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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 2021**

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 2021 (“**FY2021**”), together with the comparative audited figures for the year ended 31 October 2020 (“**FY2020**”). 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 2021

	<i>Notes</i>	2021 <i>RM'000</i>	2020 <i>RM'000</i>
Revenue	3	282,075	180,265
Cost of services		<u>(256,791)</u>	<u>(157,522)</u>
Gross profit		25,284	22,743
Other income, gain and loss	4	546	1,088
Share of result of an associate		108	59
Administrative and other expenses		(6,858)	(12,035)
Loss allowances on trade and other receivables and contract assets, net		(1,310)	(639)
Finance costs	5	<u>(95)</u>	<u>(268)</u>
Profit before tax	6	17,675	10,948
Income tax expense	7	<u>(4,915)</u>	<u>(4,750)</u>
Profit for the year		<u>12,760</u>	<u>6,198</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>(437)</u>	<u>(2,140)</u>
Other comprehensive expense for the year, net of income tax		<u>(437)</u>	<u>(2,140)</u>
Total comprehensive income for the year attributable to owners of the Company		<u>12,323</u>	<u>4,058</u>
Earnings per share (<i>RM cents</i>)			
– Basic and diluted	8	<u>1.01</u>	<u>0.56</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2021

	<i>Notes</i>	2021 <i>RM'000</i>	2020 <i>RM'000</i>
Non-current assets			
Property, plant and equipment		9,668	8,495
Investment properties		5,435	5,535
Right-of-use assets		3,996	6,176
Interest in an associate		1,003	942
Other non-current asset		118	118
Deferred tax assets		1,364	875
		<u>21,584</u>	<u>22,141</u>
Current assets			
Trade and other receivables	10	83,275	44,221
Contract assets	11	150,460	113,673
Tax recoverable		3,855	2,802
Restricted bank deposits	12	12,870	9,552
Bank balances and cash	12	42,632	44,132
		<u>293,092</u>	<u>214,380</u>
Current liabilities			
Trade, bills and other payables	13	92,121	75,010
Contract liabilities	11	53,410	1,394
Tax payables		221	208
Lease liabilities		806	3,979
		<u>146,558</u>	<u>80,591</u>
Net current assets		<u>146,534</u>	<u>133,789</u>
Total assets less current liabilities		<u>168,118</u>	<u>155,930</u>

	<i>Notes</i>	2021 <i>RM'000</i>	2020 <i>RM'000</i>
Non-current liabilities			
Lease liabilities		10	234
Deferred tax liabilities		999	910
		<u>1,009</u>	<u>1,144</u>
Net assets		<u>167,109</u>	<u>154,786</u>
Capital and reserves			
Share capital	14	7,033	7,033
Reserves		160,076	147,753
		<u>167,109</u>	<u>154,786</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

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 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 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. 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**”).

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

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 these 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 and related Amendments ⁴
Amendments to IFRS 3	Reference to the Conceptual Framework ³
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2 ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁶
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ²
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ⁵
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ⁴
Amendments to IAS 8	Definition of Accounting Estimates ⁴
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a single Transaction ⁴
Amendments to IAS 16	Property, Plant and Equipment: Proceeds Before Intended Use ³
Amendments to IAS 37	Onerous Contract – Cost of Fulfilling a Contract ³
Amendments to IFRSs	Annual Improvements to IFRSs 2018 – 2020 cycle ³

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

² Effective for annual periods beginning on or after 1 April 2021.

³ Effective for annual periods beginning on or after 1 January 2022.

⁴ Effective for annual periods beginning on or after 1 January 2023.

⁵ Effective for annual periods beginning on or after 1 January 2024.

⁶ Effective date not yet been determined.

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.

3. 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	
	2021	2020
	RM'000	RM'000
Revenue from contracts with customers recognised over time and disaggregated by types of building construction services:		
Factory projects	75,501	22,712
Institutional, commercial and/or residential projects	205,217	154,090
Others	1,357	3,463
	<u>282,075</u>	<u>180,265</u>

4. OTHER INCOME, GAIN AND LOSS

	Year ended 31 October	
	2021	2020
	RM'000	RM'000
Bank interest income	386	469
Rental income (<i>note</i>)	104	114
Gain on disposal of property, plant and equipment	4	163
Written off of property, plant and equipment	(15)	(120)
Gain on disposal of investment properties	–	340
Others	67	122
	<u>546</u>	<u>1,088</u>

Note:

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

	Year ended 31 October	
	2021	2020
	RM'000	RM'000
Gross rental income from investment properties	104	114
Less:		
– direct operating expenses incurred for investment properties that generated rental income during the year (included in administrative and other expenses)	(16)	(45)
– direct operating expenses incurred for investment properties that did not generate rental income during the year (included in administrative and other expenses)	(4)	(26)
	<u>84</u>	<u>43</u>

5. FINANCE COSTS

	Year ended 31 October	
	2021	2020
	RM'000	RM'000
Interest on: Lease liabilities	<u>95</u>	<u>268</u>

6. PROFIT BEFORE TAX

	Year ended 31 October	
	2021	2020
	RM'000	RM'000
Profit before tax has been arrived at after charging (crediting):		
Directors' emolument	2,244	1,833
Other staff costs:		
Salaries, wages and other benefits	13,805	11,770
Retirement benefit scheme contribution, excluding those of directors	<u>1,010</u>	<u>947</u>
Total staff costs	<u>17,059</u>	<u>14,550</u>
Auditor's remuneration	468	477
Depreciation of property, plant and equipment	1,993	1,384
Depreciation of investment properties	100	107
Depreciation of right-of-use assets	2,464	2,442
Construction material costs (included in cost of services)	84,507	52,465
Subcontracting costs (included in cost of services)	106,943	75,967
Reversal of provision for liquidated and ascertained damages (included in cost of services)	–	(6,920)
Listing expenses (included in administrative and other expenses)	<u>–</u>	<u>4,780</u>

10. TRADE AND OTHER RECEIVABLES

	As at 31 October	
	2021	2020
	<i>RM'000</i>	<i>RM'000</i>
Trade receivables from contract with customers	85,793	43,570
Less: loss allowance on trade receivables	(4,002)	(2,578)
	<hr/>	<hr/>
Trade receivables, net	81,791	40,992
	<hr/>	<hr/>
Other receivables, deposits and prepayments		
– Other receivables	269	417
– Rental and other deposits	1,094	1,203
– Prepayments	147	1,645
	<hr/>	<hr/>
	1,510	3,265
Less: loss allowance on other receivables	(26)	(36)
	<hr/>	<hr/>
Other receivables, deposits and prepayments, net	1,484	3,229
	<hr/>	<hr/>
Total trade and other receivables	83,275	44,221
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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 net of allowance for impairment of trade receivables presented based on the date of billing documents, at the end of the reporting period.

	As at 31 October	
	2021	2020
	<i>RM'000</i>	<i>RM'000</i>
Within 30 days	50,894	16,765
31 to 60 days	23,762	10,071
61 to 90 days	5,384	4,552
Over 90 days	1,751	9,604
	<hr/>	<hr/>
Total	81,791	40,992
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11. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	As at 31 October	
	2021	2020
	RM'000	RM'000
Analysed as current:		
Unbilled revenue of construction contracts	78,771	72,759
Retention receivables of construction contracts	71,735	41,064
	<u>150,506</u>	<u>113,823</u>
Less: loss allowance on contract assets	(46)	(150)
	<u>150,460</u>	<u>113,673</u>

(b) Contract liabilities

	As at 31 October	
	2021	2020
	RM'000	RM'000
Advances from customers of building construction contracts	53,410	1,394

12. 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 2021, these deposits carry the interest rate ranged from 1.35% to 2.9% (2020: 1.25% to 3%) 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 2021 and 2020. As at 31 October 2021, the interest rate of these bank deposits ranged from 0.2% to 1.35% (2020: 0.35% to 1.25%) per annum.

13. TRADE, BILLS AND OTHER PAYABLES

	As at 31 October	
	2021	2020
	<i>RM'000</i>	<i>RM'000</i>
Trade and bills payables	70,647	61,981
Retention payables	17,323	9,925
Accruals	4,019	2,148
Other payables	132	956
	<hr/>	<hr/>
	92,121	75,010
	<hr/> <hr/>	<hr/> <hr/>

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	
	2021	2020
	<i>RM'000</i>	<i>RM'000</i>
Within 30 days	31,646	22,255
31 to 60 days	22,931	9,909
61 to 90 days	5,561	9,789
Over 90 days	10,509	20,028
	<hr/>	<hr/>
	70,647	61,981
	<hr/> <hr/>	<hr/> <hr/>

The average credit period granted is 30 days. The Group has financial risk management in place to ensure that all payables are settled within the credit timeframe.

14. SHARE CAPITAL

Ordinary share of HK\$0.01 each	Number of Ordinary shares	Amount HK\$	Amount RM'000
<i>Authorised:</i>			
At 1 November 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 and 2021	<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 1 November 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 and 2021	<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.

15. PERFORMANCE BOND

	As at 31 October	
	2021	2020
	<i>RM'000</i>	<i>RM'000</i>
Performance bonds for construction contracts in favour of customers	34,303	25,952

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 construction 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 upon completion of the contract work for the relevant customers. As at 31 October 2021 and 2020, certain of the Group's performance bonds were guaranteed by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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 FY2021, the Group completed 5 construction projects with an aggregate contract sum of approximately RM27.1 million of which 4 were factory projects and 1 was commercial & institutional project.

The following table sets out details of the projects completed by the Group during FY2021:

No.	Name	Description of works	Completion date	Approximate contract sum (RM'000)
1	Eco Medi plant 2 (phase 1)	Factory	30 April 2021	19,896
2	Eco Medi Block B (Piling work)	Factory	5 April 2021	1,431
3	CP-Five storey office	Commercial & Institutional	30 October 2021	2,455
4	KM3 Kulim-Plant room	Factory	15 July 2021	1,955
5	Eco Medi TPG245	Factory	17 September 2021	1,313
				<hr/>
				27,050

As at 31 October 2021, the Group has 10 building construction projects in progress with an aggregate contract sum of approximately RM1,224.8 million of which 6 were factory projects and 4 were institutional, commercial and/or residential projects.

The following table sets out of building construction projects which remained ongoing as at 31 October 2021:

No.	Description of works	Approximate 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	323,742
3	Residential: Design and construction of a high-rise residential building with 500 flats	84,718
4	Factory: Construction one factory building consist of 10 level car park and production room	82,413
5	Factory: Construction of one block of manufacturing plant (Block B)	11,941
6	Factory: Construction of a manufacturing plant (Phase 2 of the second manufacturing plant)	21,117
7	Factory: Car park upgrading (factory Plant 2)	1,065
8	Institutional: Construction of one block of school building	66,800
9	Factory: Construction of one factory building consist of one level warehouse, two level of office, and four level of carpark	102,500
10	Factory: Construction of one block of manufacturing plant (Block G)	11,950
		<u>1,224,843</u>

During FY2021, the Group submitted 14 tenders for factory projects and the Group was awarded 8 contracts with an aggregate contract sum of approximately RM220.7 million.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately RM101.8 million, or 56.5%, from approximately RM180.3 million for FY2020 to approximately RM282.1 million for FY2021. Such increase was mainly due to accelerated work progress of one institutional and commercial project and the commencement of work of a few factory projects.

	Year ended 31 October			
	2021		2020	
	Revenue (RM'000)	% of total revenue	Revenue (RM'000)	% of total revenue
Factory projects	75,501	26.8	22,712	12.6
Institutional, commercial and/or residential projects	205,217	72.7	154,090	85.5
Others	1,357	0.5	3,463	1.9
	<u>282,075</u>	<u>100</u>	<u>180,265</u>	<u>100</u>

During FY2021, the revenue attributable to factories and institutional, commercial and/or residential buildings amounted to approximately RM75.5 million and approximately RM205.2 million (FY2020: approximately RM22.7 million and approximately RM154.1 million), respectively, representing approximately 26.8% and 72.7% (FY2020: approximately 12.6% and 85.5%), of the total revenue of the Group.

As at 31 October 2021, the Group had an outstanding order book of approximately RM616.2 million (31 October 2020: approximately RM664.4 million).

Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately RM2.6 million, or 11.5%, from approximately RM22.7 million for FY2020 to approximately RM25.3 million for FY2021. The decrease in gross profit margin of approximately 12.6% in FY2020 to approximately 9.0% in FY2021 was mainly due to (a) the effect of reversal of liquidated and ascertained damages of approximately RM6.9 million in FY2020 which was previously recognised as cost of services in the financial year ended 31 October 2017; (b) the construction activities being halted in early June 2021 resulted in delays in the progress of the construction projects which led to non-productive resources including idling plants and equipment on rental and resulted in the increase in cost of sales; and (c) the increase in major material price including ready mixed concrete and steel bar.

Other Income, Gain and Loss

The Group's other income, gain and loss decreased from approximately RM1.1 million for FY2020 to approximately RM0.5 million for FY2021 which was mainly due to no disposal of investment properties for FY2021.

Administrative and Other Expenses

The Group's administrative and other expenses decreased by approximately RM5.1 million or 42.5% from approximately RM12.0 million for FY2020 to approximately RM6.9 million for FY2021, which was mainly due to the effect of listing expenses incurred of approximately RM4.8 million charged to the Group's profit or loss for FY2020 and no listing expenses were incurred in FY2021.

Finance Costs

The Group's finance costs decreased by approximately RM0.2 million from approximately RM0.3 million for FY2020 to approximately RM0.1 million for FY2021 which was mainly due to lower outstanding lease amount towards the end of lease tenure.

Income Tax Expense

The Group's income tax expense slightly increased from approximately RM4.8 million for FY2020 to approximately RM4.9 million for FY2021 (the details is shown in note 7 to the consolidated financial statements of this announcement).

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 RM12.8 million for FY2021, representing an increase of approximately RM6.6 million or 106.5% as compared to approximately RM6.2 million for FY2020.

FUTURE PROSPECTS

According to the third quarter (2021) gross domestic product announcement, published by the Central Bank of Malaysia (BNM), it pointed out that economic growth is expected to accelerate in 2022 to between 5.5% and 6.5%. It is expected that the economic growth will be broadened due to the relaxation of various pandemic-driven restrictions since July 2021, which aided sectors that were struggling to recover, such as services and construction. However, Covid-19 still clouds the recovery process with Omicron being the latest variant of concern as its rapid emergence underscores downside risk to growth.

We expect on-going projects to continue showing good progress. Nine on-going projects are expected to be completed in the year ending 31 October 2022 (“**FY2022**”). Nevertheless, precautionary measures will be strictly adhered to prevent the spread of the Covid-19 and to ensure the health of our workers at the construction site. Moving forward, the Group will continue to focus on project implementation and execution to ensure quality works are delivered on time. Amidst uncertainties in the economy and the increase in major building material prices and rising labour cost, the Group will remain committed and focused to perform resiliently in the coming financial year and continue to seek growth opportunities in the 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 time.

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 2.7% as at 31 October 2020 to approximately 0.5% as at 31 October 2021, which was mainly due to a decrease in lease liabilities.

During FY2021, the Group maintained a healthy liquidity position with working capital being financed through cash generated from financing activities. As at 31 October 2021, the Group’s bank balances and cash was approximately RM42.6 million (31 October 2020: approximately RM44.1 million) and the Group’s restricted bank deposits was approximately RM12.9 million (31 October 2020: approximately RM9.6 million). 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 2021, the current ratio of the Group was approximately 2.00 times (31 October 2020: approximately 2.66 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 2021, the capital structure of the Group consisted of equity of approximately RM167.1 million (31 October 2020: approximately RM154.8 million) and bank borrowings of Nil (31 October 2020: Nil) as more particularly described in the paragraph headed “**Borrowings**” below.

Borrowings

As at 31 October 2021, the Group did not have any outstanding bank borrowings. The unutilised facility for bank overdraft amounted to approximately RM500,000 (31 October 2020: 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 RM12.7 million, or 9.5%, from approximately RM133.8 million as at 31 October 2020 to approximately RM146.5 million as at 31 October 2021, which was a combined effect of the increase in trade and other receivables of approximately RM39.1 million, increase in contract assets of approximately RM36.8 million, increase in restricted bank deposits of approximately RM3.3 million, decrease in bank balances and cash of approximately RM1.5 million, increase in trade, bills and other payables of approximately RM17.1 million, increase in contract liabilities of approximately RM52.0 million and decrease in lease liabilities of approximately RM3.2 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.

During FY2021, the Group made a material capital expenditure of approximately RM3.2 million, which includes the expenditure of RM0.67 million to acquire 1 unit of terrain crane and RM0.45 million to acquire 2 units of passenger hoist and the group expect 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 FY2021. There was no future plan for material investments or capital assets as at 31 October 2021.

Significant Investment Held

The Group did not hold any significant investment (except for its subsidiaries) during FY2021.

Internal Restructuring

In order to renew the Construction Industry Development Board of Malaysia (“CIDB”) licences of Rimbaco which expired on 16 September 2021, Rimbaco must either be registered as a foreign contractor since Rimbaco’s immediate holding company, RBC International Limited (“RBC”), a wholly-owned subsidiary of the Company, is a foreign company and incorporated in British Virgin Islands, or its shares must be transferred to a company incorporated in Malaysia to remain as a local contractor. In order to renew the CIDB licences as a local contractor, the Group has undergone an internal restructuring. The internal restructuring has been completed on 7 October 2021 and Rimbaco has successfully renewed the CIDB licences on 21 October 2021 and 26 October 2021.

For the details, please refer to the announcements of the Company dated 15 October 2021 and 26 October 2021.

Contingent Liability

Save as disclosed in note 15 to the consolidated financial statements of this announcement, the Group had no contingent liabilities as at 31 October 2021.

Pledge of Assets

As at 31 October 2021, restricted bank deposits of approximately RM12.9 million (31 October 2020: approximately RM9.6 million) have been pledged to banks as security for banking facilities granted to the Group with approximately RM34.3 million (31 October 2020: approximately RM26.0 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 31 October 2021, the Group did not have any capital commitments (31 October 2020: 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 2021, the Group's workforce stood at 189 employees, 147 were Malaysian workers and 42 were foreign workers. As at 31 October 2020, the Group had 174 employees, 126 were Malaysian workers and 48 were foreign workers.

Total staff costs (excluded directors' emoluments) increased by approximately RM2.1 million from RM12.7 million during FY2020 to RM14.8 million during FY2021 which was mainly due to increase in work force for new projects awarded in FY2021 and increase in overtime allowance to speed up the construction work.

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 28 April 2020 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 28 April 2020, 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 of the Company date 14 April 2020 (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 FY2021:

Use of Net Proceeds	Approximate Percentage of Total Amount	Approximate Actual Net Proceeds HK\$'000	Approximate	Approximate	Approximate Unused Net Proceeds HK\$'000
			Amount utilized during FY2020 HK\$'000	Amount utilized during FY2021 HK\$'000	
Strengthening capital base for potential building projects	39.3%	28,924	–	13,147	15,777
Acquisition of Machinery & Equipment	31.2%	22,972	–	855	22,117
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	22,383	44,125

As at the end of FY2021, the amount of the net proceeds which remained unutilised amounted to approximately HK\$44.1 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 FY2021.

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 FY2021, 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 FY2021.

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 FY2021.

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 FY2021.

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 FY2021 (FY2020: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 7 April 2022 to Tuesday, 12 April 2022, both days inclusive, during which period no transfer of shares of the Company (the “**Shares**”) will be registered. In order to attend the forthcoming annual general meeting of the Company, all transfer of Shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 6 April 2022.

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 FY2021 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 2021 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 2021. 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.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the Company's website (<https://www.rimbaco.com.my>) and the Stock Exchange's website (<https://www.hkexnews.com.hk>). The annual report for FY2021 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, 21 January 2022

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.