



# RIMBACO GROUP GLOBAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1953

**2021**  
INTERIM REPORT

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Low Seah Sun (*Chairman*)  
Mr. Low Wui Linn (*Chief Executive Officer*)  
Ms. Seah Peet Hwah  
Mr. Cheang Wye Keong  
Mr. Lau Ah Cheng

### Independent Non-Executive Directors

Mr. Ng Kok Seng  
Mr. Wong Chi Wai  
Ms. Yeo Chew Yen Mary

## COMPANY SECRETARY

Ms. Lam Yuen Ling Eva

## AUDIT COMMITTEE

Mr. Wong Chi Wai (*Chairman*)  
Mr. Ng Kok Seng  
Ms. Yeo Chew Yen Mary

## REMUNERATION COMMITTEE

Ms. Yeo Chew Yen Mary (*Chairman*)  
Ms. Seah Peet Hwah  
Mr. Wong Chi Wai

## NOMINATION COMMITTEE

Mr. Low Seah Sun (*Chairman*)  
Mr. Ng Kok Seng  
Mr. Wong Chi Wai

## AUTHORISED REPRESENTATIVES

Mr. Low Seah Sun  
Ms. Lam Yuen Ling Eva

## REGISTERED OFFICE

Windward 3, Regatta Office Park  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

309-E, 1st floor, Silver Square  
Perak Road, 10150 Penang  
Malaysia

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2702, 27/F., Shui On Centre  
6-8 Harbour Road, Wanchai  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited

Windward 3, Regatta Office Park  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17/F  
Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

# Corporate Information (Continued)

## AUDITOR

### SHINEWING (HK) CPA Limited

Certified Public Accountant

43/F, Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong

## COMPLIANCE ADVISER

### Titan Financial Services Limited

(resigned on 1 June 2021)

12/F, Woon Lee Commercial Building

7–9 Austin Avenue

Tsim Sha Tsui

Hong Kong

### Advent Corporate Finance Limited

(appointed on 1 June 2021)

Units 1103–04, 11/F

1 Lyndhurst Tower

1 Lyndhurst Terrace

Central

Hong Kong

## LEGAL ADVISER

*As to Hong Kong law*

### Seyfarth Shaw

Suite 3701, 37/F

Edinburgh Tower

The Landmark

15 Queen's Road Central

Central

Hong Kong

## PRINCIPAL BANKERS

### CIMB Bank Berhad

8th Floor Bangunan KWSP

Lot 3009 Off Lebuhr Tenggiri 2

Bandar Seberang Jaya

13700 Seberang Jaya

Pulau Pinang

Malaysia

### OCBC Bank (Malaysia) Berhad

36 Lebuhr Pantai

10300 Pulau Pinang

Malaysia

## STOCK CODE

1953

## WEBSITE

[www.rimbaco.com.my](http://www.rimbaco.com.my)

# Management Discussion and Analysis

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 2021 ("1H2021"), together with the comparative unaudited figures for the six months ended 30 April 2020 ("1H2020") and certain comparative figures as at the end of the last audited financial year 31 October 2020. All amounts set out in this report are presented in Malaysian Ringgit ("RM") unless otherwise indicated.

## 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 1H2021, the Group completed 2 construction projects with an aggregate contract sum of approximately RM19.9 million which were factory projects.

The following table sets out details of the projects completed by the Group during 1H2021:

No.	Name	Description of works	Completion date	Approximate contract sum (RM'000)
1	Eco Medi plant 2 (phase 1)	Factory	30 April 2021	18,602
2	Eco Medi Block B (Piling work)	Factory	5 April 2021	1,321

As at 30 April 2021, the Group has 11 building construction projects in progress with an aggregate contract sum of approximately RM1,117.0 million of which 6 were factory projects and 5 were institutional, commercial and/or residential projects.

# Management Discussion and Analysis (Continued)

## BUSINESS REVIEW (Continued)

The following table sets out of building construction projects which remained ongoing as at 30 April 2021:

No.	Description of works	Approximate
		Contract Sum (RM'000)
1	Factory Projects	122,026
2	Commercial Projects	521,077
3	Residential Projects	84,718
4	Institutional Projects	389,202
		1,117,023

During 1H2021, the Group submitted 10 tenders for factory projects. These tenders represent an expected aggregate contract sum of approximately RM207.2 million. During 1H2021, the Group was awarded 6 contracts with an aggregate contract sum of approximately RM106.3 million.

## FUTURE PROSPECTS

The COVID-19 pandemic continues to affect the global market and poses a lot of uncertainty. The Malaysian Government has implemented various measures from time to time to contain the spread of COVID-19. Due to the rising number of COVID-19 cases, the Malaysian Government enforced the third movement control order (MCO 3.0) subsequently after this reporting period on 1 June 2021 where the country was placed under a full lockdown for two weeks. It was subsequently extended to 28 June 2021. During this period, all sectors were not allowed to operate, with the exception of essential economic and service sectors. Hence the majority of the Group's construction activities were halted. This has caused disruption to our scheduled construction works and delays in commencement of construction contracts secured.

The recent spike in raw material prices, including steel bar and concrete has increased the cost of construction and this cost was normally not factored into the cost of the project. Strict COVID-19 standard operating procedures (SOP) and huge cost of swab tests have also resulted in additional costs. The building contractors also faced labour shortages due to the Government policy to freeze the permit for the new intake of foreign workers.

The COVID-19 pandemic continues to impose a great uncertainty on the Group's business performance, including revenue and profitability and it is difficult to predict the persistence of the COVID-19 pandemic.

Due to market uncertainty, the industry competition has become more intense and greatly reduced the number of projects in the market. The Group therefore takes a conservative view on the Group's business and financial performance in the near future.

# Management Discussion and Analysis (Continued)

## FUTURE PROSPECTS (Continued)

In order to minimise the impact, the management of the Group will closely monitor the situation and implement appropriate business strategies to mitigate the potential adverse impact on our business operations and financial performance.

With the introduction of the national COVID-19 immunisation programme by the Malaysian Government to ensure as many residents in Malaysia receive the vaccine in the shortest possible time, the hope is that our national economy will be able to recover.

## FINANCIAL REVIEW

### Revenue

The Group's revenue increased by approximately RM52.1 million, or 55.4%, from approximately RM94.0 million for 1H2020 to approximately RM146.1 million for 1H2021. Such increase was mainly due to accelerated work in one of the existing institutional projects and commencement of works for 5 new factory projects with an aggregate original contract sum of RM107.0 million and 1 institutional project with an original contract sum of RM66.8 million awarded in 1H2021. The revenue in 1H2020 is comparatively lower due to the complete halt of construction activities when the Malaysian Government implemented MCO 1 from 18 March 2020 to 3 May 2020, whereas for 1H2021, construction activities were allowed to operate as usual despite the various movement control orders implemented by the Malaysian Government.

	6 months ended 30 April			
	2021		2020	
	Revenue (RM'000)	% of total revenue	Revenue (RM'000)	% of total revenue
Factory projects	32,323	22.1	12,145	12.9
Institutional, commercial and/or residential projects	112,771	77.2	80,966	86.2
Others	962	0.7	844	0.9
	146,056	100.0	93,955	100.0

During 1H2021, the revenue attributable to factories and institutional, commercial and/or residential buildings amounted to approximately RM32.3 million and approximately RM112.8 million (1H2020: approximately RM12.1 million and approximately RM81.0 million), respectively, representing approximately 22.1% and 77.2% (1H2020: approximately 12.9% and 86.2%), of the total revenue of the Group.

As at 30 April 2021, the Group had an outstanding order book of approximately RM665.0 million (31 October 2020: approximately RM664.4 million).

# Management Discussion and Analysis (Continued)

## FINANCIAL REVIEW (Continued)

### Gross Profit and Gross Profit Margin

The Group's gross profit slightly increased by approximately RM0.9 million, or 4.2%, from approximately RM21.2 million for 1H2020 to approximately RM22.1 million for 1H2021. The decrease in gross profit margin of approximately 7.4% from approximately 22.5% in 1H2020 to approximately 15.1% for 1H2021 was mainly due to the reversal of liquidated and ascertained damages of approximately RM6.9 million in 1H2020 which was 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 decreased from approximately RM0.7 million for 1H2020 to approximately RM0.2 million for 1H2021 which was mainly due to no disposal of investment properties for 1H2021.

### Administrative and Other Expenses

The Group's administrative and other expenses decreased by approximately RM4.8 million or 64.9% from approximately RM7.4 million for 1H2020 to approximately RM2.6 million for 1H2021, which was mainly due to listing expenses incurred of approximately RM4.6 million charged to the Group's profit or loss for 1H2020 and no listing expenses were incurred in 1H2021.

### Finance Costs

The Group's finance costs decreased by approximately RM0.3 million from approximately RM0.5 million for 1H2020 to approximately RM0.2 million for 1H2021 which was mainly due to decrease in interest charged on bill facilities.

### Income Tax Expense

The Group's income tax expense increased by approximately RM0.3 million or 6.7% from approximately RM4.5 million for 1H2020 to approximately RM4.8 million for 1H2021 due to increase in profit before tax in 1H2021. The comparative higher effective tax rate for the 1H2020 was mainly due to listing expenses amounting to approximately RM4.6 million, which are 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 RM14.8 million for 1H2021, representing an increase of approximately RM5.2 million or 54.2% as compared to approximately RM9.6 million for 1H2020.



# Management Discussion and Analysis (Continued)

## 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 2.7% as at 31 October 2020 to approximately 1.5% as at 30 April 2021, which was mainly due to decrease in lease liabilities.

During 1H2021, the Group maintained a healthy liquidity position with working capital being financed through cash generated from operations. As at 30 April 2021, the Group's bank balances and cash was approximately RM52.1 million (31 October 2020: approximately RM44.1 million) and the Group's restricted bank deposits were approximately RM12.2 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 30 April 2021, the current ratio of the Group was approximately 2.72 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 need.

### Capital Structure

As at 30 April 2021, the capital structure of the Group consisted of equity of approximately RM169.0 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 30 April 2021, 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 report. 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 RM13.7 million, or 10.2%, from approximately RM133.8 million as at 31 October 2020 to approximately RM147.5 million as at 30 April 2021, which was a combined effect of the increase in trade and other receivables of approximately RM21.1 million and increase in bank balances and cash of approximately RM8.0 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.

# Management Discussion and Analysis (Continued)

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE (Continued)

### 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 1H2021, the Group made a material capital expenditure of approximately RM2.3 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 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 1H2021. Save as disclosed in this report 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 30 April 2021.

### Significant Investment Held

The Group did not hold any significant investment (except for its subsidiaries) during 1H2021.

### Contingent Liability

Save as disclosed in note 13 to the condensed consolidated financial statements, the Group had no contingent liabilities as at 30 April 2021.

### Pledge of Assets

As at 30 April 2021, restricted bank deposits of approximately RM12.2 million (31 October 2020: approximately RM9.6 million) have been pledged to banks as security for banking facilities granted to the Group with approximately RM26.0 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 30 April 2021, the Group did not have any capital commitments (31 October 2020: Nil).

# Management Discussion and Analysis (Continued)

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE (Continued)

### 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 2021, the Group's workforce stood at 180 employees, 136 were Malaysian workers and 44 were foreign workers as compared with 174 employees, 126 were Malaysian workers and 48 were foreign workers as at 31 October 2020.

Total staff costs (excluded directors' emoluments) increased by approximately RM0.9 million from approximately RM6.3 million for 1H2020 to approximately RM7.2 million for 1H2021, which was mainly due to lower daily labour wages for 1H2020 due to MCO in March and April 2020.

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.

# Management Discussion and Analysis (Continued)

## USE OF PROCEEDS

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) <sup>(Note)</sup> after the deduction of related listing expenses. These proceeds were utilised in accordance with the proposed allocation set out in the Prospectus.

Note: 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 1H2021:

Use of Net Proceeds	Approximate Percentage of Total Amount	Approximate Actual Net Proceeds	Approximate Amount Utilized as at 31 October 2020	Approximate Amount Utilized during 1H2021 as at 30 April 2021	Approximate Unused Net Proceeds as at 30 April 2021
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Strengthening capital base for potential building projects	39.3%	28,924	–	3,147	25,777
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	690	373
	100%	73,512	7,004	8,118	58,390

As at the end of 1H2021, the amount of the net proceeds which remained unutilised amounted to approximately HK\$58.4 million and have been deposited in licensed banks. The Group intends to utilise such unused net proceeds in the same manner and proportions as described in the Prospectus by year 2022.

## COMPETING BUSINESS

During 1H2021, 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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

# Corporate Governance and Other Information

## 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 during 1H2021.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 April 2021, the interests of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO"), as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have taken under such provisions of the SFO), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") set out in Appendix 10 to the Listing Rules were as follows:

### Long position in the shares of the Company ("Shares")

Name of Director(s)	Capacity/Nature of interests	Number of Shares held	Approximate
			percentage of the total number of issued Shares
Mr. Low Seah Sun	Interest of a controlled corporation (Note)	945,000,000	75%

Note: Mr. Low Seah Sun beneficially owns 40% of the issued shares of RBC Venture Limited, which in turn holds 75% of the Shares. Therefore, Mr. Low Seah Sun is deemed to be, or taken to be, interested in the Shares held by RBC Venture Limited under the SFO. Mr. Low Seah Sun is a director of RBC Venture Limited.

## Corporate Governance and Other Information (Continued)

### Long position in the shares of the associated corporation(s)

Name of Director(s)	Name of associated corporation(s)	Capacity/ Nature of interests	Number of ordinary shares held	Approximate percentage of the total number of issued shares of the associated corporation(s)
Mr. Low Seah Sun	RBC Venture Limited (Note)	Beneficial owner	40	40%
Ms. Seah Peet Hwah	RBC Venture Limited (Note)	Beneficial owner	30	30%
Mr. Cheang Wye Keong	RBC Venture Limited (Note)	Beneficial owner	20	20%
Mr. Lau Ah Cheng	RBC Venture Limited (Note)	Beneficial owner	10	10%

Note: RBC Venture Limited is the holding company of the Company and an associated corporation by virtue of the SFO.

Save as disclosed above, as at 30 April 2021, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## Corporate Governance and Other Information (Continued)

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

So far as the Directors or the chief executive of the Company are aware of, as at 30 April 2021, the following corporation/person (not being a Director or the chief executive of the Company) had interests or short positions in the Shares or underlying Shares, which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

#### Long position in the Shares

Name of Shareholder(s)	Capacity/Nature of interests	Approximate percentage of the total number of issued Shares	
		Number of Shares held	
RBC Venture Limited	Beneficial owner (Note 1)	945,000,000	75%
Ms. Lai Swee Yin	Interest of spouse (Note 2)	945,000,000	75%

Notes:

1. RBC Venture Limited is an investment holding company incorporated in the BVI and is owned as to 40%, 30%, 20% and 10% by Mr. Low Seah Sun, Ms. Seah Peet Hwah, Mr. Cheang Wye Keong and Mr. Lau Ah Cheng, respectively.
2. Ms. Lai Swee Yin is the spouse of Mr. Low Seah Sun. Therefore, Ms. Lai Swee Yin is deemed to be interested in the Shares which Mr. Low Seah Sun is interested under the SFO.

Save as disclosed above, so far as the Directors or the chief executive of the Company are aware of, as at 30 April 2021, no corporation/person (not being a Director or the chief executive of the Company) had any interests or short position in the Shares or underlying Shares, which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company under section 336 of the SFO.

#### 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 during 1H2021.

# Corporate Governance and Other Information (Continued)

## Directors' Rights to Acquire Share or Debentures

At no time during 1H2021 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

## Changes of Directors' Information

Subsequent to the date of the annual report of the Company for the year ended 31 October 2020, Mr. Wong Chi Wai, an independent non-executive Director, has registered as a member of the Institute of Chartered Accountants in England and Wales and an ICAEW Chartered Accountant since February 2021.

## Share Option Scheme

The Company has adopted the share option scheme on 31 March 2020 to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of our Group and to promote the success of the business of our Group. As at 30 April 2021, there were no outstanding share options. No share options were granted, exercised or cancelled or lapsed during 1H2021.

## 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 during 1H2021.

## Interim Dividend

The Board does not recommend the payment of an interim dividend for 1H2021 (1H2020: Nil).

## 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.



## Corporate Governance and Other Information (Continued)

### 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 1H2021 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.

FOR AND ON BEHALF OF THE BOARD

**Low Seah Sun**

*Chairman*

Malaysia

28 June 2021

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

For the six months ended 30 April 2021

		6 months ended 30 April	
	NOTES	2021 RM'000 (unaudited)	2020 RM'000 (unaudited)
Revenue	4	146,056	93,955
Cost of services		(123,930)	(72,782)
Gross profit		22,126	21,173
Other income, gain and loss	5	221	706
Share of results of an associate		4	49
Administrative and other expenses		(2,568)	(7,360)
Finance costs	6	(163)	(491)
Profit before tax	7	19,620	14,077
Income tax expense	8	(4,771)	(4,493)
Profit for the period attributable to owners of the Company		14,849	9,584
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		(635)	–
Other comprehensive expense for the period, net of income tax		(635)	–
Total comprehensive income for the period attributable to owners of the Company		14,214	9,584
Earnings per share in RM (cents)			
– Basic and diluted	9	1.18	1.01

# Condensed Consolidated Statement of Financial Position

As at 30 April 2021

	NOTES	As at	
		30 April 2021 RM'000 (unaudited)	31 October 2020 RM'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment		9,934	8,495
Investment properties		5,523	5,535
Right-of-use assets		5,102	6,176
Interest in an associate		899	942
Other non-current asset		118	118
Deferred tax assets		874	875
		<b>22,450</b>	22,141
<b>Current assets</b>			
Trade and other receivables	10	65,336	44,221
Contract assets		103,129	113,673
Tax recoverable		562	2,802
Restricted bank deposits		12,191	9,552
Bank balances and cash		52,084	44,132
		<b>233,302</b>	214,380
<b>Current liabilities</b>			
Trade, bills and other payables	11	83,083	75,010
Contract liabilities		—	1,394
Tax payables		205	208
Lease liabilities		2,554	3,979
		<b>85,842</b>	80,591
<b>Net current assets</b>		<b>147,460</b>	133,789
<b>Total assets less current liabilities</b>		<b>169,910</b>	155,930

# Condensed Consolidated Statement of Financial Position (Continued)

As at 30 April 2021

	NOTES	As at	
		30 April 2021 RM'000 (unaudited)	31 October 2020 RM'000 (audited)
<b>Non-current liabilities</b>			
Lease liabilities		—	234
Deferred tax liabilities		910	910
		910	1,144
<b>Net assets</b>		169,000	154,786
<b>Capital and reserves</b>			
Share capital	12	7,033	7,033
Reserves		161,967	147,753
<b>Total equity</b>		169,000	154,786

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 April 2021

	Share capital RM'000	Share premium RM'000	Merger reserve RM'000 (note)	Translation reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 November 2019 (audited)	*	–	2,050	–	92,623	94,673
Profit and total comprehensive income recognised for the period	–	–	–	–	9,584	9,584
Capitalisation issue of shares (Note 12)	5,275	(5,275)	–	–	–	–
Shares issued under share offer (Note 12)	1,758	68,575	–	–	–	70,333
Share issue expenses	–	(14,278)	–	–	–	(14,278)
At 30 April 2020 (unaudited)	7,033	49,022	2,050	–	102,207	160,312
At 1 November 2020 (audited)	<b>7,033</b>	<b>49,022</b>	<b>2,050</b>	<b>(2,140)</b>	<b>98,821</b>	<b>154,786</b>
Profit for the period	–	–	–	–	<b>14,849</b>	<b>14,849</b>
Other comprehensive expense for the period	–	–	–	<b>(635)</b>	–	<b>(635)</b>
Total comprehensive (expense)/ Income for the period	–	–	–	<b>(635)</b>	<b>14,849</b>	<b>14,214</b>
At 30 April 2021 (unaudited)	<b>7,033</b>	<b>49,022</b>	<b>2,050</b>	<b>(2,775)</b>	<b>113,670</b>	<b>169,000</b>

Note: Amount represents the effects of the acquisition of the entire interest of Rimbaco Sdn. Bhd. ("Rimbaco") and Rimbaco Property Sdn. Bhd. ("Rimbaco Property") from the Controlling Shareholders (as defined in note 1) by issue of 900 ordinary shares of the Company as part of the Reorganisation (as defined in note 2). The difference between the aggregate paid-in capital of RM2,050,000 as at 31 October 2018 and the paid-in capital of the Company of HK\$10 (equivalent to RM5) immediately upon the completion of the Reorganisation was accounted for as the merger reserve.

\* Less than RM1,000.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 April 2021

	6 months ended 30 April	
	2021	2020
	RM'000	RM'000
	(unaudited)	(unaudited)
<b>OPERATING ACTIVITIES</b>		
Profit before tax	19,620	14,077
Adjustments for:		
Share of results of an associate	(4)	(49)
Depreciation of property, plant and equipment	902	525
Depreciation of investment properties	12	53
Depreciation of right-of-use assets	1,074	1,250
(Gain)/Loss on disposal of property, plant and equipment	(1)	2
Gain on disposal of investment properties	–	(340)
Reversal on provision of liquidated and ascertained damages	–	(6,920)
Finance costs	163	491
Interest income	(159)	(269)
Operating cash flows before movements in working capital	21,607	8,820
(Increase)/Decrease in trade and other receivables	(21,115)	41,377
Decrease in contract assets	10,544	15,682
Increase/(Decrease) in trade, bills and other payables	8,073	(55,750)
Decrease in contract liabilities	(1,394)	–
Cash generated from operations	17,715	10,129
Income tax paid	(2,534)	(1,871)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>15,181</b>	<b>8,258</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of investment properties	–	1,050
Proceeds from disposal of property, plant and equipment	1	21
Dividend received from an associate	47	–
Interest income received	159	142
Purchase of property, plant and equipment	(2,340)	(1,667)
Placement of restricted bank deposits	(3,642)	–
Release of restricted bank deposits	1,003	–
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(4,772)</b>	<b>(454)</b>

# Condensed Consolidated Statement of Cash Flows

## (Continued)

For the six months ended 30 April 2021

	6 months ended 30 April	
	2021 RM'000 (unaudited)	2020 RM'000 (unaudited)
<b>FINANCING ACTIVITIES</b>		
Repayment of principal element of lease liabilities	(1,659)	(1,486)
Finance costs paid	(163)	(491)
Proceeds from issuance of shares	–	28,110
Share issue expenses	–	(14,278)
<b>NET CASH (USED IN)/FROM FINANCING ACTIVITIES</b>	<b>(1,822)</b>	<b>11,855</b>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<b>8,587</b>	<b>19,659</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<b>44,132</b>	<b>14,300</b>
Effect of foreign exchange rate changes	(635)	–
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Represented by bank balances and cash	<b>52,084</b>	<b>33,959</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 April 2021

## 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 were 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 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 Winward 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 acts as an investment holding company and the principal activity of its subsidiaries (together with the Company referred to as the "Group") is principally engaged in the provision of general contractor services in Malaysia.

## 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 annual audited consolidated financial statements for the year ended 31 October 2020 as set out in the 2020 annual report.

The condensed consolidated financial statements are presented in RM, which is also the functional currency of the company and all values are rounded to the nearest thousand (RM'000) except otherwise indicated.

## 3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

For the purpose of preparing and presenting the condensed consolidated financial statements for the six months ended 30 April 2021, 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.

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.



# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 April 2021

## 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	
	2021 RM'000 (unaudited)	2020 RM'000 (unaudited)
Revenue from contracts with customers recognised over time and disaggregated by types of building construction projects:		
Factory projects	32,323	12,145
Institutional, commercial and/or residential projects	112,771	80,966
Others	962	844
	<b>146,056</b>	<b>93,955</b>

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 April 2021

## 5. OTHER INCOME, GAIN AND LOSS

	6 months ended 30 April	
	2021	2020
	RM'000	RM'000
	(unaudited)	(unaudited)
Bank interest income	159	269
Dividend received	—	47
Rental income	60	50
Gain on/(loss) disposal of property, plant and equipment	1	(2)
Gain on disposal of investment properties	—	340
Others	1	2
	221	706

## 6. FINANCE COSTS

	6 months ended 30 April	
	2021	2020
	RM'000	RM'000
	(unaudited)	(unaudited)
Interest on:		
Bank borrowings and bank overdraft	99	314
Lease liabilities	64	177
	163	491

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 April 2021

## 7. PROFIT BEFORE TAX

	6 months ended 30 April	
	2021 RM'000 (unaudited)	2020 RM'000 (unaudited)
Profit before tax has been arrived at after charging:		
Directors' emolument	1,144	1,130
Other staff costs:		
Salaries, wages and other allowances	6,661	5,698
Retirement benefit scheme contributions, excluding those of directors	502	580
<b>Total staff costs</b>	<b>8,307</b>	<b>7,408</b>
Auditor's remuneration	332	265
Depreciation of property, plant and equipment	902	525
Depreciation of investment properties	12	53
Depreciation of right-of-use assets	1,074	1,250
Listing expenses (included in administrative and other expenses)	—	4,645

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 April 2021

## 8. INCOME TAX EXPENSE

	6 months ended 30 April	
	2021 RM'000 (unaudited)	2020 RM'000 (unaudited)
Income tax charge comprises:		
Malaysia Corporate Income Tax		
– current period	4,771	4,493

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	
	2021 RM'000 (unaudited)	2020 RM'000 (unaudited)
<b>Earnings</b>		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	14,849	9,584
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share (note) (in thousand)	1,260,000	951,923

Note: The weighted average number of ordinary shares for the six month ended 30 April 2020 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 Note 12.

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.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 April 2021

## 10. TRADE AND OTHER RECEIVABLES

	As at	
	30 April 2021 RM'000 (unaudited)	31 October 2020 RM'000 (audited)
Trade receivables from contracts with customers	64,823	43,570
Less: Allowance for doubtful debts/credit losses	(2,578)	(2,578)
Trade receivables, net (note i)	62,245	40,992
Other receivables, deposits and prepayments		
– Other receivables	2,014	417
– Rental and other deposits	1,108	1,203
– Prepayments	5	1,645
	3,127	3,265
Less: loss allowance on other receivables	(36)	(36)
Other receivables, deposits and prepayments, net	3,091	3,229
Total trade and other receivables	65,336	44,221

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 April 2021

## 10. TRADE AND OTHER RECEIVABLES (Continued)

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 2021 RM'000 (unaudited)	31 October 2020 RM'000 (audited)
Within 30 days	28,744	17,649
31–60 days	23,929	9,280
61–90 days	2,621	4,559
Over 90 days	9,529	12,082
	<b>64,823</b>	43,570

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 April 2021

## 11. TRADE, BILLS AND OTHER PAYABLES

	As at	
	30 April 2021	31 October 2020
	RM'000	RM'000
	(unaudited)	(audited)
Trade and bills payables (note i)	68,516	61,981
Retention payables	12,775	9,925
Accruals	706	2,148
Other payables	1,086	956
	83,083	75,010

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 2021	31 October 2020
	RM'000	RM'000
	(unaudited)	(audited)
Within 30 days	26,839	22,255
31–60 days	17,460	9,909
61–90 days	8,547	9,789
Over 90 days	15,670	20,028
	68,516	61,981

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 April 2021

## 12. SHARE CAPITAL

	Number of shares	Amount HK\$	Amount RM'000
Ordinary shares of HK\$0.01 each			
<b>Authorised</b>			
At 31 October 2019 (audited)	38,000,000	380,000	N/A
Increase on 31 March 2020 (note a)	9,962,000,000	99,620,000	N/A
At 31 October 2020 (audited)/ 30 April 2021 (unaudited)	<b>10,000,000,000</b>	<b>100,000,000</b>	<b>N/A</b>
<b>Issued and fully paid</b>			
At 31 October 2019 (audited)	1,000	10	—*
Capitalisation issue of shares (note b)	944,999,000	9,449,990	5,275
Issue of new shares in connection with the listing of shares of the Company (note c)	315,000,000	3,150,000	1,758
At 31 October 2020 (audited)/ 30 April 2021 (unaudited)	<b>1,260,000,000</b>	<b>12,600,000</b>	<b>7,033</b>

\* 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.



# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 April 2021

## 13. CONTINGENT LIABILITIES

	As at	
	30 April 2021	31 October 2020
	RM'000	RM'000
	(unaudited)	(audited)
Performance bonds for construction contracts in favour of customers	25,729	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 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.