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Rimbaco Group Global Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1953)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 OCTOBER 2020**

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Rimbaco Group Global Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 October 2020 (“**FY2020**”), together with the comparative audited figures for the year ended 31 October 2019 (“**FY2019**”). All amounts set out in this announcement are presented in Malaysian Ringgit (“**RM**”) unless otherwise indicated.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the year ended 31 October 2020

	<i>Notes</i>	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Revenue	4	180,265	262,474
Cost of services		<u>(157,522)</u>	<u>(230,026)</u>
Gross profit		22,743	32,448
Other income, gain and loss	5	1,088	891
Share of result of an associate		59	97
Administrative and other expenses		(12,035)	(13,267)
Loss allowances on trade and other receivables and contract assets, net		(639)	(385)
Finance costs	6	<u>(268)</u>	<u>(1,039)</u>
Profit before tax	7	10,948	18,745
Income tax expense	8	<u>(4,750)</u>	<u>(6,528)</u>
Profit for the year		<u>6,198</u>	<u>12,217</u>
Other comprehensive expense			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements from functional currency to presentation currency		<u>(2,140)</u>	–
Other comprehensive expense for the year, net of income tax		<u>(2,140)</u>	<u>–</u>
Total comprehensive income for the year attributable to owners of the Company		<u>4,058</u>	<u>12,217</u>
Earnings per share (<i>RM cents</i>)			
– Basic and diluted	9	<u>0.56</u>	<u>1.29</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2020

		2020	2019
	<i>Notes</i>	<i>RM'000</i>	<i>RM'000</i>
Non-current assets			
Property, plant and equipment		8,495	6,568
Investment properties		5,535	6,352
Right-of-use assets		6,176	8,292
Interest in an associate		942	931
Other non-current asset		118	118
Deferred tax assets		875	3,167
		<u>22,141</u>	<u>25,428</u>
Current assets			
Trade and other receivables	11	44,221	82,006
Contract assets	12	113,673	101,349
Amounts due from related parties		–	7
Tax recoverable		2,802	–
Restricted bank deposits	13	9,552	8,741
Bank balances and cash	13	44,132	14,300
		<u>214,380</u>	<u>206,403</u>
Current liabilities			
Trade, bills and other payables	14	75,010	125,338
Contract liabilities	12	1,394	–
Tax payables		208	3,760
Lease liabilities		3,979	3,317
		<u>80,591</u>	<u>132,415</u>
Net current assets		<u>133,789</u>	<u>73,988</u>
Total assets less current liabilities		<u>155,930</u>	<u>99,416</u>

	<i>Notes</i>	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Non-current liabilities			
Lease liabilities		234	4,054
Deferred tax liabilities		910	689
		<u>1,144</u>	<u>4,743</u>
Net assets		<u>154,786</u>	<u>94,673</u>
Capital and reserves			
Share capital	<i>15</i>	7,033	—*
Reserves		147,753	94,673
		<u>154,786</u>	<u>94,673</u>

* *Less than RM1,000*

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Rimbaco Group Global Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 28 February 2019 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 28 April 2020 (the “**Listing Date**”). The Company’s immediate and ultimate holding company are both RBC Venture Limited, a company incorporated in the British Virgin Islands (the “**BVI**”) which is ultimately owned by Mr. Low Seah Sun (“**Mr. Low**”), Ms. Seah Peet Hwah (“**Ms. Seah**”), Mr. Cheang Wye Keong (“**Mr. Cheang**”) and Mr. Lau Ah Cheng (“**Mr. Lau**”) (collectively referred as the “**Controlling Shareholders**”).

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

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

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

2. BASIS OF PREPARATION

Pursuant to the reorganisation as detailed in the section headed “History, Development and Reorganisation” (the “**Reorganisation**”) in the prospectus of the Company dated 14 April 2020 (the “**Prospectus**”), the Company became the holding company of the companies now comprising the Group on 17 June 2019. The Company and its subsidiaries have been under the control and beneficially owned by the Controlling Shareholders throughout the year ended 31 October 2019 or since their respective dates of incorporation or establishment up to 31 October 2019. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements of the Group have been prepared on the basis as if the Company had always been the holding company of the companies now comprising the Group throughout the year ended 31 October 2019 or since their respective dates of incorporation or establishment up to 31 October 2019, using the principles of merger accounting.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows including the results, changes in equity and cash flows of the companies now comprising the Group have been prepared as if the current group structure had been in existence throughout the year ended 31 October 2019.

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

In the current year, the Group has applied, for its first time, the following new and amendments to IFRSs, which include IFRSs, International Accounting Standards (“IAS(s)”), amendments and interpretations (“IFRIC”) issued by the International Accounting Standards Board (the “IASB”) except that the Group early adopted IFRS 16 Leases throughout the year ended 31 October 2019.

Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle
Amendments to IFRS 9	Prepayment Features with Negative Compensation
IFRIC 23	Uncertainty over Income Tax Treatments

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

New and revised IFRSs issued but not yet effective

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

IFRS 17	Insurance Contracts ⁵
Amendments to IFRS 3	Definition of a Business ⁶
Amendments to IFRS 3	Reference to the Conceptual Framework ⁴
Amendments to IFRS 4	Extension of the temporary exemption from applying IFRS 9 ⁵
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform ¹
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2 ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁷
Amendments to IFRS 16	Covid-19-Related Rent Concessions ²
Amendments to IFRS 17	Insurance Contracts ^{5,8}
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ⁵
Amendments to IAS 1 and IAS 8	Definition of Material ¹
Amendments to IAS 16	Property, Plant and Equipment: Proceeds Before Intended Use ⁴
Amendments to IAS 37	Onerous Contract – Cost of Fulfilling a Contract ⁴
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020 ⁴
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting ¹

¹ Effective for annual periods beginning on or after 1 January 2020.

² Effective for annual periods beginning on or after 1 June 2020.

³ Effective for annual periods beginning on or after 1 January 2021.

⁴ Effective for annual periods beginning on or after 1 January 2022.

⁵ Effective for annual periods beginning on or after 1 January 2023.

⁶ Effective for business combinations and asset acquisition for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020.

⁷ Effective date not yet been determined.

⁸ As a consequence of the amendments to IFRS 17 issued in October 2020. IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023.

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

4. REVENUE AND SEGMENT INFORMATION

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

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker (the “**CODM**”), being the executive directors of the Group for the purposes of resources allocation and assessment of segment performance focuses on types of services delivered or provided. For management purpose, the Group operates in one business unit based on the services provided, and its sole operating segment is the provision of building construction services. The CODM monitors the revenue, results, assets and liabilities of its business unit as a whole and regularly reviews financial information prepared in accordance with the accounting policies which conform with IFRSs and consistently presented in the consolidated financial statements, and without further discrete financial information. Accordingly, no analysis of segment information other than entity-wide information is presented.

An analysis of the Group’s revenue for the year is as follows:

	Year ended 31 October	
	2020	2019
	RM’000	RM’000
Revenue from contracts with customers recognised over time and disaggregated by types of building construction services:		
Factory projects	22,712	101,192
Institutional, commercial and/or residential projects	154,090	158,771
Others	3,463	2,511
	<u>180,265</u>	<u>262,474</u>

5. OTHER INCOME, GAIN AND LOSS

	Year ended 31 October	
	2020	2019
	RM’000	RM’000
Bank interest income	469	356
Rental income (<i>note</i>)	114	172
Gain on disposal of property, plant and equipment	163	215
Written off of property, plant and equipment	(120)	(50)
Gain on disposal of investment properties	340	180
Others	122	18
	<u>1,088</u>	<u>891</u>

Note:

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

	Year ended 31 October	
	2020	2019
	RM'000	RM'000
Gross rental income from investment properties	114	172
Less:		
– direct operating expenses incurred for investment properties that generated rental income during the year (included in administrative and other expenses)	(45)	(13)
– direct operating expenses incurred for investment properties that did not generate rental income during the year (included in administrative and other expenses)	(26)	(36)
	<u>43</u>	<u>123</u>

6. FINANCE COSTS

	Year ended 31 October	
	2020	2019
	RM'000	RM'000
Interest on:		
Bank borrowings and bank overdraft	–	678
Lease liabilities	268	361
	<u>268</u>	<u>1,039</u>

7. PROFIT BEFORE TAX

	Year ended 31 October	
	2020	2019
	RM'000	RM'000
Profit before tax has been arrived at after charging (crediting):		
Directors' emolument	1,833	1,914
Other staff costs:		
Salaries, wages and other benefits	11,770	13,138
Retirement benefit scheme contribution, excluding those of directors	947	1,007
Total staff costs	<u>14,550</u>	<u>16,059</u>
Auditor's remuneration	477	79
Depreciation of property, plant and equipment	1,384	1,576
Depreciation of investment properties	107	139
Depreciation of right-of-use assets	2,442	2,288
Construction material costs (included in cost of services)	52,465	62,864
Subcontracting costs (included in cost of services)	75,967	126,861
Reversal of provision for liquidated and ascertained damages (included in cost of services)	(6,920)	–
Listing expenses (included in administrative and other expenses)	<u>4,780</u>	<u>8,662</u>

8. INCOME TAX EXPENSE

	Year ended 31 October	
	2020	2019
	RM'000	RM'000
Malaysian Corporate Income Tax		
– current year	1,697	7,503
– prior years	540	48
Deferred tax	<u>2,513</u>	<u>(1,023)</u>
	<u>4,750</u>	<u>6,528</u>

Malaysian Corporate Income Tax is calculated at the statutory tax rate of 24% on the estimated assessable profit for the years ended 31 October 2020 and 2019.

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

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

9. EARNINGS PER SHARE

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

	2020	2019
	RM'000	RM'000
<i>Earnings</i>		
Earnings for the purpose of basic earnings per share	<u>6,198</u>	<u>12,217</u>
	2020	2019
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,107,246,575</u>	<u>945,000,000</u>

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 October 2020 and 2019.

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined based on the number of shares that would have been outstanding for the relevant year on the assumption that the Reorganisation set out in note 2 and the capitalisation issue as referred to note 15.

10. DIVIDEND

No dividend was paid or proposed during the year ended 31 October 2020, nor has any dividend been proposed since the end of the reporting period (2019: nil).

During the year ended 31 October 2019, Rimbaco Sdn. Bhd. and Rimbaco Property Sdn. Bhd. declared and paid an interim dividend of RM1,000,000 and RM1,200,000 to their shareholders, respectively.

11. TRADE AND OTHER RECEIVABLES

	As at 31 October	
	2020	2019
	<i>RM'000</i>	<i>RM'000</i>
Trade receivables from contract with customers	43,570	74,548
Less: loss allowance on trade receivables	(2,578)	(1,626)
	<hr/>	<hr/>
Trade receivables, net	40,992	72,922
	<hr/>	<hr/>
Other receivables, deposits and prepayments		
– Other receivables	417	103
– Rental and other deposits	1,203	1,269
– Prepayments	1,645	4,914
– Goods and Services Tax recoverable	–	305
– Prepaid listing expenses	–	90
– Deferred issue costs	–	2,449
	<hr/>	<hr/>
	3,265	9,130
Less: loss allowance on other receivables	(36)	(46)
	<hr/>	<hr/>
Other receivables, deposits and prepayments, net	3,229	9,084
	<hr/>	<hr/>
Total trade and other receivables	44,221	82,006
	<hr/> <hr/>	<hr/> <hr/>

The Group allows an average credit period of no longer than 60 days to its customers.

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

	As at 31 October	
	2020	2019
	<i>RM'000</i>	<i>RM'000</i>
Within 30 days	17,649	34,157
31 to 60 days	9,280	15,671
61 to 90 days	4,559	15,281
Over 90 days	12,082	9,439
	<hr/>	<hr/>
Total	43,570	74,548
	<hr/> <hr/>	<hr/> <hr/>

12. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	As at 31 October	
	2020	2019
	RM'000	RM'000
Analysed as current:		
Unbilled revenue of construction contracts	72,759	57,905
Retention receivables of construction contracts	41,064	43,897
	<u>113,823</u>	<u>101,802</u>
Less: loss allowance on contract assets	(150)	(453)
	<u>113,673</u>	<u>101,349</u>

(b) Contract liabilities

	As at 31 October	
	2020	2019
	RM'000	RM'000
Advances from customers of building construction contracts	1,394	–

13. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

Restricted bank deposits are placed with banks to secure general banking facilities granted to the Group. As at 31 October 2020, these deposits carry the interest rate ranged from 1.25% to 3% (2019: 2.65% to 3.55%) per annum. The amounts are denominated in RM.

Bank balances and cash comprise bank balances and cash on hand and time deposits with original maturity of three months or less. Bank balances carried interest at prevailing market rates based on daily bank deposit rate for the years ended 31 October 2020 and 2019. As at 31 October 2020, the interest rate of these bank deposits ranged from 0.35% to 1.25% (2019: nil) per annum.

14. TRADE, BILLS AND OTHER PAYABLES

	As at 31 October	
	2020	2019
	RM'000	RM'000
Trade and bills payables	61,981	85,814
Retention payables	9,925	13,714
Accruals	2,148	15,994
Provision for liquidated and ascertained damages	–	6,920
Other payables	956	963
Accrued listing expenses	–	1,583
Accrued issue costs	–	350
	<u>75,010</u>	<u>125,338</u>

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

	As at 31 October	
	2020	2019
	RM'000	RM'000
Within 30 days	22,255	34,449
31 to 60 days	9,909	17,182
61 to 90 days	9,789	19,230
Over 90 days	20,028	14,953
	61,981	85,814

15. SHARE CAPITAL

The Company is incorporated and the Reorganisation completed during the year ended 31 October 2019 and the balance of share capital as at 31 October 2019 represented the share capital of the Company. Details of movements of authorised and issued capital of the Company are as follow:

	Number of Ordinary shares	Amount HK\$	Amount RM'000
Ordinary share of HK\$0.01 each			
<i>Authorised:</i>			
At 28 February 2019 (date of incorporation) and 31 October 2019	38,000,000	380,000	N/A
Increase on 31 March 2020 (<i>note a</i>)	<u>9,962,000,000</u>	<u>99,620,000</u>	<u>N/A</u>
At 31 October 2020	<u><u>10,000,000,000</u></u>	<u><u>100,000,000</u></u>	<u><u>N/A</u></u>
<i>Issued and fully paid:</i>			
At 28 February 2019 (date of incorporation)	100	1	—*
Issue of shares on 17 June 2019 upon the Reorganisation (<i>note 2</i>)	<u>900</u>	<u>9</u>	<u>—*</u>
At 31 October 2019	1,000	10	—*
Capitalisation issue of shares (<i>note b</i>)	944,999,000	9,449,990	5,275
Issue of new shares in connection with the listing of shares of the Company (<i>note c</i>)	<u>315,000,000</u>	<u>3,150,000</u>	<u>1,758</u>
At 31 October 2020	<u><u>1,260,000,000</u></u>	<u><u>12,600,000</u></u>	<u><u>7,033</u></u>

* Less than RM1,000

Notes:

- (a) On 31 March 2020, the authorised share capital of the Company was increased from HK\$380,000 to HK\$100,000,000 by the creation of an additional 9,962,000,000 new shares of HK\$0.01 each.
- (b) Pursuant to the written resolution passed on 31 March 2020 by the then shareholders of the Company, it was approved to issue 944,999,000 ordinary shares of HK\$0.01 each to the then shareholders by way of capitalisation of the sum of HK\$9,449,990 (equivalent to RM5,275,000) standing to the credit of the share premium account of the Company following the share offer of 315,000,000 ordinary shares of the Company.
- (c) On 27 April 2020, the Company issued a total of 315,000,000 ordinary shares HK\$0.01 each at a price of HK\$0.4 per share as a result of the completion of the share offer. Of the total gross proceeds amounting to HK\$126,000,000, HK\$3,150,000 (equivalent to RM1,758,000) representing the par value credit to the Company's share capital and HK\$122,850,000 (equivalent to RM68,575,000), before the share issue expenses, credit to the share premium account. The Company's total number of issued shares was increased to 1,260,000,000 shares upon completion of the share offer.
- (d) All shares issued rank pari passu in all respects with all shares then in issue.

16. PERFORMANCE BOND

	As at 31 October	
	2020	2019
	RM'000	RM'000
Performance bonds for construction contracts in favour of customers	25,952	24,962

17. EVENT AFTER THE REPORTING PERIOD

On 11 January 2021, Malaysian Government announced Movement Control Order (“MCO”) from 13 January 2021 to 26 January 2021 to a few states of Malaysia which include Penang where the Group's major projects are located. The MCO was further extended to 4 February 2021 to all states of Malaysia, except for Sarawak. During this period, the Group has obtained permission from the relevant authorities to carry out the construction works but strictly adhere to the standard operating procedures where the daily operation hours were shortened. As at the date of the announcement, the directors of the Company considered that the financial impact from MCO on the Group's financial position and performance cannot be reasonably assessed and will continue to assess such impact.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

On 28 April 2020 (the “**Listing Date**”), the shares of the Company (the “**Shares**”) were listed (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Group is mainly involved in the building construction industry in Malaysia through its wholly-owned subsidiary, Rimbaco Sdn Bhd. (“**Rimbaco**”). Rimbaco is a Malaysia-based building construction contractor focusing on the provision of building construction services for (i) factories, including low-rise processing facilities and manufacturing plants; and (ii) institutional, commercial and/or residential buildings such as private hospitals, hotels, shopping malls, high-rise residential buildings and commercial/residential complex. Rimbaco also undertakes small-scale ancillary construction works, including but not limited to renovation works, repair works and electrical works.

During FY2020, the Group completed 3 construction projects with an aggregate contract sum of approximately RM114.1 million, of which 1 was a factory project and 2 were residential projects.

As at 31 October 2020, the Group had 8 building construction projects in progress with an aggregate contract sum of approximately RM1,031.7 million of which 3 were factory projects and 5 were institutional, commercial and/or residential projects.

No.	Description of works	Contract sum (RM'000)
1	Commercial: Design and construction of a commercial/residential complex consisting of a nine-storey commercial podium with parking lots, a 18-storey office building, a 18-storey hotel and a 30-storey service apartment	518,597
2	Institutional: Construction of a 12-storey hospital with basement, car park and underground tunnel	322,402
3	Residential: Design and construction of a high-rise residential building with 500 flats	84,718
4	Commercial: Construction of a five-storey office	2,480
5	Factory: Construction of a manufacturing plant (Phase 1 of the second manufacturing plant)	18,602
6	Factory: Construction of a manufacturing plant (Phase 2 of the second manufacturing plant)	16,600

No.	Description of works	Contract sum (RM'000)
7	Factory: One new plant room architecture and structure works	1,542
8	Institutional: Construction of one block of school building	66,800

During FY2020, the Group submitted 8 tenders for factory projects and 3 tenders for institutional, commercial and/or residential projects. These tenders represent an expected aggregate contract sum of approximately RM630.2 million. During FY2020, the Group was awarded 5 contracts with an aggregate contract sum of RM100.9 million.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately RM82.2 million, or 31.3%, from approximately RM262.5 million for FY2019 to approximately RM180.3 million for FY2020. Such decrease was mainly due to the Movement Control Order ("MCO") and Conditional Movement Control Order ("CMCO") from 18 March 2020 to 9 June 2020 announced by the Government of Malaysia in the outbreak of Covid-19 during FY2020, which has affected the progress of our project work during this period. The progress of the project work only recovered slowly during the first phase of Recovery Movement Control Order ("RMCO") from 10 June 2020 and 31 August 2020 as the operations were still subject to adhere to stringent standard operating procedures.

	Year ended 31 October			
	2020		2019	
	Revenue (RM'000)	% of total revenue	Revenue (RM'000)	% of total revenue
Factory projects	22,712	12.6	101,192	38.6
Institutional, commercial and/or residential projects	154,090	85.5	158,771	60.5
Others	3,463	1.9	2,511	0.9
	<u>180,265</u>	<u>100</u>	<u>262,474</u>	<u>100</u>

During FY2020, the revenue attributable to factories and institutional, commercial and/or residential buildings amounted to approximately RM22.7 million and approximately RM154.1 million (FY2019: approximately RM101.2 million and approximately RM158.8 million), respectively, representing approximately 12.6% and 85.5% (FY2019: approximately 38.6% and 60.5%), of the total revenue of the Group, respectively.

As at 31 October 2020, the Group had an outstanding order book of approximately RM664.4 million (31 October 2019: approximately RM745.3 million).

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately RM9.7 million, or 29.9%, from approximately RM32.4 million for FY2019 to approximately RM22.7 million for FY2020. The overall gross profit margin for FY2020 remain approximately the same as FY2019, is at approximately 12.6% and 12.4% respectively.

Other Income, Gain and Loss

The Group's other income, gain and loss slightly increased from approximately RM0.9 million for FY2019 to approximately RM1.1 million for FY2020 which was mainly due to the increase in gain on disposal of investment properties of which were located at Seberang Perai.

Administrative and Other Expenses

The Group's administrative and other expenses decreased by approximately RM1.3 million or 9.8% from approximately RM13.3 million for FY2019 to approximately RM12.0 million for FY2020, which was mainly due to a decrease of listing expenses of RM3.9 million from FY2019 to FY2020.

Finance Costs

The Group's finance costs decreased by approximately RM0.7 million from approximately RM1.0 million for FY2019 to approximately RM0.3 million for FY2020 which was mainly due to a decrease in utilisation of banker acceptance facilities.

Income Tax Expense

The Group's income tax expense decreased by approximately RM1.8 million or 27.2% from approximately RM6.5 million for FY2019 to approximately RM4.8 million for FY2020. The effective tax rate for the FY2020 is 43.4%, which is higher than the Malaysian corporate income tax rate of 24% mainly due to the listing expenses amounting to approximately RM4.8 million for FY2020 being a non-deductible expense.

Profit Attributable to the Owners of the Company

As a result of the foregoing, the Group reported profit attributable to owners of the Company of approximately RM6.2 million for FY2020, representing a decrease of approximately RM6.0 million or 49.3% as compared to approximately RM12.2 million for FY2019.

FUTURE PROSPECTS

The outbreak of the Covid-19 virus that started in January 2020 triggering lockdowns has disrupted the global operating environments and generated huge uncertainties for the world.

The Covid-19 outbreak in Malaysia and the subsequent MCO periods have affected the financial performance of the Group over the last few months of FY2020. Due to the recent spike in the Covid-19 cases, the Malaysian Government has re-imposed CMCO in numerous states in order to curb the spread of the new wave of Covid-19 virus. Such measures have affected both the external and domestic demand, which has curtailed economic activities and resulted in marginal economic growth. Whilst the Malaysian Government has gradually eased the restrictions and businesses are now allowed to operate under strict Standard Operating Procedures (“SOP”) during the CMCO, the recovery of our economy, as well as the return to our normal social behaviour will require more time and efforts from all stakeholders.

The Bank Negara Malaysia (“BNM”) projected that the growth rate of Gross Domestic Product to be between negative 3.5% to negative 5.5% in 2020 due to the unprecedented length of the MCO and changes in world growth forecasts arising from weak global demand, disruption in the supply chains and global Covid-19 containment measures.

We expect on-going projects to continue showing good progress, despite the disruption following the unprecedented re-imposed CMCO. Six on-going projects are expected to be completed in the year ending 31 October 2021 (“FY2021”). The construction of Island Hospital and IP-KN should be completed in FY2021 while the construction of Crimson Omega will progressively pick up its construction pace in 2021. Nevertheless, precautionary measures will be strictly adhered to prevent the spread of the coronavirus and to ensure the health of our workers at the construction site and timely completion of our construction projects.

2020 is an exceptionally challenging year for the global and domestic economy. Moving forward, the Group will focus on project implementation and execution to ensure quality works are delivered on time. Amidst Malaysia's political changes and global health crisis, the Group will continue to remain committed and focused to perform resiliently in the coming financial year against the prevailing market uncertainties and continue to seek growth opportunities in its order book to ensure sustainable earnings in the coming year. In addition to the Group's strong cash reserve and stringent cost control measures, we are optimistic of overcoming this difficult period.

LIQUIDITY AND FINANCIAL RESOURCES

Gearing ratio of the Group (calculated by dividing the total debts (lease liabilities) by total equity and multiplied by 100%) decreased from approximately 7.8% as at 31 October 2019 to approximately 2.7% as at 31 October 2020, which was mainly due to a decrease in lease liabilities and increase in total equity as a result of new shares issued from the Listing.

During FY2020, the Group maintained a healthy liquidity position with working capital being financed through cash generated from financing activities. As at 31 October 2020, the Group's bank balances and cash was approximately RM44.1 million (31 October 2019: approximately RM14.3 million) and the Group's restricted bank deposits was approximately RM9.6 million (31 October 2019: approximately RM8.7 million). Such increase was mainly attributed to the proceeds of the Listing for working capital purpose. The Directors consider the level of cash balances to be reasonable, which would enable the Company to maintain its liquidity position in settling the progress payments on time to subcontractors and enhance its position as main contractor's competitiveness despite the outbreak of Covid-19.

As at 31 October 2020, the current ratio of the Group was approximately 2.66 times (31 October 2019: approximately 1.56 times).

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

Capital Structure

As at 31 October 2020, the capital structure of the Group consisted of equity of approximately RM154.8 million (31 October 2019: approximately RM94.7 million) and bank borrowings of Nil (31 October 2019: Nil) as more particularly described in the paragraph headed "Borrowings" below.

Borrowings

As at 31 October 2020, the Group did not have any outstanding bank borrowings and the unutilised facility for bank overdraft amounted to approximately RM500,000 (31 October 2019: approximately RM500,000).

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

Net Current Assets

The Group's net current assets increased by approximately RM59.8 million, or 80.8%, from approximately RM74.0 million as at 31 October 2019 to approximately RM133.8 million as at 31 October 2020, which was a combined effect of the decrease in trade and other receivables of approximately RM37.8 million and the increase in contract assets of approximately RM12.4 million, increase in bank balances and cash of approximately RM29.8 million and decrease in trade, bills and other payables of approximately RM50.3 million. The Board regularly reviews the maturity analysis of the Group's contractual liabilities and concludes that there is no liquidity issue that may cast significant doubt on the Company's ability to continue as a going concern.

Capital Expenditures

The Group's capital expenditures principally consisted of expenditures on acquisitions of property, plant and equipment related to operations, which were funded by the Group's internal resources and finance lease arrangement and amounted to approximately RM3.7 million.

Material Acquisitions or Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plans for Material Investments or Capital Assets

There was no acquisition or disposal of subsidiaries, associates or joint ventures during FY2020. Save as disclosed in this announcement and the prospectus of the Company dated 14 April 2020 (the "**Prospectus**"), there was no future plan for material investments or capital assets as at 31 October 2020.

Significant Investment Held

The Group did not hold any significant investment (except for its subsidiaries) during FY2020.

Contingent Liability

Save as disclosed in note 16 to this announcement, the Group had no contingent liabilities as at 31 October 2020.

Pledge of Assets

As at 31 October 2020, restricted bank deposits of approximately RM9.6 million (31 October 2019: approximately RM8.7 million) have been pledged to banks as security for banking facilities granted to the Group with approximately RM26.0 million (31 October 2019: approximately RM25.0 million) related to Group's performance bond approximately RM0.6 million was as part of the sinking fund for release of director's personal guarantee.

For contracts awarded, the Group's customers may require performance bonds, the amounts of which are generally 5% of the original contract sum, in favour of them to guarantee the completion of work and such performance bonds are generally released after the issuance of Certificate of Practical Completion or completion of the defect liability period.

Capital Commitments

As at 31 October 2020, the Group did not have any capital commitments (31 October 2019: Nil).

Foreign Exchange Exposure

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

Treasury Policies

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

Employees and Remuneration Policies

As at 31 October 2020, the Group's workforce stood at 174 employees, 126 were Malaysian workers and 48 were foreign workers. As at 31 October 2019, the Group had 184 employees, 132 were Malaysian workers and 52 were foreign workers.

Total staff costs (excluded directors' emoluments) decreased by approximately RM1.4 million from RM14.1 million during FY2019 to RM12.7 million during FY2020.

The Group believes that on-going and continuous development of its employees is critical to its success. The Group provides its employees with tailored training programmes that are designed to upgrade their skills and knowledge and to prepare them for the next step in their career path within our Group. The Group entered into separate labour contracts with each of its employees in accordance with the applicable labour laws of Malaysia. The remuneration

offered to employees generally includes salaries and bonuses. In general, the Group determines salaries of its employees based on each employee's qualification, position and performance.

The Group has adopted a share option scheme which became effective on the Listing Date to enable the Board to grant share options to eligible participants giving them an opportunity to have a personal stake in the Company.

Use of Proceeds from Listing

On the Listing Date, the issued shares of the Company were listed on the Main Board of the Stock Exchange. A total of 315,000,000 ordinary shares were issued to the public at a price of HK\$0.40 per share for net proceeds of approximately HK\$73.5 million (approximately RM38.7 million) ^(Note 1) after the deduction of related listing expenses. These proceeds were utilised in accordance with the proposed allocation set out in the Prospectus.

Note 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.

Set out below are details of the allocation of the net proceeds, the utilised amount of the net proceeds during FY2020:

Use of Net Proceeds	Approximate Percentage of Total Amount	Approximate Actual Net Proceeds HK\$'000	Approximate Amount utilized during FY2020 HK\$'000	Approximate Unused Net Proceeds HK\$'000
Strengthening capital base for potential building projects	39.3%	28,924	–	28,924
Acquisition of Machinery & Equipment	31.2%	22,972	–	22,972
Acquisition of land and construct a warehouse	6.5%	4,781	–	4,781
Collateral for banking facilities and funding for sinking fund	6.1%	4,512	1,086	3,426
Expansion of workforce to support business expansion	5.3%	3,892	–	3,892
Set up branch office in Kuala Lumpur	2.0%	1,450	–	1,450
Working capital and other general corporate purpose	9.6%	6,981	5,918	1,063
	100%	73,512	7,004	66,508

As at the end of FY2020, the amount of the net proceeds which remained unutilised amounted to approximately HK\$66.5 million and have been deposited in licensed banks.

DIRECTORS' INTERESTS IN COMPETING INTERESTS

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

DEED OF NON-COMPETITION

Mr. Low Seah Sun, Ms. Seah Peet Hwah, Mr. Cheang Wye Keong, Mr. Lau Ah Cheng and RBC Venture Limited, each being the controlling shareholder (as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”)) of the Company (the “**Controlling Shareholder(s)**”), have entered into a deed of non-competition dated 31 March 2020 in favour of the Company (the “**Deed of Non-Competition**”). Details of the Deed of Non-Competition was set out in the section headed “RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS” of the Prospectus. The Company has received confirmations from Mr. Low Seah Sun, Ms. Seah Peet Hwah, Mr. Cheang Wye Keong, Mr. Lau Ah Cheng and RBC Venture Limited of their compliance with the terms of the Deed of Non-Competition. Mr. Low Seah Sun, Ms. Seah Peet Hwah, Mr. Cheang Wye Keong, Mr. Lau Ah Cheng and RBC Venture Limited declared that they have fully complied with the Deed of Non-Competition for FY2020.

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

During FY2020, none of the Controlling Shareholders and their respective close associates had any interests in a business, apart from the business of the Group, which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

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

Save as disclosed in this announcement, neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company’s listed shares during FY2020.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in the Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by Directors throughout FY2020.

CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of good corporate governance in management and internal procedures so as to achieve effective accountability and to protect and enhance Shareholders' value. Committed to upholding good corporate standards and procedures in the best interests of its Shareholders, the Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report to the Appendix 14 (the “**CG Code**”) to the Listing Rules. The Company has complied with all CG Code during FY2020.

PRE-EMPTIVE RIGHTS

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

DIVIDEND

The Board does not recommend the payment of a final dividend for FY2020. During FY2019, Rimbaco and Rimbaco Property Sdn. Bhd. declared and paid an interim dividend of RM1,000,000 and RM1,200,000 to their shareholders, respectively.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) on 31 March 2020, with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 and paragraph D3 of the CG Code as set forth in Appendix 14 to the Listing Rules. The Audit Committee is chaired by Mr. Wong Chi Wai, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules and has two other members, namely Mr. Ng Kok Seng and Ms. Yeo Chew Yen Mary. The audited consolidated results of the Group for FY2020 have been reviewed by the Audit Committee, who is of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 October 2020 as set out in this announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 October 2020. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on this announcement.

EVENTS AFTER REPORTING PERIOD

On 11 January 2021, the Malaysian Government announced the MCO from 13 January 2021 to 26 January 2021 to a few states of Malaysia which include Penang where the Group's major projects are located. The MCO was further extended to 4 February 2021 to all states of Malaysia, except for Sarawak. During this period, the Group has obtained permission from the relevant authorities to carry out the construction work but strictly adhere to the standard operating procedures where the daily operation hours were shortened. As at the date of this announcement, the Directors considered that the financial impact from MCO on the Group's financial position and performance cannot be reasonably assessed and will continue to assess such impact.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the Company's website (<http://www.rimbaco.com.my>) and the Stock Exchange's website (<http://www.hkex.com.hk>). The annual report for FY2020 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and available on the same websites in due course.

By order of the Board
Rimbaco Group Global Limited
Low Seah Sun
Chairman and Executive Director

Hong Kong, 22 January 2021

As at the date of this announcement, the executive Directors are Mr. Low Seah Sun, Mr. Low Wui Linn, Ms. Seah Peet Hwah, Mr. Cheang Wye Keong and Mr. Lau Ah Cheng, and the independent non-executive Directors are Mr. Ng Kok Seng, Mr. Wong Chi Wai and Ms. Yeo Chew Yen Mary.