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Rimbaco Group Global Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1953)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 APRIL 2020**

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Rimbaco Group Global Limited (the “**Company**”) hereby announces the unaudited interim consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 April 2020 (“**1H2020**”), together with the comparative unaudited figures for the six months ended 30 April 2019 (“**1H2019**”) and certain comparative figures as at the end of the last audited financial year ended 31 October 2019. All amounts set out in this announcement are presented in Malaysian Ringgit (“**RM**”) unless otherwise indicated.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 April 2020

	<i>NOTES</i>	6 months ended 30 April	
		2020 <i>RM'000</i> (unaudited)	2019 <i>RM'000</i> (unaudited)
Revenue	4	93,955	114,804
Cost of services		<u>(72,782)</u>	<u>(100,012)</u>
Gross profit		21,173	14,792
Other income, gain and loss	5	706	422
Share of results of an associate		49	49
Administrative and other expenses		(7,360)	(5,322)
Finance costs	6	<u>(491)</u>	<u>(397)</u>
Profit before tax	7	14,077	9,544
Income tax expense	8	<u>(4,493)</u>	<u>(3,106)</u>
Profit and total comprehensive income for the period attributable to owners of the Company		<u>9,584</u>	<u>6,438</u>
Earnings per share in RM (<i>cents</i>) – Basic and diluted	9	<u>1.01</u>	<u>0.68</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2020

		As at	
	<i>NOTES</i>	30 April 2020	31 October 2019
		<i>RM'000</i>	<i>RM'000</i>
		(unaudited)	(audited)
Non-current assets			
Property, plant and equipment		7,535	6,568
Investment properties		5,501	6,352
Right-of-use assets		7,283	8,292
Interest in an associate		980	931
Other non-current asset		118	118
Deferred tax assets		1,506	3,167
		<u>22,923</u>	<u>25,428</u>
Current assets			
Trade and other receivables	10	82,859	82,006
Contract assets		85,667	101,349
Amounts due from related parties		–	7
Restricted bank deposits		8,868	8,741
Bank balances and cash		33,959	14,300
		<u>211,353</u>	<u>206,403</u>
Current liabilities			
Trade, bills and other payables	11	62,668	125,338
Tax payable		4,722	3,760
Lease liabilities		3,518	3,317
		<u>70,908</u>	<u>132,415</u>
Net current assets		<u>140,445</u>	<u>73,988</u>
Total assets less current liabilities		<u>163,368</u>	<u>99,416</u>

		As at	
		30 April 2020	31 October 2019
	<i>NOTE</i>	RM'000	RM'000
		(unaudited)	(audited)
Non-current liabilities			
Lease liabilities		2,367	4,054
Deferred tax liabilities		689	689
		<u>3,056</u>	<u>4,743</u>
Net assets		<u>160,312</u>	<u>94,673</u>
Capital and reserves			
Share capital	12	7,033	*
Reserves		153,279	94,673
		<u>160,312</u>	<u>94,673</u>
Total equity		<u>160,312</u>	<u>94,673</u>

* *Less than RM1,000.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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 The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 28 April 2020 (the “**Listing Date**”). The Company’s ultimate holding company and immediate 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, Ms. Seah Peet Hwah, Mr. Cheang Wye Keong and Mr. Lau Ah Cheng (collectively referred as the “**Controlling Shareholders**”).

The address of the Company’s registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108 Cayman Islands and the address of the Company’s principal place of business is 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 acts as an investment holding company and the Group is principally engaged in the provision of general contractor services in Malaysia.

The condensed consolidated financial statements are presented in RM, which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard (“**IAS**”) 34 Interim Financial Reporting Issued by the International Accounting Standards Board (the “**IASB**”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”). The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the three years ended 31 October 2017, 2018 and 2019 as set out in the accountants’ report (the “**Accountants’ Report**”) included in Appendix I to the prospectus of the Company dated 14 April 2020 (the “**Prospectus**”).

Pursuant to the reorganisation as detailed in the section headed “History, Development and Reorganisation” in the Prospectus (the “**Reorganisation**”), 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 six months period from 1 November 2018 to 30 April 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 condensed 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 six months period from 1 November 2018 to 30 April 2019 or since their respective dates of incorporation or establishment up to 31 October 2019, using the principles of merger accounting.

The condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed 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 six months period from 1 November 2018 to 30 April 2019.

The condensed consolidated financial statements have been prepared on the historical costs basis and all values are rounded to the nearest thousand (RM’000) except otherwise indicated.

3. APPLICATION OF NEW AND REVISED IFRS

For the purpose of preparing and presenting the condensed consolidated financial statements for the six months ended 30 April 2020, the Group has consistently applied all the new and amendments to IFRSs, which include IFRSs, International Accounting Standards, amendments and interpretations issued by the IASB, and the IFRS Interpretations Committee of the IASB throughout the period except that the early adopted IFRS 16 *Leases* throughout the six months ended 30 April 2019.

The Group has not yet adopted any new and amendments to IFRSs that have been issued but are not yet effective. The Group is in the process of assessing the impact of the adoption of such new and amendments to IFRSs on the Group's results and financial position.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on provision of building construction services for the period.

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 this announcement, 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 during the period is as follows:

	6 months ended 30 April	
	2020	2019
	RM'000	RM'000
	(unaudited)	(unaudited)
Revenue from contracts with customers recognised over time and disaggregated by types of building construction projects:		
Factory projects	12,145	38,413
Institutional, commercial and/or residential projects	80,966	74,000
Others	844	2,391
	<u>93,955</u>	<u>114,804</u>

5. OTHER INCOME, GAIN AND LOSS

	6 months ended 30 April	
	2020	2019
	RM'000	RM'000
	(unaudited)	(unaudited)
Bank interest income	269	182
Dividend received	47	–
Rental income	50	29
(Loss)/gain on disposal of property, plant and equipment	(2)	7
Gain on disposal of investment properties	340	185
Others	2	19
	<u>706</u>	<u>422</u>

6. FINANCE COSTS

	6 months ended 30 April	
	2020	2019
	RM'000	RM'000
	(unaudited)	(unaudited)
Interest on:		
Bank borrowings and bank overdraft	314	247
Lease liabilities	177	150
	<u>491</u>	<u>397</u>

7. PROFIT BEFORE TAX

	6 months ended 30 April	
	2020	2019
	RM'000	RM'000
	(unaudited)	(unaudited)
Profit before tax has been arrived at after charging:		
Directors' emolument	1,130	966
Other staff costs:		
Salaries, wages and other allowances	5,698	5,875
Retirement benefit scheme contributions, excluding those of directors	580	536
Total staff costs	<u>7,408</u>	<u>7,377</u>
Auditor's remuneration	265	40
Depreciation of property, plant and equipment	525	464
Depreciation of investment properties	53	19
Depreciation of right-of-use assets	1,250	1,649
Listing expenses (included in administrative and other expenses)	<u>4,645</u>	<u>3,072</u>

8. INCOME TAX EXPENSE

	6 months ended 30 April	
	2020	2019
	RM'000	RM'000
	(unaudited)	(unaudited)
Income tax charge comprises:		
Malaysia Corporate Income Tax – current period	<u>4,493</u>	<u>3,106</u>

Malaysian Corporate Income Tax is calculated at the statutory tax rate on the estimated assessable profit for the periods.

9. EARNINGS PER SHARE

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

	6 months ended 30 April	
	2020	2019
	RM'000	RM'000
	(unaudited)	(unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>9,584</u>	<u>6,438</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>note</i>) (<i>in thousand</i>)	<u>951,923</u>	<u>945,000</u>

Note: The weighted average number of ordinary shares for the purpose of basic earnings per share had been adjusted for the effect of the capitalisation issue and the share offer as detailed in the section headed “Share capital” in the Prospectus.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the periods.

10. TRADE AND OTHER RECEIVABLES

	As at	
	30 April 2020	31 October 2019
	<i>RM'000</i>	<i>RM'000</i>
	(unaudited)	(audited)
Trade receivables from contracts with customers	39,458	74,548
Less: Allowance for doubtful debts/credit losses	<u>(2,126)</u>	<u>(1,626)</u>
Trade receivables, net (<i>Note i</i>)	<u><u>37,332</u></u>	<u><u>72,922</u></u>
Other receivables, deposits and prepayments		
– Other receivables (<i>Note ii</i>)	40,388	57
– Rental and other deposits	1,132	1,269
– Prepayments	3,702	4,914
– Goods and Services Tax recoverable	305	305
– Prepaid listing expenses	–	90
– Deferred issue costs	–	2,449
	<u>45,527</u>	<u>9,084</u>
Total trade and other receivables	<u><u>82,859</u></u>	<u><u>82,006</u></u>

Notes:

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

The following is an aged analysis of the Group's trade receivables based on the date of billing documents at the end of each reporting period:

	As at	
	30 April 2020	31 October 2019
	<i>RM'000</i>	<i>RM'000</i>
	(unaudited)	(audited)
Within 30 days	3,658	34,157
31–60 days	4,409	15,671
61–90 days	13,162	15,281
Over 90 days	<u>18,229</u>	<u>9,439</u>
	<u><u>39,458</u></u>	<u><u>74,548</u></u>

- (ii) Included in other receivables is an amount of approximately RM39.3 million receivable from a placing underwriter for the proceeds raised from the placing shares.

11. TRADE, BILLS AND OTHER PAYABLES

	As at	
	30 April 2020	31 October 2019
	<i>RM'000</i>	<i>RM'000</i>
	(unaudited)	(audited)
Trade and bills payables (<i>Note i</i>)	44,562	85,814
Retention payables (<i>Note ii</i>)	14,425	13,714
Accruals	2,892	15,994
Provision for liquidated and ascertained damages (<i>Note iii</i>)	–	6,920
Other payables	768	963
Deposits	21	–
Accrued listing expenses	–	1,583
Accrued issue costs	–	350
	62,668	125,338
	62,668	125,338

Notes:

- (i) The average credit period on trade and bills payables is 30 days. The aging analysis of the trade and bills payable based on invoice dates/bills issued date at the end of each reporting period is as follows:

	As at	
	30 April 2020	31 October 2019
	<i>RM'000</i>	<i>RM'000</i>
	(unaudited)	(audited)
Within 30 days	2,831	34,449
31–60 days	6,941	17,182
61–90 days	12,757	19,230
Over 90 days	22,033	14,953
	44,562	85,814
	44,562	85,814

- (ii) All retention payables were expected to be paid or settled in less than twelve months from the end of the corresponding reporting period.
- (iii) Amount being the provision for liquidated and ascertained damages for a building construction project made during the year ended 31 October 2017 where the completion of the relevant construction works borne by the Group was behind the schedule as stipulated on the contract. The provision was made in accordance with the compensation clause stated in the agreement and the certificates issued by the architect engaged by the customer of the relevant contract. On 16 December 2019, the final account settlement agreement was signed by the Group and its customer, in which the customer had agreed to waive the liquidated and ascertained damages amounting at RM6,920,000.

12. SHARE CAPITAL

	Number of shares	Amount HK\$	Amount RM'000
Ordinary shares of HK\$0.01 each			
Authorised			
At incorporation (28 February 2019) and 31 October 2019 (audited)	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 30 April 2020 (unaudited)	<u><u>10,000,000,000</u></u>	<u><u>100,000,000</u></u>	<u><u>N/A</u></u>
Issued and fully paid			
At incorporation (28 February 2019)	100	1	–*
Issue of shares on 17 June 2019 upon the Reorganisation	<u>900</u>	<u>9</u>	<u>–*</u>
At 31 October 2019 (audited)	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 30 April 2020 (unaudited)	<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 with the existing shares in all respects.

13. DIVIDENDS

No dividend was paid, declared or proposed during the period, nor has any dividend been declared since the end of the interim period.

During the six months ended 30 April 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.

14. CONTINGENT LIABILITIES

	As at	
	30 April 2020	31 October 2019
	<i>RM'000</i>	<i>RM'000</i>
	(unaudited)	(audited)
Performance bonds for construction contracts in favour of customers	24,974	24,962

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.

15. EVENTS AFTER THE REPORTING PERIOD

Due to the outbreak of the Coronavirus Disease 2019 ("COVID-19") epidemic in January 2020, a series of precautionary and control measures have been and continued to be implemented in Malaysia. The economic activities in Malaysia in general are expected to be affected by the epidemic due to postponement of work resumption. The Group evaluated the impact of COVID-19 on its financial position and financial performance but given the dynamic nature of the disease, the Group is not yet able to quantify the influence. The Group will pay close attention to the development of COVID-19 and its impact and will continue to perform relevant assessment and take proactive measure as appropriate.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

On 28 April 2020 (the “**Listing Date**”), the shares of the Company 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 1H2020, the Group completed 2 construction projects with an aggregate original contract sum of approximately RM80.7 million, of which 1 was factory project and 1 was residential project.

The following table sets out details of the projects completed by the Group during 1H2020:

No.	Customer	Name	Description of works	Completion date	Original contract sum (RM'000)	Adjustment/ variation order received (RM'000)
1	Customer B ^(Note 1)	Project B	Factory: Construction of a four-storey factory	30 November 2019	75,738	3,443
2	Eco Medi Glove Sdn Bhd	Eco Medi Hostel	Residential: Construction of a two-block hostel	13 March 2020	4,950	–

Note:

- (1) Customer B is a company incorporated in Malaysia in 2017 and the principal business activities of which is manufacturing of advanced film.

As at 30 April 2020, we had 6 building construction projects in progress with an aggregate original contract sum of approximately RM979.0 million of which 1 was factory project and 5 were institutional, commercial and/or residential projects.

The following table sets out details of building construction projects which remained ongoing as at 30 April 2020:

No.	Customer	Name	Description of works	Estimated completion date	Original contract sum (RM'000)	Adjustment/ variation order received (RM'000)
1	Crimson Omega Sdn Bhd	Crimson Omega	Commercial: Design and building 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	30 June 2021	517,973	–
2	Island Hospital Sdn Bhd	IHOS	Institutional: Construction of a 12-storey hospital with basement, car park and underground tunnel	31 October 2020	322,402	–
3	Kementerian Perumahan Dan Kerajaan Tempatan	IP-KN	Residential: Design and building of a high-rise residential building with 500 flats	16 April 2021	89,801	–
4	ER Mekatron Manufacturing Sdn Bhd	MTR5	Institutional: Construction of an automated storage and retrieval system for a military navy base	30 June 2020 ^(Note 1)	31,703	1,746
5	Customer J ^(Note 2)	CP	Commercial: Construction of a five-storey office	5 November 2020	2,480	–
6	Eco Medi Glove Sdn Bhd	Eco Medi Plant 2 (Phase 1)	Factory: Construction of a manufacturing plant (Phase 1 of the second manufacturing plant)	3 January 2021	14,600	–

Notes:

1. The original contract completion date has been postponed and the contract was still ongoing as at 30 April 2020.
2. Customer J is a company incorporated in Malaysia on 3 February 2017.

During 1H2020, the Group submitted 4 tenders for factory projects and 1 tender for institutional, commercial and/or residential project. These tenders represent an expected aggregate contract sum of approximately RM413.0 million. As at 30 April 2020, the Group was awarded 1 contract with an aggregate original contract sum of RM14.6 million, while 2 tenders had failed and 2 tenders' results were still pending.

The outbreak of the COVID-19, together with the implementation of various forms of containment measures by the Malaysian government had caused negative impacts on the economy of Malaysia and the construction industry. On 16 March 2020, the Malaysian government announced the Movement Control Order (MCO) issued under the Prevention and Control of Infectious Diseases Act 1988 to combat the rise of COVID-19. Among others, the MCO included restrictions on mass movements and gatherings and business shutdown, interstate and international travel bans etc. The MCO took effect from 18 March 2020 to 31 March 2020, followed by a second phase from 1 April 2020 to 14 April 2020, a third phase from 15 April 2020 to 28 April 2020, and a fourth phase from 29 April 2020 to 12 May 2020. Due to the MCO, all the construction activities of the Group suspended on 18 March 2020. Following the suspension of the construction activities, the Group stopped making purchases from its suppliers, suspended the work of its subcontractors, and requested all of its employees to work from home. As at 30 April 2020, the Group was still under work suspension. During this period, the Group's financial performance, business operation and future prospects were negatively affected by the extension of time for completing the building construction projects due to the MCO. The Group has been negotiating with its customers to seek for extension of completion date to accommodate for delay or disruption of work progress. As of 30 April 2020, the Group had not experienced any termination of projects.

FUTURE PROSPECTS

On 10 May 2020, the Malaysian government announced the fifth phase of the MCO which entailed re-opening of the majority of Malaysia's economic sectors conditional on implementing stringent health Standard Operating Procedures (SOP) for another four weeks from 13 May 2020 to 9 June 2020 (Conditional MCO, the "CMCO"). By virtue of the CMCO, The Group had to follow the SOP and perform COVID-19 test for all foreign workers. As a result, the Group's construction activities can only be carried out in small groups due to social distancing and pending COVID-19 test results of the workers and limited working hours. Time spent to comply with the SOP had hampered our work progress. On 7 June 2020, the Malaysian government further relaxed the restrictions by introduction of the Recovery MCO (RMCO) phase from 10 June 2020 to 31 August 2020. However, the Group expected to resume its construction activities gradually and will only be able to operate with full capacity in July 2020.

The Group has been adopting precautionary and control measures to mitigate the impact of the COVID-19 pandemic on the Group's operations, including but not limited to flexible work-from-home practices, procurement of hygiene products for pandemic prevention and control, education on the workers about hygienic practices to ensure SOP are not only practiced at their work place but also at their accommodations to reduce the risks of COVID-19 transmission.

Looking ahead, the second half of the financial year ending 31 October 2020 will be filled with challenges and uncertainties. The Directors anticipate that there are risks that the disruptions in the supply chain of the construction industry (such as building materials, equipment, imported items and workforce) may not be fully re-established in the short term due to quarantines and work stoppages resulted from preventive measures imposed by the government. The Directors will continue to assess the impact of the pandemic on the Group's operations and financial performance and closely monitor the Group's exposure to the risks and uncertainties in connection with the pandemic. Further to that, the Group will adhere to prudent financial management in project selection and cost control.

In conclusion, despite the negative impacts the COVID-19 pandemic had caused to the Group's operation and financial standing, the Group had maintained its cash reserves at a sufficient level. At the same time, in view of the large-scale economic stimulus policies introduced by Malaysian government and the potential growth of the Group's emerging businesses, the Group will try its best to look for new business opportunities to offset the negative impacts of the COVID-19.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately RM20.8 million, or 18.1%, from approximately RM114.8 million for 1H2019 to approximately RM94.0 million for 1H2020. Such decrease was mainly due to Crimson Omega (a commercial development project) and IHOS (an institutional development project) were still at their respective initial stage during 1H2020 following the completion of two sizeable factory projects FOM and STC6 which contributed to a substantial portion of the revenue for 1H2019.

	6 months ended 30 April			
	2020		2019	
	Revenue (RM'000)	% of total revenue	Revenue (RM'000)	% of total revenue
Factory projects	12,145	12.9	38,413	33.5
Institutional, commercial and/or residential projects	80,966	86.2	74,000	64.5
Others	844	0.9	2,391	2.0
	<u>93,955</u>	<u>100.0</u>	<u>114,804</u>	<u>100.0</u>

During 1H2020, the revenue attributable to factories and institutional, commercial and/or residential buildings amounted to approximately RM12.1 million and approximately RM81.0 million (1H2019: approximately RM38.4 million and approximately RM74.0 million), respectively, representing approximately 12.9% and 86.2% (1H2019: approximately 33.5% and 64.5%), of the total revenue of the Group, respectively.

As at 30 April 2020, the Group had an outstanding order book of approximately RM665.6 million (31 October 2019: approximately RM745.3 million).

Gross Profit and Gross Profit Margin

Despite decrease in revenue for 1H2020, the Group's gross profit increased by approximately RM6.4 million, or 43.2%, from approximately RM14.8 million for 1H2019 to approximately RM21.2 million for 1H2020. Such increase was mainly due to the lower cost of services recorded and the reversal of liquidated and ascertained damages of approximately RM6.9 million which was previously recognised as cost of services in the financial year ended 31 October 2017.

The overall gross profit margin increased by approximately 9.6% from approximately 12.9% for 1H2019 to approximately 22.5% for 1H2020. The increase in gross profit margin was mainly attributable to the reversal of liquidated and ascertained damages of approximately RM6.9 million which previously recognised as cost of services in the financial year ended 31 October 2017.

Other Income, Gain and Loss

The Group's other income, gain and loss slightly increased from approximately RM0.4 million for 1H2019 to approximately RM0.7 million for 1H2020 which was mainly due to the increase in gain on disposal of investment properties.

Administrative and Other Expenses

The Group's administrative and other expenses increased by approximately RM2.1 million or 39.6% from approximately RM5.3 million for 1H2019 to approximately RM7.4 million for 1H2020, which was mainly due to listing expenses incurred of approximately RM4.6 million charged to the Group's profit or loss for 1H2020 as compared with approximately RM3.1 million for 1H2019.

Finance Costs

The Group's finance costs increased by approximately RM0.1 million from approximately RM0.4 million for 1H2019 to approximately RM0.5 million for 1H2020 which was mainly due to increase in interest charged on bill facilities.

Income Tax Expense

The Group's income tax expense increased by approximately RM1.4 million or 45.2% from approximately RM3.1 million for 1H2019 to approximately RM4.5 million for 1H2020. The effective tax rate for the 1H2020 is 31.9% which is higher than the Malaysian corporate income tax rate of 24% mainly due to the listing expenses amounting to approximately RM4.6 million for 1H2020 is a non-deductible expenses.

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 RM9.6 million for 1H2020, representing an increase of approximately RM3.2 million or 50.0% as compared to approximately RM6.4 million for 1H2019.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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 3.7% as at 30 April 2020, which was mainly due to decrease in lease liabilities and as a result of new shares issued from the Listing.

During 1H2020, the Group maintained a healthy liquidity position with working capital being financed through cash generated from operations. As at 30 April 2020, the Group's bank balances and cash was approximately RM34.0 million (31 October 2019: approximately RM14.3 million) and the Group's restricted bank deposits was approximately RM8.9 million (31 October 2019: approximately RM8.7 million). Such increase was mainly benefiting from 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 30 April 2020, the current ratio of the Group was approximately 2.98 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 30 April 2020, the capital structure of the Group consisted of equity of approximately RM160.3 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 30 April 2020, the Group did not have any outstanding bank borrowings and the unutilised facility for bank overdraft amounted to 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 RM66.4 million, or 89.7%, from approximately RM74.0 million as at 31 October 2019 to approximately RM140.4 million as at 30 April 2020, which was a combined effect of the increase in trade and other receivables of approximately RM0.9 million and the decrease in contract assets of approximately RM15.7 million, increase in bank balances and cash of approximately RM19.7 million and decrease in trade, bills and other payables of approximately RM62.7 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 were 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.

During 1H2020, the Group did not make any material capital expenditures and the Group expects to fund its planned capital expenditures principally through net proceeds from the Listing.

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 1H2020. Save as disclosed in this announcement and the prospectus of the Company dated 14 April 2020, there was no future plan for material investments or capital assets as at 30 April 2020.

Significant Investment Held

The Group did not hold any significant investment (except for its subsidiaries) during 1H2020.

Contingent Liability

Save as disclosed in note 14 to the condensed consolidated financial statements, the Group had no contingent liabilities as at 30 April 2020.

Pledge of Assets

As at 30 April 2020, restricted bank deposits of approximately RM8.9 million (31 October 2019: approximately RM8.7 million) have been pledged to banks as security for banking facilities granted to the Group with approximately RM25.0 million (31 October 2019: approximately RM25.0 million) related to Group's performance bond.

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 30 April 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 30 April 2020, the Group's workforce stood at 173 employees, 123 were Malaysian workers and 50 were foreign workers as compared with 184 employees, 132 were Malaysian workers and 52 were foreign workers as at 31 October 2019.

Total staff costs (excluded directors' emoluments) remained relatively stable at approximately RM6.4 million and RM6.3 million for 1H2019 and 1H2020, respectively.

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

The net proceeds of the Listing received by the Company were approximately HK\$73.5 million (approximately RM38.7 million) ^(Note 1), after deduction of underwriting fees and listing expenses payable in connection with the Listing. There was no utilisation of net proceeds from the Listing from the Listing Date up to 30 April 2020.

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.

COMPETING BUSINESS

During 1H2020, none of the Controlling Shareholders of the Company 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

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed shares from the Listing Date to 30 April 2020.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code. Following specific enquiries to all the Directors, each of them has confirmed that they have complied with the Required Standard of Dealings from the Listing Date to 30 April 2020.

CORPORATE GOVERNANCE PRACTICES

The Company maintains a high standard of corporate governance practices. The Directors believe that long-term sustainable prosperity as opposed to short-term rewards shall serve as the Company's corporate governance objective. The Board does not take risks to make short-term gains at the expense of the long-term objectives. 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 the CG Code provisions from the Listing Date to 30 April 2020.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's 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 of the Company.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for 1H2020.

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 unaudited consolidated results of the Group for 1H2020 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.

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

Malaysia, 29 June 2020

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.