RM53.0 million (representing approximately 84.7% of the net proceeds from the global offering) had not yet been utilised (the “**Unutilised Net Proceeds**”). The Unutilised Net Proceeds were deposited in the Group’s banks in Hong Kong and Malaysia.

Management Discussion and Analysis

On 23 February 2024, the Board has resolved to reallocate part of the Unutilised Net Proceeds in the sum of approximately RM40.8 million, which was originally allocated for acquiring one rebuilt sand carrier and for purchasing new land-based machineries, to the use of funding and capital requirements for new contracts awarded to the Group as described in the paragraph headed “Change in Use of Proceeds” below. Set out below is the breakdown of the resolved reallocation of part of the Unutilised Net Proceeds and the expected timeline on utilisation of the Unutilised Net Proceeds:

Use of net proceeds as at 31 December 2023	Percentage of net proceeds %	Amount RM million	Amount utilised RM million	Unutilised Net Proceeds balance as at 31 December 2023 RM million	Revised allocation of the Unutilised Net Proceeds RM million	Expected timeline on utilising the Unutilised Net Proceeds (Note 2)
Acquiring one rebuilt sand carrier from one of the existing subcontractors for marine transportation services	57.9	36.2	-	36.2	-	N/A
Purchasing new land-based machineries	7.3	4.6	-	4.6	-	N/A
Satisfying performance bonds requirement of prospective projects	23.4	14.7	(4.0)	10.7	10.7	By June 2028
Upgrading the information technology and project management systems	0.6	0.4	(0.3)	0.1	0.1	By June 2028
Recruiting and expanding management team for the building and infrastructure works	3.4	2.1	(0.7)	1.4	1.4	By June 2028
Working capital and general corporate purposes	7.4	4.6	(4.6)	-	-	N/A
Funding and capital requirements for new contracts	-	-	-	-	40.8	By June 2028
	<u>100.0</u>	<u>62.6</u>	<u>(9.6)</u>	<u>53.0</u>	<u>53.0</u>	

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 Unutilised Net 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 interim report. In view of the above, the Directors expects the Unutilised Net Proceeds will be utilised alongside the resumption of the economic activities in general by the year ending 30 June 2028 should the market and economic situation require, and would be subject to change based on the future development of market conditions.

Management Discussion and Analysis

CHANGE IN USE OF PROCEEDS

Reasons for and Benefits of the Change in Use of Proceeds

Acquisition of rebuilt sand carrier and new land-based machineries

Since the listing of the Shares, the commencement of some of the construction contracts has been delayed and that several contracts expected to be awarded to the Group were cancelled by the potential customers. The outbreak of the COVID-19 pandemic and the restriction of movement order imposed by the Malaysian Government has led to disruption to the operations of the Group resulting in suspension of the Group's on-going projects and postponement of the scheduled construction works, and has had a serious adverse impact on the business operations and financial performance of the Group. In light of the uncertainties of the economic environments, the Company has adopted a cautious and conversative approach to the use of the net proceeds. As a result, the Company has not utilised the net proceeds in relation to the acquisition of the rebuilt sand carrier and the purchase of new land-based machineries.

With the uplifting of pandemic-related restrictions and recovery measures implemented by the governments of the jurisdictions in which the Group operates, the economic environment remains unstable and the future market remains uncertain. Despite the above challenges, the Group has been actively while cautiously participating in tendering exercises with a view to maintaining the Group's market competitiveness and improving the financial performance of the Group.

Given the current unstable economic environment and the uncertainty of the future market, the Board is of the view that it is not the appropriate time to acquire the rebuilt sand carrier and purchase new land-based machineries, which is capital investment in nature.

Funding and capital requirements of new contracts

The Group has recently been awarded a building and infrastructure contract with an original contract sum of approximately RM145.9 million and a reclamation and related works and marine transportation contract with an original contract sum of approximately RM366.5 million. Works under both contracts are expected to commence in March 2024.

As at the date of this interim report, the Group has submitted four tenders and one quotation for works with an aggregate expected contract sum of approximately RM1,130.4 million, the results of which have yet to be returned.

Management Discussion and Analysis

For contracts awarded, the Group will incur capital outlay before the Group receives payment from its customers, particularly in the initial stage of the contracts. Customers may require performance bonds to guarantee due performance of the contracts. For banks to issue performance bonds, they would normally require bank deposits pledged in favour of them. There are also preliminary costs for the contracts which the Group will incur and will be required to settle with its own resources initially. Such preliminary costs may include costs for site preparation works, site staff and officers, stamp duty, liability insurances, purchase of raw materials, and arrangement of equipment and machineries for the contracts. Furthermore, the Group is expected to settle some payment application from subcontractors before the Group receives payment from its customers. The Group may finance part of the funding and capital requirements of new contracts with new banking facilities. However, for banks to agree to grant bank facilities, they will normally require pledge of assets or bank deposits as security.

As at 31 December 2023, the Group had cash and bank balances of approximately RM75.0 million, including approximately RM53.0 million being the Unutilised Net Proceeds, leaving approximately RM22.0 million available for working capital purposes. After detailed evaluation based on the latest requirements of the contracts but subject to the final arrangements of the contracts, the Board has assessed the funding and capital requirements of the two contracts recently awarded to the Group within the next twelve months to be approximately RM22.5 million. The current working capital, which will also be used to finance on-going contracts and the general working capital of the Group, is therefore insufficient to finance the funding and capital requirements, and the Group will need to resort to new banking facilities to satisfy the funding and capital requirements of the new contracts.

While the Group will continue to finance its working capital requirements through a combination of cash generated from operations, shareholder's equity and banking facilities, the Board has resolved that it would be a more appropriate use of capital to reallocate the part of the Unutilised Net Proceeds originally planned for the acquisition of the rebuilt sand carrier and the purchase of new land-based machineries in the total sum of approximately of RM40.8 million to the use of funding and capital requirements for the two contracts recently awarded and future contracts to be awarded to the Group. The Board believes that the reallocation of the Unutilised Net Proceeds will better suit the business needs of the Group and will enable the Group to maintain its healthy liquidity position, which is vital to the continuing business operations and future development of the Group. The financial strength of the Group will also affect the Group's competitiveness as potential customers will often require information of the Group's financial position and assess the Group's ability to execute and complete contracts based on the Group's financial strength and other factors.

The Board confirms that there is no material change in the business nature of the Group as set out in the Prospectus. The Board considers the above change in the use of the Unutilised Net Proceeds is in line with the Group's business needs and is beneficial to the continuing development of the Group's business, and would allow the Company to deploy its financial resources more efficiently and enhance the business performance of the Group in the long run, and is therefore in the interest of the Group and the shareholders of the Company as a whole.

Corporate Governance and Other Information

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 31 December 2023 and up to the date of this interim report, the Board is of the view that the Company had adopted and complied with all applicable code provisions set out in the Corporate Governance Code in the Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) (“**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 C3 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 six months ended 31 December 2023 and up to the date of this interim report.

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 effect on the Listing Date. 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 interim 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.

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 six months ended 31 December 2023.

DIRECTORS’ INTEREST IN COMPETING BUSINESS

As at the date of this interim report, none of the Directors and their respective close associates are 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.

Corporate Governance and Other Information

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

As at 31 December 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 C3 to the Listing Rules were as follows:

Long positions in the Shares of the Company

Name of Director	Capacity/Nature of interests	Total number of Shares/ underlying Shares held	Approximate percentage of issued share capital
Dato' Ng Say Piyu (“Dato' Ng”)	Interest in a controlled corporation ⁽²⁾	181,816,500(L)	36.36%
	Interest of spouse ⁽³⁾	161,233,500(L)	32.25%
	Beneficial owner	12,432,000(L)	2.49%
	Interest held jointly with Datin Ngooi ⁽⁶⁾	355,482,000(L)	71.10%
Datin Ngooi Leng Swee (“Datin Ngooi”)	Interest in a controlled corporation ⁽⁴⁾	161,233,500(L)	32.25%
	Interest of spouse ⁽⁵⁾	194,248,500(L)	38.85%
	Interest held jointly with Dato' Ng ⁽⁶⁾	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%

Corporate Governance and Other Information

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.
- (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 31 December 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.

Corporate Governance and Other Information

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

As at 31 December 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 of the Company

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) ⁽¹⁾⁽²⁾	36.36%
JBB Berlian Investment Limited	Beneficial owner	161,233,500(L) ⁽¹⁾⁽³⁾	32.25%

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 interim 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.

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 interim 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.

Corporate Governance and Other Information

AUDIT COMMITTEE

The Company established the audit committee on 11 April 2019 with written terms of reference in compliance with Rules 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. 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 interim results and the unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2023.

APPRECIATION

The Board would like to express its sincere gratitude to the shareholders of the Company, 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.

On behalf of the Board

Dato' Ng Say Piyu

Chairman

Hong Kong, 23 February 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2023
(Expressed in Malaysian Ringgit)

	Note	For the six months ended	
		31 December	2022
		2023	2022
		RM'000	RM'000
		(unaudited)	(unaudited)
Revenue	4	126,305	118,872
Direct costs		(123,787)	(109,869)
Gross profit		2,518	9,003
Other revenue	5	3,016	1,373
Other net income/(loss)	5	125	(281)
(Allowance)/reversal for impairment loss on trade receivables and contract assets	6(c)	(878)	3,252
General and administrative expenses		(6,717)	(7,894)
(Loss)/profit from operations		(1,936)	5,453
Share of loss of a joint venture		(5)	(88)
Finance costs	6(a)	(545)	(634)
(Loss)/profit before taxation	6	(2,486)	4,731
Income tax expenses	7	(754)	(1,109)
(Loss)/profit for the period		(3,240)	3,622
Other comprehensive (expenses)/income for the period			
Items that will not be reclassified to profit or loss:			
Currency translation differences		(512)	1,079
Total comprehensive (expenses)/income for the period		(3,752)	4,701
(Loss)/profit for the period attributable to:			
Owners of the Company		(3,017)	3,491
Non-controlling interests		(223)	131
		(3,240)	3,622
Total comprehensive (expenses)/income attributable to:			
Owners of the Company		(3,529)	4,570
Non-controlling interests		(223)	131
		(3,752)	4,701
(Loss)/earnings per share (Sen per share)	9		
– Basic		(0.60)	0.70
– Diluted		(0.60)	0.70

Condensed Consolidated Statement of Financial Position

As at 31 December 2023
(Expressed in Malaysian Ringgit)

	Note	31 December 2023 RM'000 (unaudited)	30 June 2023 RM'000 (audited)
Non-current assets			
Property, plant and equipment	10	1,077	889
Investment properties	10	2,200	2,200
Interest in a joint venture		259	264
Deposits paid for acquisition of investment properties	11	44,020	56,423
Deposits paid for acquisition of property, plant and equipment		–	92
Deposits placed for life insurance policies		1,022	1,022
Deferred tax assets		32	38
		48,610	60,928
Current assets			
Trade and other receivables	12	104,258	50,742
Contract assets	13	10,344	12,907
Tax recoverable		1,909	1,592
Fixed deposits with maturity over three months		–	5,424
Pledged bank deposits		9,881	9,769
Cash and cash equivalents		74,958	77,505
		201,350	157,939
Current liabilities			
Trade and other payables	14	106,264	70,030
Bank loans	15	3,991	3,769
Lease liabilities		243	262
Provision for taxation		1,183	928
		111,681	74,989
Net current assets		89,669	82,950
Total assets less current liabilities		138,279	143,878
Non-current liabilities			
Bank loans	15	8,412	10,412
Lease liabilities		255	138
Deferred tax liabilities		36	–*
		8,703	10,550
Net assets		129,576	133,328
Capital and reserves			
Share capital	16	2,672	2,672
Reserves		119,325	122,854
Total equity attributable to equity owners of the Company		121,997	125,526
Non-controlling interests		7,579	7,802
		129,576	133,328

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

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2023
(Expressed in Malaysian Ringgit)

	Attributable to owners of the Company						Non-controlling interests RM'000	Total equity RM'000
	Share capital	Share premium	Merger reserve	Exchange reserve	Retained profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 July 2022	2,672	71,999	6,316	3,153	45,831	129,971	9,289	139,260
Profit for the period	-	-	-	-	3,491	3,491	131	3,622
Other comprehensive income for the period								
Currency translation differences	-	-	-	1,079	-	1,079	-	1,079
Total comprehensive income for the period	-	-	-	1,079	3,491	4,570	131	4,701
Dividend paid	-	-	-	-	-	-	(1,500)	(1,500)
At 31 December 2022	<u>2,672</u>	<u>71,999*</u>	<u>6,316*</u>	<u>4,232*</u>	<u>49,322*</u>	<u>134,541</u>	<u>7,920</u>	<u>142,461</u>
At 1 July 2023	2,672	71,999	6,316	6,934	37,605	125,526	7,802	133,328
Loss for the period	-	-	-	-	(3,017)	(3,017)	(223)	(3,240)
Other comprehensive expenses for the period								
Currency translation differences	-	-	-	(512)	-	(512)	-	(512)
Total comprehensive expenses for the period	-	-	-	(512)	(3,017)	(3,529)	(223)	(3,752)
At 31 December 2023	<u>2,672</u>	<u>71,999*</u>	<u>6,316*</u>	<u>6,422*</u>	<u>34,588*</u>	<u>121,997</u>	<u>7,579</u>	<u>129,576</u>

* These reserve accounts comprise consolidated reserves of approximately RM119,325,000 (31 December 2022: RM131,869,000) in the condensed consolidated statement of financial position at 31 December 2023.

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2023
(Expressed in Malaysian Ringgit)

	For the six months ended	
	31 December	
	2023	2022
	RM'000	RM'000
	(unaudited)	(unaudited)
Net cash used in operating activities	(6,851)	(3,608)
Investing activities		
Withdrawal/(placement) of deposits with maturity over three months	5,424	(125)
Interest received	1,374	852
Proceeds on disposal of deposits paid for acquisition of investment properties	709	–
Proceeds on disposal of property, plant and equipment	14	4
Payments for purchases of property, plant and equipment	(122)	(19)
(Increase) in pledged bank deposits	(112)	(253)
Deposits paid for acquisition of property plant and equipment	–	(44)
Net cash generated from investing activities	7,287	415
Financing activities		
Proceeds from bank borrowings	–	3,718
Repayment of bank borrowings	(1,778)	(1,269)
Capital element of lease rentals paid	(140)	(161)
Interest element on lease rentals paid	(10)	(12)
Interest on bank borrowings	(470)	(560)
Dividend paid to non-controlling shareholders	–	(1,500)
Net cash (used in)/generated from financing activities	(2,398)	216
Net decrease in cash and cash equivalents	(1,962)	(2,977)
Cash and cash equivalents at the beginning of the period	77,505	85,919
Effect of foreign exchange rate changes	(585)	1,540
Cash and cash equivalents at the end of the period	74,958	84,482

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

1. GENERAL 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 Company's registered address is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 1222, 12/F, Soundwill Plaza II – Midtown, 1–29 Tang Lung Street, Causeway Bay, Hong Kong.

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

The Company is an investment holding company and the Company's subsidiaries are principally engaged in the provision of marine construction services, building and infrastructure services, and trading business of marine gas oil. As at 31 December 2023, 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. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the “**Group**”) and the Group's interest in a joint venture.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“**IASB**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2023.

The functional currency of the Company is Hong Kong dollars (“**HK\$**”) and the condensed 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on 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, are stated at their fair value.

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 condensed consolidated financial statements for the six months ended 31 December 2023 are the same as those presented in the preparation of the Group's annual financial statements for the year ended 30 June 2023.

Amendments to IFRSs that are mandatorily effective for the current period

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatory effective for the annual period beginning on or after 1 July 2023 for the preparation of the Group's condensed consolidated financial statements:

IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to IFRS 17	Insurance Contracts
Amendment to IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information

The application of the amendments to IFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

4. 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:

	For the six months ended 31 December	
	2023 RM'000 (unaudited)	2022 RM'000 (unaudited)
Revenue from contracts with customers within the scope of IFRS 15		
Construction contracts		
– Reclamation and related works	1,606	7,658
– Building and infrastructure	7,896	10,941
	9,502	18,599
Marine transportation	114,491	89,614
	123,993	108,213
Revenue from other source		
Marine gas oil	2,312	10,659
	126,305	118,872

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

4. REVENUE AND SEGMENT REPORTING

(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.

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 work in construction of properties and infrastructure work.

Trading business of marine gas oil

- The trading of marine gas oil.

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 income/(loss), 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 Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

4. 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 six months ended 31 December 2023

	Marine construction				Total RM'000 (unaudited)
	Reclamation and related works RM'000 (unaudited)	Marine transportation RM'000 (unaudited)	Building and infrastructure RM'000 (unaudited)	Marine gas oil RM'000 (unaudited)	
Revenue					
Reportable segment revenue	<u>1,606</u>	<u>114,491</u>	<u>7,896</u>	<u>2,312</u>	<u>126,305</u>
Reportable segment (loss)/profit	<u>(459)</u>	<u>3,101</u>	<u>(830)</u>	<u>190</u>	<u>2,002</u>
Unallocated central administrative and corporate expenses					(5,274)
Unallocated other revenue and other net income					1,336
Finance costs					(545)
Share of loss of a joint venture					<u>(5)</u>
Loss before taxation					<u>(2,486)</u>
Other segment information					
Depreciation	106	6	-	-	112
(Reversal)/allowance for impairment loss on trade receivables and contract assets	(2)	990	(108)	(2)	878
Gain on disposal of deposits paid for acquisition of investment properties	<u>(160)</u>	<u>-</u>	<u>(7)</u>	<u>-</u>	<u>(167)</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

4. REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

For the six months ended 31 December 2022

	Marine construction				Elimination of inter- segment revenue RM'000 (unaudited)	Total RM'000 (unaudited)
	Reclamation and related works RM'000 (unaudited)	Marine transportation RM'000 (unaudited)	Building and infrastructure RM'000 (unaudited)	Marine gas oil RM'000 (unaudited)		
Revenue						
Revenue from external customers	7,658	89,614	10,941	10,659	–	118,872
Inter-segment revenue	1,018	–	–	–	(1,018)	–
Reportable segment revenue	<u>8,676</u>	<u>89,614</u>	<u>10,941</u>	<u>10,659</u>	<u>(1,018)</u>	<u>118,872</u>
Reportable segment profit	<u>1,945</u>	<u>3,123</u>	<u>5,788</u>	<u>643</u>	<u>–</u>	<u>11,499</u>
Unallocated central administrative and corporate expenses						(6,663)
Unallocated other revenue and other net (loss)						617
Finance costs						(634)
Share of loss of a joint venture						(88)
Profit before taxation						<u>4,731</u>
Other segment information						
Depreciation	122	1	–	–	–	123
Reversal of allowance for impairment loss on trade receivables and contract assets	(114)	(191)	(2,873)	(74)	–	(3,252)
Impairment loss on deposits paid for acquisition of investment properties	–	–	33	–	–	33

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

4. 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 assets 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

	For the six months ended 31 December	
	2023 RM'000 (unaudited)	2022 RM'000 (unaudited)
Malaysia (place of domicile)	9,502	24,653
Singapore	116,803	94,219
	<u>126,305</u>	<u>118,872</u>

(b) Non-current assets

	31 December 2023 RM'000 (unaudited)	30 June 2023 RM'000 (audited)
	Malaysia	48,391
Singapore	67	9
Hong Kong	120	164
	<u>48,578</u>	<u>60,890</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

4. REVENUE AND SEGMENT REPORTING (CONTINUED)

Information about major customers

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

	For the six months ended 31 December	
	2023 RM'000 (unaudited)	2022 RM'000 (unaudited)
Customer i ¹	<u>114,491</u>	<u>85,288</u>

¹ Revenue from the Group's marine construction services – marine transportation.

5. OTHER REVENUE AND OTHER NET INCOME/(LOSS)

	For the six months ended 31 December	
	2023 RM'000 (unaudited)	2022 RM'000 (unaudited)
Other revenue		
Interest income on financial assets measured at amortised cost	1,374	852
Handling service fee on provision of marine transportation services	1,248	–
Imputed interest income on contract assets	370	498
Handling service fee on provision of diesel	19	4
Others	5	19
	<u>3,016</u>	<u>1,373</u>
Other net income/(loss)		
Gain on disposal of deposits paid for acquisition of investment properties	167	–
Gain on disposal of property, plant and equipment	14	4
Net foreign exchange loss	(56)	(252)
Impairment loss on deposits paid for acquisition of investment properties	–	(33)
	<u>125</u>	<u>(281)</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

6. (LOSS)/PROFIT BEFORE TAXATION

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

(a) Finance costs

	For the six months ended 31 December	
	2023 RM'000 (unaudited)	2022 RM'000 (unaudited)
Imputed interest on contract assets	65	62
Interest on bank loans	470	560
Interest on lease liabilities	10	12
	<hr/>	<hr/>
Total interest expenses on financial liabilities not at fair value through profit or loss	545	634
	<hr/> <hr/>	<hr/> <hr/>

(b) Staff costs (including Directors' emoluments)

	For the six months ended 31 December	
	2023 RM'000 (unaudited)	2022 RM'000 (unaudited)
Directors' emoluments	733	727
Other staff costs		
Salaries, wages and other benefits	3,170	3,634
Contributions to defined contribution retirement plan	315	342
	<hr/>	<hr/>
	4,218	4,703
Less: Amount included in direct costs	(460)	(430)
	<hr/>	<hr/>
	3,758	4,273
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

6. (LOSS)/PROFIT BEFORE TAXATION (CONTINUED)

(c) Other items

	For the six months ended	
	2023	2022
	RM'000	RM'000
	(unaudited)	(unaudited)
Depreciation charge		
– owned property, plant and equipment	209	203
– right-of-use assets	56	54
	<u>265</u>	<u>257</u>
Less: Amount included in direct costs	(1)	(1)
	<u>264</u>	<u>256</u>
Short-term lease expenses	248	224
Less: Amount included in direct costs	(150)	(123)
	<u>98</u>	<u>101</u>
Allowance/(reversal) for impairment loss on trade receivables and contract assets	878	(3,252)
Auditors' remuneration	197	187
Impairment loss on deposits paid for acquisition of investment properties	–	33
Gain on disposal of deposits paid for acquisition of investment properties	(167)	–
Gain on disposal of property, plant and equipment	(14)	(4)
Net foreign exchange loss	56	252

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

7. INCOME TAX EXPENSES

	For the six months ended	
	31 December	
	2023	2022
	RM'000	RM'000
	(unaudited)	(unaudited)
Current tax		
Malaysia corporate income tax	5	235
Singapore corporate income tax	707	427
Withholding tax on payment made to a non-resident in Malaysia	–	115
	<u>712</u>	<u>777</u>
Deferred tax		
Origination and reversal of temporary differences	42	332
	<u>42</u>	<u>332</u>
Income tax expenses for the period	<u>754</u>	<u>1,109</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 six months ended 31 December 2023 and 2022.
- (iii) Corporate income tax in Malaysia is calculated at the statutory rate of 24% of the estimated taxable profit for the six months ended 31 December 2023 and 2022.
- (iv) Corporate income tax in Singapore is calculated at the statutory rate of 17% of the estimated taxable profit for the six months ended 31 December 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 for the six months ended 31 December 2022.
- (v) Withholding tax on payment made to a non-resident in Malaysia is calculated at the statutory rate of 15% of the payment made during the six months ended 31 December 2022.

8. DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 31 December 2023 (six months ended 31 December 2022: nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

9. (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 RM3,017,000 (six months ended 31 December 2022: consolidated profit attributable to owners of the Company of approximately RM3,491,000) and the weighted average of 500,000,000 ordinary shares (six months ended 31 December 2022: 500,000,000 ordinary shares) in issue during the six months ended 31 December 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 shares in existence during the six months ended 31 December 2023 and 2022.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Property, plant and equipment

During the six months ended 31 December 2023, the Group paid approximately RM122,000 (six months ended 31 December 2022: RM19,000) in cash and approximately RM240,000 (six months ended 31 December 2022: nil) through lease liabilities for the acquisition of property, plant and equipment and transferred certain property, plant and equipment of approximately RM92,000 (six months ended 31 December 2022: RM195,000) from deposits paid for acquisition of property, plant and equipment.

During the six months ended 31 December 2023, the Group disposed of certain property, plant and equipment with no (six months ended 31 December 2022: nil) carrying amount for cash proceeds of approximately RM14,000 (six months ended 31 December 2022: RM4,000), resulting in a gain on disposal of approximately RM14,000 (six months ended 31 December 2022: RM4,000).

Investment properties

The valuation of the Group's investment properties as at 31 December 2023 and 30 June 2023 were carried out by an independent firm, CBRE WTW Valuation & Advisory Sdn. Bhd., 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 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. All of the fair value measurements of the Group's investment properties were categorised as level 2 of the fair value hierarchy. There was no transfer into or out of level 2 during the six months ended 31 December 2023 (six months ended 31 December 2022: nil). There was no fair value change of investment properties recognised directly in profit or loss for the six months ended 31 December 2023 (six months ended 31 December 2022: nil).

As at 31 December 2023, all investment properties have been pledged to a bank as security for bank facilities granted to the Group (30 June 2023: all).

Right-of-use assets

During the six months ended 31 December 2023, the Group did not enter into other new lease agreements for the use of assets for more than 1 year (six months ended 31 December 2022: nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

11. DEPOSITS PAID FOR ACQUISITION OF INVESTMENT PROPERTIES

- (i) During the six months ended 31 December 2023, the Group disposed 5 properties located in the area of Mukim of Plentong, District of Johor Bahru, State of Johor, Malaysia and 6 properties located in the area of Mukim of Tebrau, District of Johor Bahru, State of Johor, Malaysia to 11 independent third parties to the Group, amounted to approximately RM12,570,000 in aggregate. A gain on disposal of approximately RM167,000 was recognised and the carrying amount of the deposits paid for the abovementioned properties amounted to approximately RM12,403,000 was derecognised during the six months ended 31 December 2023.
- (ii) During the six months ended 31 December 2022, 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 and 12 October 2022, and the circular of the Company dated 19 July 2022), 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 31 December 2022. 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.

During the six months ended 31 December 2023, no impairment loss has been recognised for deposits paid for acquisition of investment properties (six months ended 31 December 2022: approximately RM33,000). The valuation of recoverable amount of deposits paid for acquisition of investment properties as at 31 December 2023 and 30 June 2023 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 31 December 2023, the amount of deposits paid for acquisition of investment properties represents the consideration paid for the acquisition of 44 (30 June 2023: 55) investment properties in Malaysia. As the legal titles in respect of those investment properties had not been vested in the Group as of 31 December 2023 and 30 June 2023, the payments made were accounted as deposits paid.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

11. DEPOSITS PAID FOR ACQUISITION OF INVESTMENT PROPERTIES (CONTINUED)

	For the six months ended 31 December			
	2023		2022	
	No. (unaudited)	RM'000 (unaudited)	No. (unaudited)	RM'000 (unaudited)
At 1 July	55	56,423	36	16,829
Additions	-	-	19	39,627
Disposal	(11)	(12,403)	-	-
Impairment loss	N/A	-	N/A	(33)
At 31 December	44	44,020	55	56,423

Name of valuer	Location of properties	Carrying amount as at	
		31 December 2023 RM'000 (unaudited)	30 June 2023 RM'000 (audited)
CBRE WTW Valuation & Advisory 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	410	2,011
Knight Frank Malaysia Sdn. Bhd.	In the area of Mukim of Plentong, District of Johor Bahru, State of Johor, Malaysia	28,792	39,594
		44,020	56,423

As at 31 December 2023, deposits paid for acquisition of investment properties of approximately RM12,911,000 (30 June 2023: RM12,911,000) have been pledged to a bank as security for bank facilities granted to the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

12. TRADE AND OTHER RECEIVABLES

		31 December 2023 RM'000 (unaudited)	30 June 2023 RM'000 (audited)
	Note		
Trade receivables	(i)	98,039	58,283
Less: allowance for doubtful debts		(14,595)	(13,690)
	(ii)	83,444	44,593
Deposits, prepayments and other receivables	(iii), (iv)	8,953	6,149
Other receivables from disposal of deposits paid for acquisition of investment properties	(iii)	11,861	–
		104,258	50,742

Notes:

- (i) As at 31 December 2023, trade receivables of approximately RM2,556,000 (30 June 2023: RM3,622,000) and contract assets of approximately RM4,253,000 (30 June 2023: RM7,466,000) as disclosed in note 13 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 amounts are expected to be recovered or recognised as expenses within one year.
- (iv) As at 31 December 2023, the amount of deposits, prepayments and other receivables included amount due from a related company of approximately RM60,000 (30 June 2023: RM60,000), 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 each of the reporting period, the aging analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	31 December 2023 RM'000 (unaudited)	30 June 2023 RM'000 (audited)
Within 30 days	39,927	14,556
31 to 60 days	27,458	17,277
61 to 90 days	12,678	9,970
Over 90 days	3,381	2,790
	83,444	44,593

Trade receivables are generally due within 14 to 90 days from the date of invoice.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

13. CONSTRUCTION CONTRACTS

Contract assets

The Group's contract assets are analysed as follows:

		31 December 2023 RM'000 (unaudited)	30 June 2023 RM'000 (audited)
	Note		
Contract assets			
Arising from performance under construction contracts		5,112	4,828
Retention receivables	(i)	5,232	8,079
		10,344	12,907
Gross carrying amount	(ii)	10,580	13,474
Less: loss allowance		(96)	(122)
Less: imputed interest		(140)	(445)
		10,344	12,907
Receivables from contracts with customers within the scope of IFRS 15, which are included in "Trade and other receivables" (Note 12)		83,444	44,593

Notes:

- (i) As at 31 December 2023, the amounts of approximately RM1,237,000 (30 June 2023: RM991,000) 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 RM2,556,000 (30 June 2023: RM3,622,000) as disclosed in note 12 and contract assets of approximately RM4,253,000 (30 June 2023: RM7,466,000) 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

14. TRADE AND OTHER PAYABLES

		31 December 2023 RM'000 (unaudited)	30 June 2023 RM'000 (audited)
	Note		
Trade payables		99,568	62,800
Other payables and accruals	(i)	1,389	1,359
Retention payables	(ii)	5,307	5,871
		106,264	70,030

Notes:

- (i) The amount of other payables and accruals included amount due to a joint venture of approximately RM6,000 (30 June 2023: RM6,000) which was unsecured, non-trade and repayable on demand as at 31 December 2023.
- (ii) Except for the amounts of approximately RM1,002,000 (30 June 2023: RM913,000) included in the retention payables as at 31 December 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 each of the reporting period, the aging analysis of trade payables, based on the invoice date, is as follows:

	31 December 2023 RM'000 (unaudited)	30 June 2023 RM'000 (audited)
Within 30 days	43,137	19,667
31 to 90 days	45,650	34,366
Over 90 days	10,781	8,767
	99,568	62,800

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

15. BANK LOANS

	31 December 2023 RM'000 (unaudited)	30 June 2023 RM'000 (audited)
Bank loans, secured	12,403	14,181

The bank loans were repayable as follows:

	31 December 2023 RM'000 (unaudited)	30 June 2023 RM'000 (audited)
Within 1 year or on demand	3,991	3,769
Within a period of more than 1 year but not exceeding 2 years	4,209	4,058
Within a period of more than 2 years but not exceeding 5 years	4,203	6,354
	12,403	14,181
Less: Amounts due within 1 year shown under current liabilities	(3,991)	(3,769)
Amounts shown under non-current liabilities	8,412	10,412

As at 31 December 2023, the Group's banking facilities were secured and guaranteed by:

- (i) investment properties of approximately RM2,200,000 (30 June 2023: RM2,200,000);
- (ii) deposits paid for acquisition of investment properties of approximately RM12,911,000 (30 June 2023: RM12,911,000); and
- (iii) deposits with licensed banks of the Group with carrying amounts of approximately RM9,881,000 (30 June 2023: RM9,769,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

15. BANK LOANS (CONTINUED)

As at the end of each of the reporting period, the bank loans bear interest as follow:

	31 December 2023 RM'000 (unaudited)	30 June 2023 RM'000 (audited)
Bank loans	<u>7.20%</u>	<u>7.20%</u>

As at 31 December 2023, the Group had aggregate banking facilities of approximately RM67,000,000 (30 June 2023: RM67,000,000) for loans and borrowings. Unused facilities as at the same date amounted to approximately RM47,000,000 (30 June 2023: RM47,000,000).

16. SHARE CAPITAL

Authorised ordinary shares of HK\$0.01 each:

	No. of shares	Amount RM'000
At 1 July 2022 (unaudited), 30 June 2023 (audited) and 31 December 2023 (unaudited)	<u>2,000,000,000</u>	<u>10,535</u>

Issued and fully paid ordinary shares of HK\$0.01 each:

	No. of shares	Amount RM'000
At 1 July 2022 (unaudited), 30 June 2023 (audited) and 31 December 2023 (unaudited)	<u>500,000,000</u>	<u>2,672</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

17. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the condensed consolidated financial statements, the Group entered into the following material related party transactions.

The directors of the Company are of the view that following parties/companies were related parties that had transactions or balances with the Group during the period:

Name of party	Relationship with the Group
JBB Kimlun Sdn. Bhd.	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) of the Group during the period is as follows:

	For the six months ended 31 December	
	2023 RM'000 (unaudited)	2022 RM'000 (unaudited)
Short-term employee benefits	931	1,036
Post-employment benefits	61	62
	<u>992</u>	<u>1,098</u>

(b) Transactions with related parties

During the period, the Group entered into the following related party transactions:

Non-continuing transactions

	For the six months ended 31 December	
	2023 RM'000 (unaudited)	2022 RM'000 (unaudited)
Management fee expenses JBB Kimlun Sdn. Bhd.	<u>34</u>	<u>34</u>
Professional fee expenses Kukuh Sejahtera Sdn. Bhd.	<u>120</u>	<u>–</u>

The directors of the Company consider that the above related party transactions during the period were conducted on mutually-agreed terms in the ordinary course of the Group's business.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

18. CONTINGENT LIABILITIES

Performance bonds

	31 December 2023 RM'000 (unaudited)	30 June 2023 RM'000 (audited)
Performance bonds for contracts in favour of customers	<u>3,277</u>	<u>2,362</u>

The above 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.

Except for the above mentioned, the Group did not have any significant contingent liabilities as at the end of each of the reporting period.

19. CAPITAL COMMITMENTS

Significant capital expenditure contracted for at the end of each of the reporting period but not recognised as liabilities are as follows:

	31 December 2023 RM'000 (unaudited)	30 June 2023 RM'000 (audited)
Equipment	<u>81</u>	<u>96</u>

20. 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.

For more details, please refer to note 34 to the consolidated financial statements of 2023 annual report.

No share options are granted since the adoption of the Scheme and there are no outstanding share options under the Scheme as at 31 December 2023 and 30 June 2023.