

# JBB BUILDERS INTERNATIONAL LIMITED

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

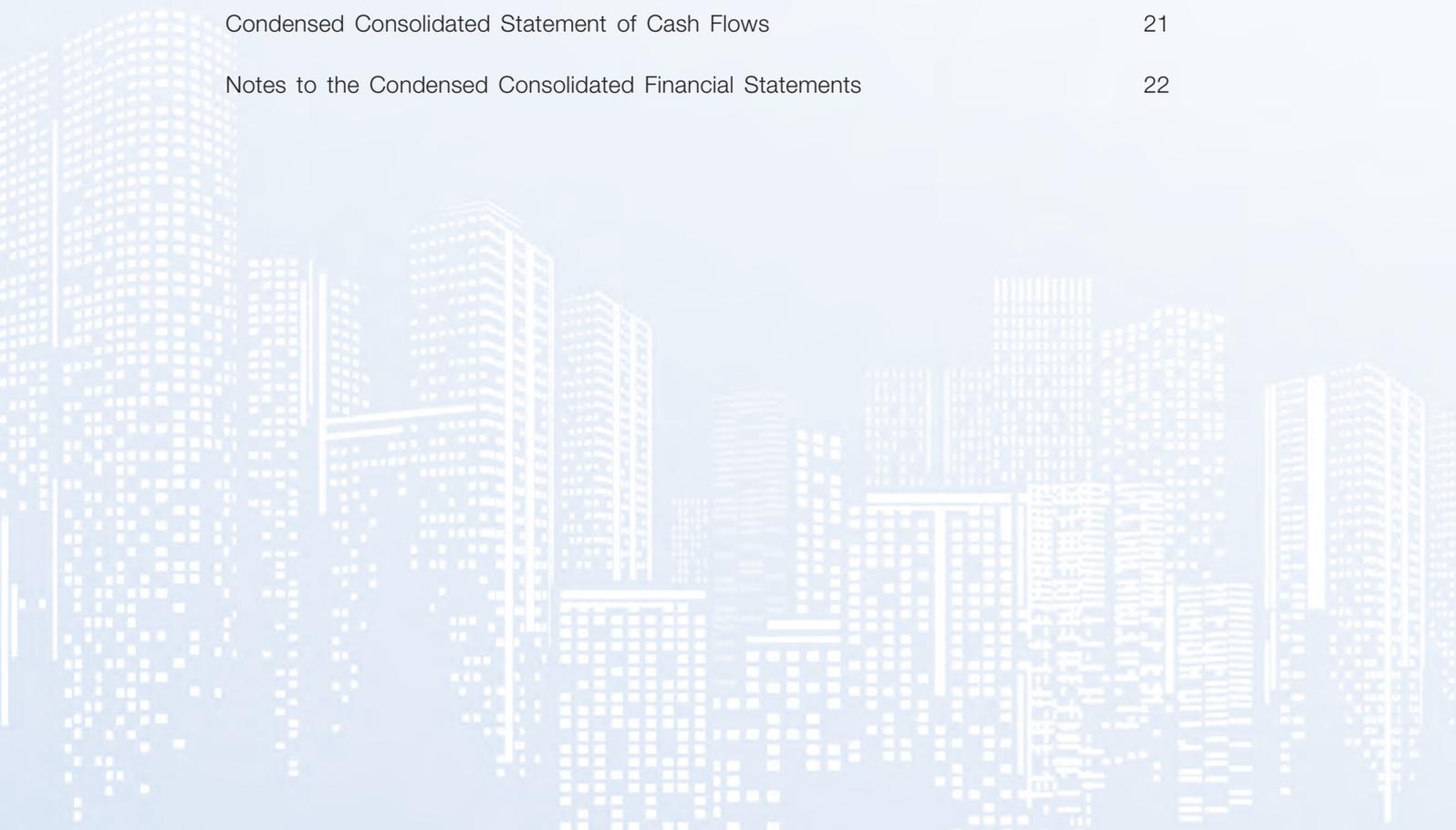


**2020**  
*Interim Report*



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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. Wong Kwok Wai, Albert (*resigned on 25 May 2020*)

Mr. Chan Tsun Choi, Arnold  
(*appointed on 25 May 2020*)

Ms. Chan Pui Kwan

## AUDIT COMMITTEE

Mr. Tai Lam Shin (*Chairman*)

Mr. Wong Kwok Wai, Albert (*resigned on 25 May 2020*)

Mr. Chan Tsun Choi, Arnold  
(*appointed on 25 May 2020*)

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. Wong Kwok Wai, Albert (*resigned on 25 May 2020*)

Mr. Chan Tsun Choi, Arnold  
(*appointed on 25 May 2020*)

Ms. Chan Pui Kwan

## COMPANY SECRETARY

Ms. Lam Lam

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

Mr. Lam Fung Eng

Ms. Lam Lam

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

Ms. Lam Lam

## AUDITOR

### Crowe Malaysia PLT

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

## LEGAL ADVISORS AS TO HONG KONG LAW

### Ma Tang & Co.

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

## PRINCIPAL BANKERS

### DBS Bank (HK) Limited

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

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

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



# Corporate Information

## **Affin Bank Berhad**

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

## **AmBank Islamic Berhad**

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

## **Maybank Islamic Berhad**

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

## **REGISTERED OFFICE**

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

## **HEADQUARTERS IN MALAYSIA**

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

## **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

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

## **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

### **Conyers Trust Company (Cayman) Limited**

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

## **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

### **Tricor Investor Services Limited**

Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## **STOCK NAME/CODE**

JBB BUILDERS/1903

## **COMPANY'S WEBSITE**

[www.jbb.com.my](http://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 2020 together with the comparative figures for the six months ended 31 December 2019.

## BUSINESS REVIEW

The Group is an established engineering contractor based in Malaysia. The business is divided into two 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.

During the six months ended 31 December 2020, the Group had completed a marine construction contract, which is a reclamation and related works contract with original contract sum of approximately RM0.9 million, and a total of 5 building and infrastructure contracts with original contract sum in aggregate of approximately RM138.3 million. The Group and the customer mutually terminated a marine construction contract in respect of reclamation and related works with original contract sum of approximately RM42.3 million given the uncertainty in economic condition in Malaysia as affected by the outbreak of coronavirus COVID-19 pandemic (the “**COVID-19 Outbreak**”).

As at 31 December 2020, the Group had 5 ongoing marine construction contracts comprising 2 reclamation and related works contracts, 3 marine transportation contracts and 1 reclamation and related works and marine transportation contract with original contract sum in aggregate of approximately RM758.5 million (including estimated original contract sum of a contract which stated at unit rate), and 4 ongoing building and infrastructure contracts with original contract sum in aggregate of approximately RM262.1 million.

As at 30 June 2020, there were a total of 9 tenders and 4 quotations with expected contract sum in aggregate of approximately RM875.5 million submitted but not yet have results. During the six months ended 31 December 2020, the Group had submitted 2 tenders and 5 quotations for marine construction contracts and 5 tenders and 2 quotations for building and infrastructure contracts with original contract sum in aggregate of approximately RM858.1 million, and the Group had been awarded 3 contracts with original contract sum in aggregate of approximately RM1.0 million. As at 31 December 2020, there were 6 tenders and 4 quotations with expected contract sum in aggregate of approximately RM724.6 million submitted but still no results returned.



# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

Revenue decreased by approximately RM56.7 million or 62.1% from approximately RM91.3 million for the six months ended 31 December 2019 to approximately RM34.6 million for the six months ended 31 December 2020. The substantial decline in revenue is mainly attributable to (i) the reduction in volume of work for marine construction services and building and infrastructure services following the completion of certain key contracts which contributed to a substantial portion of the revenue for the six months ended 31 December 2019; and (ii) the suspension of the Group's ongoing contracts, postponement of the scheduled construction works and further delay in the commencement of new contracts secured in earlier periods due to the long lasting COVID-19 Outbreak and the enforcement of the conditional Restriction of Movement Order (the "**Order**") by Malaysia government (please refer to announcement dated 22 May 2020 for details).

### *Marine construction services*

Revenue from marine construction services represented approximately 53.6% of the total revenue for the six months ended 31 December 2020. It decreased by approximately RM17.6 million or 48.8% from approximately RM36.1 million for the six months ended 31 December 2019 to approximately RM18.5 million for the six months ended 31 December 2020.

Revenue from reclamation and related works, which represented approximately 8.0% of the total revenue from marine construction services for the six months ended 31 December 2020, decreased by approximately RM7.6 million or 83.5% from approximately RM9.1 million for the six months ended 31 December 2019 to approximately RM1.5 million for the six months ended 31 December 2020. Such decrease was mainly due to (i) suspension of the commencement of a new marine construction contract due to the COVID-19 Outbreak and the enforcement of the Order; and (ii) the reduction in volume of work following the completion of certain key contracts.

Revenue from marine transportation, which represented approximately 92.0% of the total revenue from marine construction services for the six months ended 31 December 2020, decreased by approximately RM10.0 million or 37.0% from approximately RM27.0 million for the six months ended 31 December 2019 to approximately RM17.0 million for the six months ended 31 December 2020. Such decrease was mainly due to (i) the slowdown of the scheduled construction works due to less vessels available for transportation because of the COVID-19 Outbreak and the enforcement of the Order; and (ii) the reduction in volume of sand transported following the completion of certain key contracts.

### *Building and infrastructure services*

Revenue from building and infrastructure services represented approximately 46.4% of the total revenue for the six months ended 31 December 2020. Revenue from building and infrastructure services decreased by approximately RM39.2 million or 71.0% from approximately RM55.2 million for the six months ended 31 December 2019 to approximately RM16.0 million for the six months ended 31 December 2020. Such decrease was mainly due to the completion of certain contracts during the six months ended 31 December 2020 with significant revenue generated for the six months ended 31 December 2019. In addition, the postponement of the scheduled construction works of remaining ongoing contracts due to the COVID-19 Outbreak and the enforcement of the Order led to further reduction of revenue generated for the six months ended 31 December 2020.

# Management Discussion and Analysis

## Gross (loss)/profit and gross (loss)/profit margin

Gross loss of approximately RM0.3 million was recorded for the six months ended 31 December 2020 as compared with gross profit of approximately RM14.6 million for the six months ended 31 December 2019. The overall gross profit margin decreased from approximately 16.0% for the six months ended 31 December 2019 to gross loss margin of approximately 0.8% for the six months ended 31 December 2020.

Gross loss was recorded mainly due to (i) decline in revenue resulting from the postponement of the scheduled construction works by COVID-19 Outbreak while fixed direct cost was continuously incurred; (ii) certain contracts with lower gross profit margin were undertaken as a result of increased competition in the market compared with those completed in previous years; (iii) increase in subcontracting costs; and (iv) certain contracts with higher gross profit margin were completed during the six months ended 31 December 2019.

## Other revenue

The other revenue decreased from approximately RM1.2 million for the six months ended 31 December 2019 to approximately RM0.6 million for the six months ended 31 December 2020, which was mainly due to the decrease in interest income on the deposit placed in the Group's banks in Hong Kong and Malaysia during the six months ended 31 December 2020 as a result of the decrease in bank interest rates.

## Other net income

Other net income increased from approximately RM0.2 million for the six months ended 31 December 2019 to approximately RM2.0 million for the six months ended 31 December 2020. Such increase is mainly due to the recognition of gain on disposal of deposits paid for acquisition of investment properties of approximately RM1.1 million arising from the assignment of 10 investment properties beneficially owned by the Group under a deed of settlement dated 19 February 2020 (please refer to the announcement dated 19 February 2020 for details) to subcontractors; and recognition of the foreign exchange gain of approximately RM1.4 million arising from the translation of foreign currency denominated balances into Malaysia Ringgit, offset by the fair value loss on investment properties of approximately RM0.5 million.

## Allowance for impairment loss on trade receivables and contract assets

There was impairment loss on trade receivables and contract assets. Due to the slowdown of the collection of receivables from our customers, impairment loss of approximately RM0.5 million was recognised for the six months ended 31 December 2020 while impairment loss of approximately RM2.2 million was recognised for the six months ended 31 December 2019.

## General and administrative expenses

General and administrative expenses decreased by approximately RM2.7 million or 32.1% from approximately RM8.4 million for the six months ended 31 December 2019 to approximately RM5.7 million for the six months ended 31 December 2020. Such decrease was mainly due to the decrement of staff costs arising from the reduction of Directors' emoluments and reduced number of employees together with tighten cost control procedures adopted by the Group.



# Management Discussion and Analysis

## Income tax (credit)/expenses

Income tax credit of approximately RM0.2 million was recorded for the six months ended 31 December 2020 as compared with income tax expenses of approximately RM2.1 million for the six months ended 31 December 2019. Such change was attributable to the loss generated by the Group for the six months ended 31 December 2020.

## Finance costs

Finance costs decreased from approximately RM79,000 for the six months ended 31 December 2019 to approximately RM14,000 for the six months ended 31 December 2020 due to reduction of lease liabilities.

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

The Group reported profit attributable to owners of the Company of approximately RM4.2 million for the six months ended 31 December 2019 while recorded loss attributable to owners of the Company of approximately RM2.8 million for the six months ended 31 December 2020.

## Dividends

The Board does not recommend the payment of interim dividend for the six months ended 31 December 2020 (six months ended 31 December 2019: 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 2020, the Group had cash and cash equivalents of approximately RM70.8 million (30 June 2020: RM76.0 million), fixed deposits with maturity over three months of approximately RM5.2 million (30 June 2020: RM5.0 million) and pledged bank deposits of approximately RM9.7 million (30 June 2020: RM9.2 million). The decrement is mainly due to the net investing and financing activities cash outflows and effect of foreign exchange rate changes during the six months ended 31 December 2020. All are denominated in Hong Kong dollars, United States dollars, Singapore dollars and RM.

As at 31 December 2020, the Group had lease liabilities of approximately RM0.8 million (30 June 2020: RM1.3 million) carrying interest rate ranging from 4.6% to 8.2% (30 June 2020: ranging from 4.6% to 8.2%). All are denominated in RM. The Group had unutilised banking facilities of approximately RM67.0 million (30 June 2020: RM47.0 million).

# Management Discussion and Analysis

The Group continued to maintain a healthy liquidity position. As at 31 December 2020, the current ratio remained stable at approximately 2.0 times (30 June 2020: 1.9 times). The gearing ratio decreased from approximately 1.0% as at 30 June 2020 to approximately 0.6% as at 31 December 2020 which was mainly due to the decrease in lease liabilities and total equity of the Group. Gearing ratio is calculated based on the total loans and borrowings (which represent lease liabilities) divided by total equity at the end of the year/period.

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 2020.

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 2020.

## Capital commitments

As at 31 December 2020, the Group had capital commitments of approximately RM0.2 million (30 June 2020: RM0.3 million).

## Pledge of assets

As at 31 December 2020, pledged bank deposits of approximately RM9.7 million (30 June 2020: RM9.2 million) have been pledged to banks as security for banking facilities granted to the Group with approximately RM7.1 million (30 June 2020: RM7.0 million) related to performance bond. Pledged bank deposits related to performance bond includes (i) minimum amount of deposits pledged to a bank for a facility line for performance bond; (ii) sinking fund (calculated at 6% of the progress payment from the particular contract related to the corresponding performance bond); and (iii) interest income of deposits pledged to bank.

Deposits paid for acquisition of investment properties with carrying amount of approximately RM12.9 million (30 June 2020: nil) and investment properties with carrying amount of approximately RM2.2 million (30 June 2020: nil) as at 31 December 2020 was pledged to a bank as security for bank facilities granted to the Group.

## Contingent liabilities

As at 31 December 2020, the Group had contingent liabilities in respect of performance bonds for contracts in favour of customers of approximately RM4.3 million (30 June 2020: RM4.3 million).

The performance bonds were given by banks in favour of some of Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks accordingly. The performance bonds will be released based on the terms of the respective contracts for the relevant customers. The performance bonds were secured and guaranteed by i) deposits with licensed bank of approximately RM7.1 million; and ii) corporate guarantees given by the Company as at 31 December 2020.



# Management Discussion and Analysis

## 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.

### *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 2020, approximately 53% (30 June 2020: 55%) of the total gross trade receivables and contract assets was due from the Group's largest customer and approximately 95% (30 June 2020: 96%) 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. Normally, the Group does not obtain collateral from customers.

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. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Expected loss rates are based on actual loss experience over the past 2 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. For the six months ended 31 December 2020 and 2019, 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. Cash at banks at variable rates expose the Group to cash flow interest rate risk. The Group does not anticipate significant impact to cash at banks because the interest rates are not expected to change significantly.

## *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.

## *Price risk*

The Group is exposed to price risk through its investments in an open-end unit trust measured at FVTPL. The management of the Group manages such risk exposure by maintaining a portfolio of different investments. The Group will consider hedging the risk 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 2020 annual report.

## **SIGNIFICANT INVESTMENTS HELD**

Save as disclosed in this interim report, the Group did not hold any significant investments during the six months ended 31 December 2020.

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

Save as disclosed in the prospectus of the Company dated 25 April 2019 (the "**Prospectus**") and this interim report, the Group did not have other plans for material investments and capital assets as at 31 December 2020.

## **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 2020.



# Management Discussion and Analysis

## 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 2020 and up to the date of this interim report.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, excluding the Directors, the total number of full-time employees of the Group was approximately 53 (30 June 2020: 62). 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, taking 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 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

The COVID-19 Outbreak continuously affected the global economy and poses uncertainty on the future markets. The government of the operating jurisdictions has imposed different measures, policies, requirements and restrictions from time to time to reduce the impact of the spread of COVID-19 Outbreak. The industry competition becomes more intense with the number of projects available in the market reduced, postponed or cancelled. In addition, COVID-19 Outbreak caused disruptions on the scheduled construction works and delayed the commencement of the construction contracts secured previously in order to comply with the relevant requirements and other policies imposed by the government as a result of the COVID-19 Outbreak. The Group's business performance, including revenue and profitability has been severely affected and it's hard to predict the time to recover given the long lasting COVID-19 pandemic persists. The Group therefore takes a conservative view over the Group's business and financial performance in the near future until the economy recovers.

The Group will (i) continuously comply with the relevant requirements and other policies issued by the government of the Malaysia; (ii) closely monitor the development of the COVID-19 Outbreak and uncertainties faced by the Group; (iii) implement appropriate business strategies to mitigate the potential adverse impact on our business operations and financial performance; (iv) adopt tighten cost control measures; (v) actively participate in tendering to maintain our market competitiveness; and (vi) taking appropriate measures as and when appropriate. Subsequent to the reporting period, the Group withdrew term loan of approximately RM10.6 million for the settlement of the trade payables owing to subcontractors. Taking into account of the cash and cash equivalents on hand, available banking facilities, tight cost control measures and capital commitments, the Group believes its liquidity position remains healthy.

## Management Discussion and Analysis

In November 2020, JBB Builders (M) Sdn. Bhd., our major subsidiary of the Group, successfully obtained the ISO 9001:2015 certification for conformance to the quality management system, covering construction of building and infrastructure, reclamation and dredging works and coastal and river protection structures. The ISO 9001:2015 certification qualifies JBB Builders (M) Sdn. Bhd. to apply for Certificate for Government Procurement which was issued in the same month and allows us to tender for projects in the public sector directly.

Going forward, the Group will continue to leverage the advantageous financial position of the Group and to explore new business opportunities in Malaysia, Singapore and Hong Kong and at the same time strengthen our presence and market position in marine construction and building and infrastructure services industry. The Group will implement the future plans cautiously and safeguard the return to the shareholders.

### USE OF PROCEEDS

The net proceeds of the global offering of the ordinary shares of the Company (the “Shares”) received by the Company were approximately HK\$125.2 million (approximately RM62.6 million) (Note 1), after deduction of underwriting fees and related listing expenses, of which HK\$15.0 million of the total amount of fees and expenses in connection with the global offering of the Shares had been paid from the proceeds of the pre-IPO investments. Set out below is the breakdown of use of net proceeds from the global offering of the Shares from 10 May 2019 (the “Listing Date”) up to 31 December 2020:

Use of net proceeds as at 31 December 2020	Percentage of net proceeds %	Amount RM million	Amount utilised RM million	Actual	Expected timeline on utilising the remaining proceeds (Note 3)
				balance as at 31 December 2020 RM million	
Acquiring one rebuilt sand carrier from one of the existing subcontractors for marine transportation services	57.9	36.2	-	36.2	By June 2022
Purchasing new land-based machineries	7.3	4.6	-	4.6	By June 2022
Satisfying performance bonds requirement of prospective projects	23.4	14.7	(1.6)	13.1	By June 2022
Upgrading the information technology and project management systems	0.6	0.4	(0.2)	0.2	By December 2021
Recruiting and expanding management team for the building and infrastructure works	3.4	2.1	(0.2)	1.9	By June 2022
Working capital and general corporate purposes	7.4	4.6	(4.6)	-	N/A
	<u>100.0</u>	<u>62.6</u>	<u>(6.6)</u>	<u>56.0</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 2020, approximately RM56.0 million (representing approximately 89.5% of the net proceeds from the global offering) had not yet been utilised (Note 2).



## Management Discussion and Analysis

As at 31 December 2020, the unutilised portion of the net proceeds were deposited in the Group's banks in Hong Kong and Malaysia and is intended to be utilised in the manner consistent with the proposed allocation as set forth in the Prospectus.

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) Subsequent to the listing of the Shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 10 May 2019, there was delay in the commencement of construction contracts due to (i) certain customers required longer time to obtain government's approval on the commencement of marine construction work; and (ii) the COVID-19 Outbreak and the Order enforced by Malaysia government since 18 March 2020. Several contracts expected to be awarded are being cancelled by the potential customers in view of the uncertainty of the future markets.
- (3) The expected timeline on utilising the remaining proceeds is the best estimation of the Directors based on: (i) the latest information provided by the customers as regards 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 remaining proceeds will be utilised alongside the resumption of the economic activities in general and the time span may spread from the year ending 30 June 2021 to the year ending 30 June 2022 should the situation require.

# Corporate Governance and Other Information

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 31 December 2020 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 14 to the Rules Governing the Listing of Securities on 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 10 to the Listing Rules as its own code of conduct regarding securities transactions of the Company by the Directors. The Company had made specific enquiry with all the Directors and the Directors confirmed that they have complied with the required standard as set out in the Model Code regarding securities transactions by the Directors during the six months ended 31 December 2020 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 2020.

## 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 2020, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (“SFO”)) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules were as follows:

### Long positions in the Shares 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 <sup>(2)</sup>	181,816,500(L)	36.36%
	Interest of spouse <sup>(3)</sup>	161,233,500(L)	32.25%
Datin Ngooi Leng Swee (“Datin Ngooi”)	Interest in a controlled corporation <sup>(4)</sup>	161,233,500(L)	32.25%
	Interest of spouse <sup>(5)</sup>	181,816,500(L)	36.36%

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.

## Corporate Governance and Other Information

Save as disclosed above, as at 31 December 2020, 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.

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

As at 31 December 2020, 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 of the Company 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)	36.36%
JBB Berlian Investment Limited	Beneficial owner	161,233,500(L)	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.

### 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 paragraph C.3.3 of the Corporate Governance Code as set out in 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 2020.

## APPRECIATION

The Board would like to express its sincere gratitude to the shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

On behalf of the Board

**Dato' Ng Say Piyu**

*Chairman*

Hong Kong, 25 February 2021

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2020  
(Expressed in Malaysian Ringgit)

	Notes	For the six months ended 31 December	
		2020 RM'000 (unaudited)	2019 RM'000 (unaudited)
Revenue	4	34,553	91,308
Direct costs		(34,833)	(76,737)
<b>Gross (loss)/profit</b>		<b>(280)</b>	<b>14,571</b>
Other revenue	5	622	1,224
Other net income	5	2,022	179
Allowance for impairment loss on trade receivables and contract assets	6(c)	(466)	(2,226)
General and administrative expenses		(5,673)	(8,374)
<b>(Loss)/profit from operations</b>		<b>(3,775)</b>	<b>5,374</b>
Share of loss of a joint venture		(29)	(9)
Finance costs	6(a)	(14)	(79)
<b>(Loss)/profit before taxation</b>	6	<b>(3,818)</b>	<b>5,286</b>
Income tax credit/(expenses)	7	177	(2,105)
<b>(Loss)/profit for the period</b>		<b>(3,641)</b>	<b>3,181</b>
<b>Other comprehensive (loss) for the period</b>			
Items that will not be reclassified to profit or loss:			
Currency translation differences		(4,034)	(384)
<b>Total comprehensive (loss)/income for the period</b>		<b>(7,675)</b>	<b>2,797</b>
<b>(Loss)/profit for the period attributable to:</b>			
Owners of the Company		(2,775)	4,225
Non-controlling interests		(866)	(1,044)
		<b>(3,641)</b>	<b>3,181</b>
<b>Total comprehensive (loss)/income attributable to:</b>			
Owners of the Company		(6,809)	3,841
Non-controlling interests		(866)	(1,044)
		<b>(7,675)</b>	<b>2,797</b>
<b>(Loss)/earnings per share (<i>Sen per share</i>)</b>	9		
- Basic		(0.56)	0.85
- Diluted		(0.56)	0.85

# Condensed Consolidated Statement of Financial Position

As at 31 December 2020  
(Expressed in Malaysian Ringgit)

	Notes	31 December 2020 RM'000 (unaudited)	30 June 2020 RM'000 (audited)	1 July 2019 RM'000 (unaudited)
<b>Non-current assets</b>				
Property, plant and equipment	10	3,171	4,677	9,068
Investment properties	10	2,200	2,710	3,300
Interest in a joint venture		269	298	335
Deposits paid for acquisition of investment properties	11(a)	19,710	22,095	–
Deposits paid for acquisition of property, plant and equipment		183	101	–
Deposit placed for a life insurance policy	11(b)	298	287	–
Deferred tax assets		1,596	1,276	318
		<b>27,427</b>	<b>31,444</b>	<b>13,021</b>
<b>Current assets</b>				
Trade and other receivables	12	84,530	84,704	105,440
Contract assets	13(a)	33,093	42,037	102,282
Tax recoverable		2,252	2,037	2,528
Financial assets at fair value through profit or loss (“FVTPL”)	14	1,084	–	–
Fixed deposits with maturity over three months		5,203	5,000	–
Pledged bank deposits		9,664	9,178	5,593
Cash and cash equivalents		70,808	75,968	114,638
		<b>206,634</b>	<b>218,924</b>	<b>330,481</b>
<b>Current liabilities</b>				
Trade and other payables	15	102,181	111,835	199,628
Contract liabilities	13(b)	2,804	1,282	89
Bank loan	16	–	–	501
Lease liabilities		201	548	1,191
Provision for taxation		9	–	2,174
		<b>105,195</b>	<b>113,665</b>	<b>203,583</b>
<b>Net current assets</b>		<b>101,439</b>	<b>105,259</b>	<b>126,898</b>
<b>Total assets less current liabilities</b>		<b>128,866</b>	<b>136,703</b>	<b>139,919</b>
<b>Non-current liabilities</b>				
Lease liabilities		583	745	1,155
Deferred tax liabilities		–	–	626
		<b>583</b>	<b>745</b>	<b>1,781</b>
<b>Net assets</b>		<b>128,283</b>	<b>135,958</b>	<b>138,138</b>
<b>Capital and reserves</b>				
Share capital	17	2,672	2,672	2,672
Reserves		116,113	122,922	123,264
<b>Total equity attributable to equity owners of the Company</b>		<b>118,785</b>	<b>125,594</b>	<b>125,936</b>
Non-controlling interests		9,498	10,364	12,202
		<b>128,283</b>	<b>135,958</b>	<b>138,138</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2020  
(Expressed in Malaysian Ringgit)

	Attributable to owners of the Company						Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Exchange reserve RM'000	Retained profits RM'000	Total RM'000		
<b>At 1 July 2019</b>	2,672	77,334	6,316	(948)	40,562	125,936	12,202	138,138
Profit/(loss) for the period	-	-	-	-	4,225	4,225	(1,044)	3,181
Other comprehensive loss for the period								
Currency translation differences	-	-	-	(384)	-	(384)	-	(384)
Total comprehensive income for the period	-	-	-	(384)	4,225	3,841	(1,044)	2,797
Dividend paid (Note 8)	-	(5,335)	-	-	-	(5,335)	-	(5,335)
<b>At 31 December 2019</b>	<u>2,672</u>	<u>71,999*</u>	<u>6,316*</u>	<u>(1,332)*</u>	<u>44,787*</u>	<u>124,442</u>	<u>11,158</u>	<u>135,600</u>
<b>At 1 July 2020</b>	2,672	71,999	6,316	1,887	42,720	125,594	10,364	135,958
(Loss) for the period	-	-	-	-	(2,775)	(2,775)	(866)	(3,641)
Other comprehensive loss for the period								
Currency translation differences	-	-	-	(4,034)	-	(4,034)	-	(4,034)
Total comprehensive loss for the period	-	-	-	(4,034)	(2,775)	(6,809)	(866)	(7,675)
<b>At 31 December 2020</b>	<u>2,672</u>	<u>71,999*</u>	<u>6,316*</u>	<u>(2,147)*</u>	<u>39,945*</u>	<u>118,785</u>	<u>9,498</u>	<u>128,283</u>

\* These reserve accounts comprise consolidated reserves of approximately RM116,113,000 (2019: RM121,770,000) in the condensed consolidated statement of financial position at 31 December 2020.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2020  
(Expressed in Malaysian Ringgit)

	For the six months ended	
	2020	2019
	RM'000	RM'000
	(unaudited)	(unaudited)
<b>Net cash generated from/(used in) operating activities</b>	<b>729</b>	<b>(2,221)</b>
<b>Investing activities</b>		
Interest received	588	1,209
Investment in financial assets at FVTPL	(1,100)	–
(Increase) in pledged bank deposits	(486)	(1,371)
Placement of deposits with maturity over three months	(203)	(5,000)
Deposits paid for acquisition of property plant and equipment	(82)	–
Deposits paid for acquisition of investment properties	(60)	–
Payments for purchases of property, plant and equipment	(19)	(17)
Proceeds on disposal of property, plant and equipment	–	57
Deposit placed for a life insurance policy	–	(401)
<b>Net cash (used in) investing activities</b>	<b>(1,362)</b>	<b>(5,523)</b>
<b>Financing activities</b>		
Proceeds from bank borrowings	–	5,882
Dividends paid	–	(5,335)
Capital element of lease rentals paid	(509)	(752)
(Repayment of) bank borrowings	–	(501)
Interest element on lease rentals paid	(14)	(55)
Interest on bank borrowings	–	(18)
<b>Net cash (used in) financing activities</b>	<b>(523)</b>	<b>(779)</b>
Net (decrease) in cash and cash equivalents	<b>(1,156)</b>	<b>(8,523)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>75,968</b>	<b>114,638</b>
Effect of foreign exchange rate changes	(4,004)	(469)
<b>Cash and cash equivalents at the end of the period</b>	<b>70,808</b>	<b>105,646</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

## 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 and building and infrastructure services. As at 31 December 2020, the Company is ultimately controlled by Dato' Ng Say Piyu and Datin Ngooi Leng Swee (the “**Controlling Shareholders**”), who have entered into a concert party deed on 16 May 2018.

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 31 December 2020 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 2020.

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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

## 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, and financial assets at FVTPL are stated at their fair value.

The deposit placed for a life insurance policy is carried at the cash surrender value of the policy.

In previous financial period, Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) were applied in the condensed consolidated financial statements. During the current financial period, the Group has applied, for the first time, the International Financial Reporting Standards (“**IFRSs**”), in accordance with IFRS 1 “First-time adoption of International Financial Reporting Standards” with a date of transition to IFRSs on 1 July 2019. IFRSs are virtually identical to HKFRSs. The first-time adoption of IFRSs in the current financial period financial statements did not result in material impact on the Group’s financial performance and financial position for prior period set out in these financial statements prepared under HKFRSs issued by the HKICPA as of the date of transition and for the period ended 31 December 2019.

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 2020 are the same as those presented in the preparation of the Group’s annual financial statements for the year ended 30 June 2020.

### Amendments to IFRSs that are mandatorily effective for the current period

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in IFRS and 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 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 16	COVID-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

The application of the new and 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 2020

## 4. REVENUE AND SEGMENT REPORTING

The principal activities of the Group are the provision of marine construction services and buildings and infrastructure services.

### (a) Disaggregation of revenue

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

#### *Revenue from contracts with customers within the scope of IFRS 15*

	For the six months ended 31 December	
	2020 RM'000 (unaudited)	2019 RM'000 (unaudited)
Construction contracts		
– Reclamation and related works	1,486	9,093
– Building and infrastructure	16,018	55,219
	17,504	64,312
Marine transportation	17,049	26,996
	34,553	91,308

Revenue from construction contracts is recognised over time and revenue from marine transportation is recognised at a point in time.

### (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 three 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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

## 4. REVENUE AND SEGMENT REPORTING (CONTINUED)

### (b) Segment reporting (Continued)

#### *Building and infrastructure services*

- General building work in construction of properties and infrastructure work.

Segment (loss)/profit represents the (loss)/profit earned by each segment without allocation of central administrative and corporate expenses, unallocated other revenue, finance costs and share of loss of a joint venture. This is the measure reported to the CODM, for the purposes of resources allocation and performance assessment. 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.

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

#### For the six months ended 31 December 2020

	Marine construction			Total RM'000 (unaudited)
	Reclamation and related works RM'000 (unaudited)	Marine transportation RM'000 (unaudited)	Building and infrastructure RM'000 (unaudited)	
<b>Reportable segment revenue</b>	<b>1,486</b>	<b>17,049</b>	<b>16,018</b>	<b>34,553</b>
<b>Reportable segment (loss)/profit</b>	<b>(1,696)</b>	<b>229</b>	<b>1,245</b>	<b>(222)</b>
Unallocated central administrative and corporate expenses:				
– General and administrative expenses				(5,096)
Unallocated other revenue				1,543
Finance costs				(14)
Share of loss of a joint venture				(29)
Loss before taxation				<b>(3,818)</b>
<b>Other segment information</b>				
Depreciation	1,320	–	–	1,320
(Reversal)/allowance for impairment loss on trade receivables and contract assets	(9)	309	166	466
(Gain) on disposal of deposits paid for acquisition of investment properties	–	–	(1,095)	(1,095)

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

## 4. REVENUE AND SEGMENT REPORTING (CONTINUED)

### (b) Segment reporting (Continued)

For the six months ended 31 December 2019

	Marine construction				Total RM'000 (unaudited)
	Reclamation and related works RM'000 (unaudited)	Marine transportation RM'000 (unaudited)	Building and infrastructure RM'000 (unaudited)	Elimination of inter-segment revenue RM'000 (unaudited)	
<b>Revenue</b>					
Revenue from external customers	9,093	26,996	55,219	–	91,308
Inter-segment revenue	5,728	–	–	(5,728)	–
Reportable segment revenue	<u>14,821</u>	<u>26,996</u>	<u>55,219</u>	<u>(5,728)</u>	<u>91,308</u>
<b>Reportable segment (loss)/profit</b>	<u>(1,664)</u>	<u>4,905</u>	<u>8,762</u>	<u>–</u>	<u>12,003</u>
Unallocated central administrative and corporate expenses:					
– General and administrative expenses					(7,872)
Unallocated other revenue					1,243
Finance costs					(79)
Share of loss of a joint venture					(9)
Profit before taxation					<u>5,286</u>
<b>Other segment information</b>					
Depreciation	2,201	4	–	–	2,205
Allowance for impairment loss on trade receivables and contract assets	30	63	2,133	–	2,226
(Gain) on disposal of property, plant and equipment	–	(46)	–	–	(46)
Write off of property, plant and equipment	–	12	–	–	12

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

## 4. REVENUE AND SEGMENT REPORTING (CONTINUED)

### Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, investment properties, deposits paid for acquisition of investment properties, deposits paid for acquisition of property, plant and equipment, deposit placed for a life insurance policy 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 deposit placed for a life insurance policy are based on the physical location of the asset under consideration. In the case of interest in a joint venture, it is the location of operations of such joint venture.

#### (a) Revenue from external customers

	For the six months ended	
	31 December 2020	2019
	RM'000	RM'000
	(unaudited)	(unaudited)
Malaysia (place of domicile)	20,989	91,308
Singapore	13,564	–
	<u>34,553</u>	<u>91,308</u>

#### (b) Non-current assets

	31 December 2020	30 June 2020	1 July 2019
	RM'000	RM'000	RM'000
	(unaudited)	(audited)	(unaudited)
Malaysia	25,822	30,166	12,703
Hong Kong	1	2	–
Singapore	8	–	–
	<u>25,831</u>	<u>30,168</u>	<u>12,703</u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

## 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	
	2020 RM'000 (unaudited)	2019 RM'000 (unaudited)
Customer A <sup>1</sup>	13,564	–
Customer B <sup>3</sup>	8,047	N/A*
Customer C <sup>3</sup>	4,452	13,372
Customer D <sup>2</sup>	3,520	39,537
Customer E <sup>1</sup>	3,485	N/A*
Customer F <sup>3</sup>	–	17,577
	<b>33,068</b>	<b>70,486</b>

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

<sup>2</sup> Revenue from the Group's marine construction services – marine transportation and building and infrastructure services.

<sup>3</sup> Revenue from the Group's building and infrastructure services.

\* The corresponding revenue did not contribute 10% or more of the Group revenue.

## 5. OTHER REVENUE AND OTHER NET INCOME

	For the six months ended 31 December	
	2020 RM'000 (unaudited)	2019 RM'000 (unaudited)
<b>Other revenue</b>		
Interest income on financial assets measured at amortised cost	588	1,209
Handling service fee on provision of diesel	6	15
Others	28	–
	<b>622</b>	<b>1,224</b>
<b>Other net income</b>		
Fair value loss on financial assets at FVTPL	(16)	–
Fair value loss on investment properties	(510)	–
Gain on deposit placed for a life insurance policy	11	–
Gain on disposal of deposits paid for acquisition of investment properties	1,095	–
Gain on disposal of property, plant and equipment	–	46
Net foreign exchange gain	1,442	145
Write off of property, plant and equipment	–	(12)
	<b>2,022</b>	<b>179</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

## 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	
	2020 RM'000 (unaudited)	2019 RM'000 (unaudited)
Interest on bank loan	–	18
Finance charge on lease liabilities	14	61
Total interest expenses on financial liabilities not at fair value through profit or loss	14	79

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

	For the six months ended 31 December	
	2020 RM'000 (unaudited)	2019 RM'000 (unaudited)
Directors' emoluments	829	1,100
Other staff costs		
Salaries, wages and other benefits	2,675	4,149
Contributions to defined contribution retirement plan	267	343
	3,771	5,592
Less: Amount included in direct costs	(258)	(1,008)
	3,513	4,584

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

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

### (c) Other items

	For the six months ended 31 December	
	2020 RM'000 (unaudited)	2019 RM'000 (unaudited)
Depreciation charge	1,525	2,465
Less: Amount included in direct costs	(1,244)	(2,084)
	<u>281</u>	<u>381</u>
Short-term lease expenses	214	1,084
Less: Amount included in direct costs	(145)	(931)
	<u>69</u>	<u>153</u>
Allowance for impairment loss on trade receivables and contract assets	466	2,226
Auditors' remuneration	180	384
Fair value loss on financial assets at FVTPL	16	–
Fair value loss on investment properties	510	–
(Gain) on deposit placed for a life insurance policy	(11)	–
(Gain) on disposal of deposits paid for acquisition of investment properties	(1,095)	–
(Gain) on disposal of property, plant and equipment	–	(46)
Net foreign exchange (gain)	(1,442)	(145)
Write off of property, plant and equipment	–	12

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

## 7. INCOME TAX (CREDIT)/EXPENSES

	For the six months ended 31 December	
	2020 RM'000 (unaudited)	2019 RM'000 (unaudited)
<b>Current tax</b>		
Malaysia corporate income tax	5	3,086
Singapore corporate income tax	9	–
Withholding tax on payment made to non-resident in Malaysia	130	–
	144	3,086
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(321)	(981)
Income tax (credit)/expenses for the period	(177)	2,105

- (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 2020 and 2019.
- (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 2020 and 2019.
- (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 2020. For the year of assessment of 2021 in Singapore, 75% of the chargeable income of first Singapore dollars (“SGD”) 100,000 and 50% of the chargeable income of next SGD100,000 are exempted as the Group’s Singapore subsidiary is a newly incorporated company.
- (v) Withholding tax on payment made to non-resident in Malaysia is calculated at the statutory rate of 15% of the payment made for the six months ended 31 December 2020.

## 8. DIVIDENDS

During the six months ended 31 December 2020, no final dividend in respect of the year ended 30 June 2020 (six months ended 31 December 2019: a final dividend of HK\$0.02 per share amounting to HK\$10,000,000 in respect of the year ended 30 June 2019) was declared and paid to the owners of the Company.

The Board does not recommend the payment of interim dividend for the six months ended 31 December 2020 (six months ended 31 December 2019: nil).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

## 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 RM2,775,000 (six months ended 31 December 2019: profit attributable to owners of the Company of approximately RM4,225,000) and the weighted average of 500,000,000 ordinary shares (six months ended 31 December 2019: 500,000,000 ordinary shares) in issue during the period.

### (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 2020 and 2019.

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

### Property, plant and equipment

During the six months ended 31 December 2020, the Group paid approximately RM19,000 (six months ended 31 December 2019: RM17,000) for the acquisition of property, plant and equipment.

During the six months ended 31 December 2020, the Group did not dispose and write off any property, plant and equipment.

During the six months ended 31 December 2019, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately RM11,000 for cash proceeds of approximately RM57,000, resulting in a gain on disposal of approximately RM46,000, and the Group has written off property, plant and equipment with carrying amount of approximately RM12,000.

### Investment properties

The valuation of the Group's investment properties as at 31 December 2020 were carried out by an independent firm, C H Williams Talhar & Wong Sdn. Bhd. (31 December 2019: KGV International Property Consultant (Johor) Sdn. Bhd.), who have among their valuers registered with The Board of Valuers, Appraisers and Estate Agents, Property Manager, Malaysia (31 December 2019: The Board of Valuers, Appraisers and Estate Agents, Malaysia), with recent experience in the location and category of property 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 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 were no transfers into or out of level 2 during the six months ended 31 December 2020 (six months ended 31 December 2019: nil). Fair value loss of investment properties of approximately RM510,000 was recognised directly in profit or loss for the six months ended 31 December 2020 (six months ended 31 December 2019: nil).

As at 31 December 2020, all investment properties have been pledged to a bank as security for a bank facility granted to the Group (30 June 2020: nil and 1 July 2019: all).

### Right-of-use assets

During the six months ended 31 December 2020, 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 2019: nil).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

## 11. DEPOSITS

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

During the six months ended 31 December 2020, the Group entered into deeds of settlement with 4 subcontractors (collectively called the “**Subcontractors**”), pursuant to which trade payables due to the Subcontractors by the Group with total amount of approximately RM6,845,000 are deemed to be settled by the assignment of 10 properties beneficially owned by the Group under a deed of settlement dated 19 February 2020 (please refer to the announcement dated 19 February 2020 for details) and recognised as a gain on disposal of approximately RM1,095,000. The carrying amount of the deposits paid for the abovementioned properties amounted to approximately RM5,750,000 were derecognised as at 31 December 2020 (six months ended 31 December 2019: nil).

During the six months ended 31 December 2020, the Group entered into a deed of settlement with a customer (the “**Customer**”), an independent third party to the Group, pursuant to which trade receivables owing from the Customer to the Group with total amount of approximately RM3,305,000 are deemed to be received by assignment of 2 properties which beneficially owned by the Customer together with payment of deposits of RM60,000 (six months ended 31 December 2019: nil). Due to the fact that the said properties were being developed, the legal titles of the properties had not been transferred to the Group as at 31 December 2020. Accordingly, deposits paid for acquisition of investment properties of approximately RM3,365,000 were recognised.

As at 31 December 2020, the amount represents the consideration paid for the acquisition of 32 investment properties being developed in Malaysia (30 June 2020: 40 and 1 July 2019: nil). As the legal titles in respect of those investment properties had not been vested in the Group as of 31 December 2020, the payments made were accounted as deposits paid.

	RM'000
At 1 July 2019 (unaudited) and 31 December 2019 (unaudited)	–
Additions	22,095
At 30 June 2020 (audited)	22,095
Additions	3,365
Disposals	(5,750)
At 31 December 2020 (unaudited)	19,710

As at 31 December 2020, deposits paid for acquisition of investment properties of approximately RM12,911,000 have been pledged to a bank as security for a bank facility granted to the Group (30 June 2020: nil and 1 July 2019: nil).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

## 11. DEPOSITS (CONTINUED)

### (b) Deposit placed for a life insurance policy

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

As at 31 December 2020, the directors of the Company expect that the Policy 2020 will be terminated at the 10th anniversary from the date of inception and there will be no specific surrender charges in accordance with the terms of the Policy 2020. The directors of the Company consider that the expected life of the Policy 2020 will remain unchanged from the initial recognition.

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

## 12. TRADE AND OTHER RECEIVABLES

	31 December 2020 RM'000 (unaudited)	30 June 2020 RM'000 (audited)	1 July 2019 RM'000 (unaudited)
Trade receivables	81,259	78,305	92,771
Less: allowance for doubtful debts	(4,859)	(4,388)	(1,323)
	<u>76,400</u>	<u>73,917</u>	<u>91,448</u>
Deposits, prepayments and other receivables	8,130	10,787	13,992
	<u>84,530</u>	<u>84,704</u>	<u>105,440</u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

## 12. TRADE AND OTHER RECEIVABLES (CONTINUED)

### Aging analysis of trade receivables

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

	31 December 2020 RM'000 (unaudited)	30 June 2020 RM'000 (audited)	1 July 2019 RM'000 (unaudited)
Within 30 days	12,213	8,575	23,447
31 to 60 days	819	510	22,239
61 to 90 days	2,737	3,170	4,378
Over 90 days	60,631	61,662	41,384
	<u>76,400</u>	<u>73,917</u>	<u>91,448</u>

Trade receivables are generally due within 14 to 30 days from the date of invoice.

## 13. CONSTRUCTION CONTRACTS

### (a) Contract assets

The Group's contract assets are analysed as follows:

	31 December 2020 RM'000 (unaudited)	30 June 2020 RM'000 (audited)	1 July 2019 RM'000 (unaudited)
<b>Contract assets</b>			
Arising from performance under construction contracts	9,737	19,414	46,753
Retention receivables	23,356	22,623	55,529
	<u>33,093</u>	<u>42,037</u>	<u>102,282</u>
<b>Receivables from contracts with customers within the scope of IFRS 15, which are included in "Trade and other receivables" (Note 12)</b>	<u>76,400</u>	<u>73,917</u>	<u>91,448</u>

As at 31 December 2020, the amounts of approximately RM6,873,000 (30 June 2020: RM10,050,000 and 1 July 2019: RM8,401,000) included in the contract assets are expected to be recovered after more than one year, all of which related to retention receivables.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

## 13. CONSTRUCTION CONTRACTS (CONTINUED)

### (b) Contract liabilities

	31 December 2020 RM'000 (unaudited)	30 June 2020 RM'000 (audited)	1 July 2019 RM'000 (unaudited)
<b>Contract liabilities</b>			
Construction contracts			
– Billings in advance of performance	2,804	1,282	89

## 14. FINANCIAL ASSETS AT FVTPL

Financial assets at FVTPL represented the Group's investments in an open-end unit trust established in Malaysia. There is no fixed maturity period and the fair value of the investments as at 31 December 2020 was determined with reference to the quoted bid prices in active markets at the end of the reporting period. The fair value measurements of financial assets at FVTPL are categorised as level 1 of the fair value hierarchy.

Changes in fair value of financial assets at FVTPL are recognised in other net income in the condensed consolidated statement of profit or loss and other comprehensive income.

## 15. TRADE AND OTHER PAYABLES

	31 December 2020 RM'000 (unaudited)	30 June 2020 RM'000 (audited)	1 July 2019 RM'000 (unaudited)
Trade payables	84,798	91,994	178,544
Other payables and accruals	1,044	1,196	3,111
Retention payables	16,339	18,645	17,973
	<u>102,181</u>	<u>111,835</u>	<u>199,628</u>

Note: Except for the amounts of approximately RM5,605,000 (30 June 2020: RM10,116,000 and 1 July 2019: RM7,994,000) included in the retention payables as at 31 December 2020 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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

## 15. TRADE AND OTHER PAYABLES (CONTINUED)

### Aging analysis of trade payables

As at the end of each reporting period, the aging analysis of trade payables, based on the invoice date, is as follows:

	<b>31 December 2020 RM'000 (unaudited)</b>	30 June 2020 RM'000 (audited)	1 July 2019 RM'000 (unaudited)
Within 30 days	17,533	17,925	59,892
31 to 90 days	4,082	1,142	11,766
Over 90 days	63,183	72,927	106,886
	<u>84,798</u>	<u>91,994</u>	<u>178,544</u>

## 16. BANK LOAN

	<b>31 December 2020 RM'000 (unaudited)</b>	30 June 2020 RM'000 (audited)	1 July 2019 RM'000 (unaudited)
Bank loan, secured, repayable within one year or on demand	-	-	501

The Group's banking facilities were secured and guaranteed by:

- (i) investment properties of approximately RM2,200,000 as at 31 December 2020 (30 June 2020: nil and 1 July 2019: RM3,300,000);
- (ii) deposits paid for acquisition of investment properties of approximately RM12,911,000 as at 31 December 2020 (30 June 2020: nil and 1 July 2019: nil);
- (iii) deposits with licensed banks of the Group with carrying amounts of approximately RM9,664,000 (30 June 2020: RM9,178,000 and 1 July 2019: RM5,593,000) as at 31 December 2020; and
- (iv) unlimited joint and several personal guarantee and personal guarantee to the extent of RM43,380,000 were given by directors of the Group (Note 18) as at 1 July 2019 (31 December 2020: nil and 30 June 2020: nil).

As at 31 December 2020, the Group had aggregate banking facilities of approximately RM67,000,000 (30 June 2020: RM47,000,000 and 1 July 2019: RM49,380,000) for loans and borrowings. Unused facilities as at the same date amounted to approximately RM67,000,000 (30 June 2020: RM47,000,000 and 1 July 2019: RM47,500,000).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

## 17. SHARE CAPITAL

### Authorised ordinary shares of HK\$0.01 each:

	No. of shares	Amount RM'000
At 1 July 2019 (unaudited), 30 June 2020 (audited) and 31 December 2020 (unaudited)	2,000,000,000	10,535

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

	No. of shares	Amount RM'000
At 1 July 2019 (unaudited), 30 June 2020 (audited) and 31 December 2020 (unaudited)	500,000,000	2,672

## 18. 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
Primary Bay Sdn. Bhd.	A company controlled by the Controlling Shareholders

### (a) Key management personnel remuneration

The remuneration of key management personnel (including the executive directors of the Company) of the Group during the period is as follows:

	For the six months ended 31 December	
	2020 RM'000 (unaudited)	2019 RM'000 (unaudited)
Short-term employee benefits	988	1,381
Post-employment benefits	82	113
	1,070	1,494

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

## 18. RELATED PARTY TRANSACTIONS (CONTINUED)

### (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	
	2020	2019
	RM'000	RM'000
	(unaudited)	(unaudited)
<b>Marine construction:</b>		
Management fee expenses JBB Kimlun Sdn. Bhd.	40	34

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.

### (c) Financing arrangements with related parties

- (a) The directors of the Group have provided unlimited joint and several personal guarantee and personal guarantee to the extent of RM43,380,000 to banks for the banking facilities granted to the Group as at 1 July 2019 (31 December 2020: nil and 30 June 2020: nil) (Note 16).
- (b) At 1 July 2019, the Group had financial guarantees provided to a related company, details of which are set out in the Note 19. The financial guarantees provided to a related party was released on 16 July 2019.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

## 19. FINANCIAL GUARANTEE

At the end of reporting period, the Group had the following financial guarantee:

	Note	31 December 2020 RM'000 (unaudited)	30 June 2020 RM'000 (audited)	1 July 2019 RM'000 (unaudited)
Guarantee given to banks in connection with facilities granted to:				
– A related company Primary Bay Sdn. Bhd.	(a)	–	–	3,945
		–	–	3,945

	Note	31 December 2020 RM'000 (unaudited)	30 June 2020 RM'000 (audited)	1 July 2019 RM'000 (unaudited)
Utilised to the extent of the following amounts by:				
– A related company Primary Bay Sdn. Bhd.	(a)	–	–	3,945
		–	–	3,945

Note:

(a) Such guarantee was released on 16 July 2019.

The maximum liability of the Group under the guarantee issued represents the amount drawn down by the related company. No deferred income in respect of this guarantee issued has been recognised as the directors of the Company consider that the fair value of the guarantee at the inception is not significant. Accordingly, the fair value of this guarantee was not recognised for in the condensed consolidated financial statements.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

## 20. CONTINGENT LIABILITIES

### (i) Performance bonds

	<b>31 December 2020 RM'000 (unaudited)</b>	30 June 2020 RM'000 (audited)	1 July 2019 RM'000 (unaudited)
Performance bonds for contracts in favour of customers	<u>4,335</u>	<u>4,335</u>	<u>991</u>

The above performance bonds were given by banks in favour of some of Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks accordingly. The performance bonds will be released based on the terms of the respective contracts for the relevant customers.

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

## 21. CAPITAL COMMITMENTS

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

	<b>31 December 2020 RM'000 (unaudited)</b>	30 June 2020 RM'000 (audited)	1 July 2019 RM'000 (unaudited)
Equipment	<u>187</u>	<u>269</u>	<u>–</u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

## 22. 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 35 to the consolidated financial statements of 2020 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 2020 and 31 December 2019.