

## 7. BUSINESS OVERVIEW

### 7.1 HISTORY AND BACKGROUND

Our Company was incorporated in Malaysia on 10 March 2016 as a public limited company under the name of KTI Property Berhad. Subsequently on 14 July 2022, we changed our Company's name to KTI Landmark Berhad. Our Company was incorporated to facilitate our Listing and our principal activities is that of an investment holding company. Through our subsidiaries, we are a property developer, principally involved in the provision of design and build construction services and property development. Please refer to Section 7.3 for further details on our principal business activities.

The key milestones and events of our Group's history and our business expansions are as set out below:

<b>Year</b>	<b>Event</b>
1984	<ul style="list-style-type: none"> <li>• Loke Theen Fatt, our Managing Director / Chief Executive Officer, joined our Group through KTISB (i.e. a shelf company incorporated on 27 August 1984 which was subsequently acquired by Siaw Voon Chiat and Lim Hui Ling (non-related party) who exited in 1986 and 1989 respectively) as Manager.</li> <li>• KTISB was initially involved in the application of relevant licenses to carry out business operations and in tendering for general building construction projects from the public sector. General building construction services refer to the typical construction activities undertaken by contractors to construct buildings based on customer's building design.</li> </ul>
1985	<ul style="list-style-type: none"> <li>• Chin Mee Leen, our Promoter, joined our Group when she was appointed as Director on 6 June 1985.</li> </ul>
1986	<ul style="list-style-type: none"> <li>• Chin Mee Leen acquired 50.0% equity interest in KTISB from Siaw Voon Chiat (non-related party) on 1 October 1986, and Lim Hui Ling (non-related party) held the remaining 50% equity interest in KTISB.</li> <li>• We began providing general building construction services to the public sector. We secured our 1<sup>st</sup> project under the public sector for the construction of police staff quarters in Taman Nelly, Kolombong, Sabah, which was completed in 1988.</li> </ul>
1993	<ul style="list-style-type: none"> <li>• We began providing general building construction services to the private sector. Amongst the initial construction projects secured were as follows: <ul style="list-style-type: none"> <li>(a) construction of a mosque in Ranau, Sabah (i.e. GDV of RM1.0 million and the construction was completed in 1995);</li> <li>(b) construction of a residential project comprising double storey terraced houses and double storey semi-detached houses in Taman Bestari Luyang, Sabah (i.e. GDV of RM4.3 million and the construction was completed in 1994); and</li> <li>(c) construction of a residential project comprising double storey terraced houses and double storey semi-detached houses in Taman Fabulosa Luyang, Sabah (i.e. GDV of RM11.0 million and the construction was completed in 1994).</li> </ul> </li> </ul>
1994	<ul style="list-style-type: none"> <li>• We began our venture into property development. In the early years of business, our Group was mainly involved in the sourcing of land for development, initial-stage project planning, securing approvals from relevant authorities to proceed with project development, and making necessary preparations for the launching of new property development projects.</li> </ul>

## 7. BUSINESS OVERVIEW (*Cont'd*)

Year	Event
	<ul style="list-style-type: none"> <li>Achieved a new milestone when we secured a construction project, with a total GDV of RM30.0 million, under the public sector for the construction of police staff quarters in Kolombong, Sabah. The construction was completed in 1997.</li> </ul>
1998	<ul style="list-style-type: none"> <li>Developed our first commercial project under our property development business, which comprised 3 units of double-storey shops in Taman Ehsan, Tawau, Sabah. The project had a total GDV of RM1.0 million and the construction was completed in 2000.</li> </ul>
1999	<ul style="list-style-type: none"> <li>Developed our first residential project in Taman Orkid, Kudat, Sabah, in which the project was divided into 3 phases of development. The project also included the development of shops. Collectively, the development comprised the following:               <ul style="list-style-type: none"> <li>(a) 174 units of single-storey detached houses;</li> <li>(b) 101 units of double-storey semi-detached houses;</li> <li>(c) 145 units of double-storey terraced houses; and</li> <li>(d) 6 units of double-storey shops.</li> </ul> <p>The project had a combined GDV of RM30.5 million. The development was completed progressively over the period between 2002 and 2004.</p> <ul style="list-style-type: none"> <li>We first adopted IBS construction technique for the construction of the abovementioned residential project in Taman Orkid, Kudat, in which the technique adopted comprises on-site production of IBS components.</li> </ul> </li> </ul>
2000	<ul style="list-style-type: none"> <li>Secured our first educational facility construction project to construct the facilities at Zone 2 and 3 of the Kota Kinabalu Polytechnics in Sepanggar, Sabah. The project had a total GDV of RM39.0 million and the construction was completed in 2003.</li> </ul>
2002	<ul style="list-style-type: none"> <li>Secured our first construction project outside Sabah to construct Kluang Prison Complex in Kluang, Johor. The project had a total GDV of RM35.7 million and the construction was completed in 2005.</li> </ul>
2007	<ul style="list-style-type: none"> <li>Achieved a new milestone when our property development project (i.e. development of Taman Nelly 8 in Kolombong, Sabah) exceeded a GDV of RM50.0 million. The project was divided into 4 phases of development. Collectively, the development comprised the following:               <ul style="list-style-type: none"> <li>(a) 92 units of double-storey terraced houses;</li> <li>(b) 64 units of 4-storey apartments; and</li> <li>(c) 280 units of studio apartments.</li> </ul> <p>The development had a GDV of RM51.8 million. The development of Phase 1 to Phase 3 were completed in 2010 and Phase 4 was subsequently completed in 2013.</p> </li> </ul>
2010	<ul style="list-style-type: none"> <li>Entered into our first collaboration with LPPB to provide design and build construction services to develop a residential project in Taman Wawasan, Beaufort, Sabah.               <p>This project comprised the development of Phase 3 and 4 of Taman Wawasan in Beaufort, Sabah, which collectively comprised 252 units of double-storey terraced houses, with a total GDV of RM34.2 million. The development was completed in 2014.</p> </li> </ul>

**7. BUSINESS OVERVIEW (Cont'd)**

<u>Year</u>	<u>Event</u>
2012	<ul style="list-style-type: none"> <li>Achieved a new milestone in the provision of design and build construction services to LPPB when the GDV of our design and build project, namely Taman La Gloxinia, exceeded the RM100.0 million benchmark. Taman La Gloxinia is located in Kinarut, Sabah and the project was divided into 3 phases of development.</li> </ul> <p>The development comprised a total of 472 units of double-storey terraced houses and 20 units of double-storey shops with a GDV of RM139.8 million. The development was completed in 2016.</p> <ul style="list-style-type: none"> <li>Began adopting the precast concrete system IBS construction technique which comprises the off-site manufacturing of IBS components at our casting yard and ready IBS components will then be transported to our project sites for assembly and installation. This is different from the IBS construction technique adopted since 1999 which employs on-site production of IBS components at project sites.</li> <li>With that, our Group began manufacturing IBS components in our first off-site casting yard in Kinarut which is located opposite to Taman La Gloxinia, and we began supplying the IBS components to our Taman La Gloxinia project. Further details on our manufacturing of IBS components are as set out in Section 7.4.</li> </ul>
2013	<ul style="list-style-type: none"> <li>Loke Theen Fatt became our shareholder in February 2013 when he acquired 11.3% equity interest in KTISB, which were existing shares in KTISB, from Lok Kau Lin, a non-related party. The remaining shares of 88.7% were held by Chin Mee Leen.</li> </ul>
2015	<ul style="list-style-type: none"> <li>Achieved a new milestone in the provision of design and build construction services to LPPB with the construction of our first design and build high-rise residential project, namely Puncak Gloxinia in Kinarut, Sabah. Puncak Gloxinia is a PPAM project which is a civil servant housing project located in Kinarut, Sabah and the project was divided into 2 phases of development.</li> </ul> <p>The development comprised 6 blocks of 18-storey affordable housing units with a total of 1,296 units and a GDV of RM418.5 million. Construction works for Puncak Gloxinia Phase 1 (i.e. Block A, Block B and Block C) commenced in 2015 and was completed in 2018; while construction works for Puncak Gloxinia Phase 2 (i.e. Block D, Block E and Block F) commenced in 2017 and was completed in 2020.</p>
2017	<ul style="list-style-type: none"> <li>Commenced operations of a casting yard in Tuaran.</li> </ul>
2019	<ul style="list-style-type: none"> <li>Achieved a new milestone in the provision of design and build construction services to LPPB with the construction of a residential project in Taman Seri Lemawang which exceeded the RM300.0 million GDV benchmark. The said project is located in Tuaran, Sabah and it also included the development of shops. The development comprises the following: <ul style="list-style-type: none"> <li>(a) 833 units of double-storey houses;</li> <li>(b) 800 units of five-storey apartments;</li> <li>(c) 16 units of double-storey shophouses; and</li> <li>(d) 1 unit of double-storey detached shop.</li> </ul> </li> </ul>

**7. BUSINESS OVERVIEW (Cont'd)**

<b>Year</b>	<b>Event</b>
	The project has a GDV of RM357.0 million. Construction works commenced in 2019 and is expected to be completed in 2024. Further details of the project are as set out in Sections 7.3.1.3(a) and 7.3.1.3(b).
2021	<ul style="list-style-type: none"> <li>• Achieved a new milestone with the development of our first mixed-development project, namely The Logg in Luyang, Sabah which is also our Group's first joint development project with LPPB. The development comprises the following: <ul style="list-style-type: none"> <li>(a) 2 blocks of 28-storey condominiums;</li> <li>(b) 1 block of 28-storey apartment;</li> <li>(c) 1 block of 38-storey 4-star hotel, namely Avani Luyang @ The Logg, with 370 rooms;</li> <li>(d) 2 levels of retail space; and</li> <li>(e) 3 levels of purpose-built offices comprising 12 units of offices.</li> </ul> </li> </ul> <p>The project has a GDV of RM1.0 billion. Construction works commenced in 2019 and is expected to be completed by 2025. Further details of the project are as set out in Section 7.3.2.2(b).</p>

**7.2 KEY ACHIEVEMENTS**

As at LPD, we have received the following awards:

<b>Year</b>	<b>Award</b>	<b>Category</b>	<b>Project</b>	<b>Awarding body</b>	<b>Objective</b>
<b>KTISB</b> 2016	The Malaysian Construction Industry Excellence Awards 2016	Special Mention (IBS)	LA Gloxinia Garden Phase 1, Papar, Sabah	Ministry of Works and CIDB Malaysia	Recognition in the adoption of IBS construction techniques in construction activities for the project
2016	The Malaysian Construction Industry Excellence Awards 2016	Special Mention (IBS) – Project Manager	LA Gloxinia Garden Phase 1, Papar, Sabah	Ministry of Works and CIDB Malaysia	Recognition in the adoption of IBS construction techniques in construction activities for the project
2021	Majlis Penyampaian Anugerah Khas Kontraktor dan Pengilang Negeri Sabah	Kontraktor Cemerlang – Perumahan (IBS Score)	Not applicable	CIDB Malaysia	Outstanding performance through the adoption of IBS techniques

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<b>Year</b>	<b>Award</b>	<b>Category</b>	<b>Project</b>	<b>Awarding body</b>	<b>Objective</b>
<b>Landmark Property</b>					
2016	The Malaysian Construction Industry Excellence Awards 2016	Special Mention (IBS) – Project Client	LA Gloxinia Garden Phase 1, Papar, Sabah	Ministry of Works and CIDB Malaysia	Recognition in the adoption of IBS construction techniques in construction activities for the project

**7.3 PRINCIPAL BUSINESS ACTIVITIES**

We are a property developer, principally involved in the provision of design and build construction services and property development. Our Group is involved in all aspects of property development activities comprising site selection, project design, submission of building plans to relevant authorities, sales and marketing of our projects, and delivery of vacant possession to end buyers, as well as in construction activities. Our design and build construction projects and property development projects are located in Sabah, and it comprises the following types of properties:

- (a) residential property comprising detached houses, semi-detached houses, terraced houses, low-rise apartments, flats and high-rise condominiums / serviced apartments;
- (b) commercial property comprising shops; and
- (c) mixed development comprising a combined development of high-rise condominiums / serviced apartments, retail space and hotel.

Since 2010 and up to LPD, we have been providing our design and build construction services primarily to LPPB. LPPB is the state authority in Sabah involved in overseeing housing and township development, as well as the development of affordable housing in Sabah. We also provide general building construction services, which refer to the typical construction activities undertaken by contractors to construct buildings based on customer's building design, to the private and public sectors (i.e. other than LPPB) upon request and through tenders. Please refer to Section 7.3.1.1 for further details on the arrangement and process with LPPB, and Section 7.3.1.2 for further details on the arrangement and process with the private and public sectors under our design and build construction services segment. In FYE 2020 to 2022, we did not undertake any general building construction projects with the private and public sectors (i.e. other than LPPB) and there was no revenue derived from this segment.

Our design and build construction services and property development activities are also supported by our in-house construction services, which is complemented by our in-house manufacturing of IBS components. We utilise the IBS construction technique for most of our design and build construction projects and property development projects. Further details on the manufacturing of IBS components are set out in Section 7.4.

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**7. BUSINESS OVERVIEW (Cont'd)**

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We classify our design and build construction projects and property development projects into 3 categories based on their respective development stages as follows:

- (a) **Completed projects**, representing properties for which construction of all the constituents of the residential and commercial buildings have been completed based on the issuance of OC/CFO, subject to the requirement and approval procedures of the local authority;
- (b) **On-going projects**, representing projects where all necessary approvals and permits have been obtained and construction work has commenced but not completed; and
- (c) **Future projects**, representing projects where the planning permissions have been obtained but construction work has not commenced.

Under the provision of design and build construction services, there are no landbanks held for future development purposes due to the nature of the service provided. Further, as at LPD, other than 4 parcels of remaining detached lots from previous developments as set out in Section 6.10.1(a) to (d), our Group does not hold any land for future development under our property development projects. However, our Group had entered into a negotiation to secure a parcel of land for our property development activities. Further details on the acquisition of the landbank are set out in Sections 4.9.1(a) and 7.17.1.

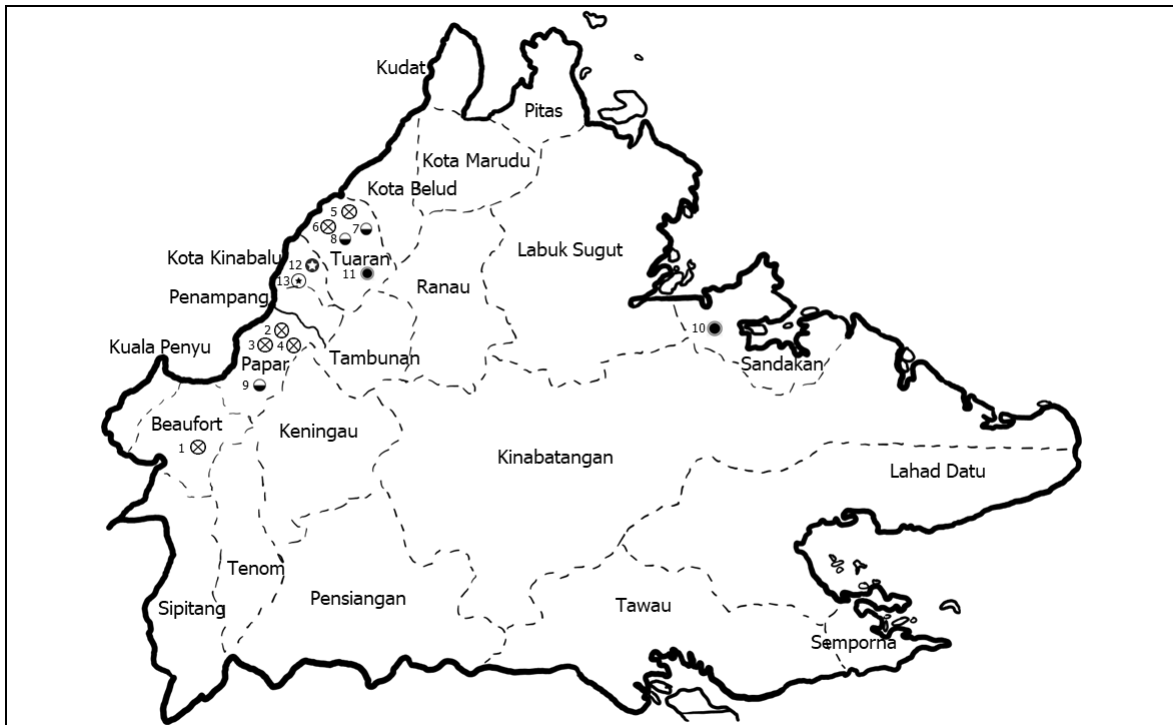
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**7. BUSINESS OVERVIEW (Cont'd)**

The following map sets out a summary of our completed projects, on-going projects and future projects, carried out under our design and build construction services for LPPB and our own property development activities in Sabah since 2010:



<b>Map Legend</b>	
<b>Design and build construction projects with LPPB</b>	
⊗ Completed projects	<ol style="list-style-type: none"> <li>1. Taman Wawasan Phase 3A, 3B, 4A and 4B (Residential)</li> <li>2. Taman La Gloxinia Phase 1, 2A, 2C, 3A and 3B (Residential)</li> <li>3. Gloxinia Avenue Phase 2B (Commercial)</li> <li>4. Puncak Gloxinia Phase 1 and Phase 2 (Residential – PPAM)</li> <li>5. Taman Seri Lemawang Phase 1A, 1B, 1C and 1D (Residential)</li> <li>6. Plaza Seri Lemawang (Commercial)</li> </ol>
● On-going projects	<ol style="list-style-type: none"> <li>7. Taman Seri Lemawang Phase 1E, 1F, 1G, 1H and 1I (Residential)</li> <li>8. Residensi Seri Akasia Block A, B, C and D (Residential)</li> <li>9. Taman Bukit Alamanda (Residential)</li> </ol>
● Future projects	<ol style="list-style-type: none"> <li>10. Sandakan Phase 1, 2, and 3 (Residential)</li> <li>11. Residensi Seri Akasia Block E, F, G, H, I and J (Residential)</li> </ol>
<b>Our Group's own property development projects</b>	
★ On-going mixed development	<ol style="list-style-type: none"> <li>12. The Logg, Luyang – Mixed development</li> </ol>
★ Future project	<ol style="list-style-type: none"> <li>13. Alamesra, Kota Kinabalu Phase 1A, 1B, 1C and 2<sup>(1)</sup></li> </ol>

**Note:**

<sup>(1)</sup> Our Group's acquisition of the parcels of land is conditional upon, among others, our solicitors' receipt of the Permission to Transfer and Charge and the duly executed and registrable memorandum of amendment in relation to the Permission to Transfer and Change.

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## **7. BUSINESS OVERVIEW (Cont'd)**

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### **7.3.1 Design and build construction services**

Our Group provides design and build construction services primarily to LPPB, as well as general building construction services to the private and public sectors (i.e. other than LPPB) upon request and through tenders.

#### **7.3.1.1 Provision of design and build construction services**

Our Group is involved in all aspects of property development activities comprising site assessment and market feasibility study, project design, submission of building plans to relevant authorities, construction, sales and marketing of the projects, delivery of vacant possession to end buyers and property management; while LPPB is the land and project owner of the development. This is different from our Group's property development activities where we are the land and project owner of the development. Save for the ownership of the land and project as mentioned above, all aspects of property development activities for both design and build construction services and our Group's property development are similar.

We have been providing our design and build construction services primarily to LPPB since 2010, in which we focus on the development of residential and commercial property projects for the general public and civil servants housing projects (i.e., PPAM) in Sabah. Civil servants housing projects are aimed to assist civil servants to own homes.

Our Group has also been involved in financing the construction of all projects undertaken, whereby our Group secures financing facilities from financial institutions and/or utilises internally generated funds. Our Group will propose the selling prices for each type of unit of the project in a Technical and Financial Proposal (i.e. a proposal that sets out the details of a project and the obligations of LPPB and our Group in the project) to be submitted to LPPB. Upon mutual acceptance of the selling prices, our Group will enter into an agreement with LPPB setting out the terms and obligations of each party, in which the Technical and Financial Proposal will be enclosed as part of the appendices of the agreement, and we will commence the provision of design and build construction services to LPPB for the said project. Further, as our Group is involved in the sale of properties to end buyers, all proceeds received from the sale of property units to end buyers (e.g. cash payments and loan disbursements from banks) will be collected by our Group. Our Group will undertake continuous sales and marketing to sell the remaining units. In the event that the units continue to remain unsold, our Group may choose to retain the unsold units or to resell at higher value in the future.

Subsequently, onward payment in relation to the project will be made on a quarterly basis to LPPB, based on a 50:50 profit sharing arrangement. Prior to granting permission to our Group to design, construct, market and sell properties on behalf of LPPB, our Group is required to submit a Technical and Financial Proposal that sets out the estimated projected profits of the project for approval by the board of directors of LPPB. The profit share to LPPB shall be 50.0% of the profit generated from the agreed Technical and Financial Proposal (i.e. total return from sales of the project less the total development cost). This refers to the profit of the entire project, after all the projects' development costs are accounted for. For clarity, our Group bears the financing of the project costs. There are no incremental project costs that are expressly provided beyond the scope of the agreements entered into between our Group and LPPB.



## **7. BUSINESS OVERVIEW (Cont'd)**

Our Group secures projects from LPPB by tender, and bids through the submission of the Technical and Financial Proposal to LPPB. LPPB publishes tender invitations on its official website which includes the details and types of lands available for development. Our Group responds to the tender invitation by submitting our proposal to LPPB for their consideration. LPPB often encourages and invites our Group to submit our proposals for development. Pursuant to the HDA 1981, LPPB is required to conduct a tendering process in such manner as the State Authority of Sabah may generally or in any particular case direct to securing its contractors, such as our Group.

LPPB may enter into contracts with its contractors in accordance with rules made under HDA 1981, which such rules would require notice of intention to enter such contracts to be published and tenders invited in the stipulated manner. Notwithstanding the aforementioned, HDA 1981 provides that any person entering into a contract with LPPB shall not be bound to inquire whether the rules under HDA 1981 have been complied with by LPPB, and all such contracts are valid notwithstanding any rules applicable under HDA 1981 have not been complied with. The contracts entered by our Group with LPPB have full force and effect and our Group is not bound to inquire whether the rules made under HDA 1981 have been complied with by LPPB in entering such contracts with our Group.

A summary of LPPB's obligations and our Group's obligations under such arrangement are as set out in the table below:

### **LPPB's obligations**

- acts as the land and project owner;
- by way of a power of attorney for each project, grants our Group power to, among others, design and submit applications and drawings to the relevant authorities for approval, obtain financing for the projects, construct, market and sell the units in respect of the respective projects on LPPB's behalf;
- providing the project land(s) free of encumbrances and consenting to the creation of charge over the land(s) for purposes of securing banking facilities to finance the project;
- where applicable, paying the land premium levied by the Government in respect of any amalgamation, conversion and/or subdivision of the said land(s) in accordance with the development plans, subject to any maximum amount to be borne by LPPB as may be agreed by the parties in the agreement; and
- to do all things necessary to assist our Group for smooth implementation of the projects, including submission and obtaining approvals from authorities and any other matters required by law for LPPB to fulfil.

### **Our Group's obligations**

- undertakes site assessment and market feasibility study, project design, as well as the submission of development plans and building plans to relevant authorities;
- carries out and oversees the construction of projects on LPPB's land;
- undertakes sales and marketing activities for the projects;
- manages the delivery of vacant possession to end buyers and property management;
- financing the construction of all projects undertaken, by securing financing facilities from financial institutions and/or utilising internally generated funds;
- proposes the selling prices of the properties to LPPB;
- collection of proceeds received from the sale of property units to end buyers (e.g. cash payments and loan disbursements from banks); and
- makes onward payment to LPPB on a quarterly basis, based on a 50:50 profit sharing arrangement.

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## **7. BUSINESS OVERVIEW (Cont'd)**

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In the provision of design and build construction services to LPPB, our Group's construction works include the following:

- construction planning and management, including the procurement of building materials such as aggregates and crusher run, piles, ready-mix, river sand, cement, wire mesh, tiles and interior fittings;
- site preparation and earthworks, including land clearing, soil removal and backfilling; and
- civil construction works, including below-ground substructures such as retention walls, foundations and basements, and infrastructure works, as well as above-ground superstructures such as main building works.

Our Group may outsource the abovementioned construction works to subcontractors as and when required. Our Group also engages subcontractors to carry out other aspects of construction works which our Group does not provide, such as groundworks and carpark construction, metal and roofing works, interior aluminium and window works, painting and ceiling works, piling works, M&E works, sewerage works, tiling works, substation works and landscaping works.

In addition to the above, pursuant to the arrangement with LPPB, our Group will also carry out the following:

- a preliminary survey on the prospective land and inform LPPB in the event that our Group has intention and resources to develop the prospective land. Upon entering into an agreement with LPPB to develop the prospective land as a design and build contractor, our Group will conduct a more in-depth site assessment and market feasibility study on the proposed development land;
- preparing and submitting project design and all the development plans to LPPB for approval prior to submission to the relevant authorities;
- obtaining approvals from the relevant authorities in respect of the development plans within a stipulated period of time from the agreement (our Group may engage with and appoint at its own cost and expense all consultants and professionals thereto, with the consent of LPPB);
- removing and clearing all structures and squatters (if any) on the land which the construction works are being carried out on, at our Group's own cost and expense;
- applying for conversion and sub-division of the land in accordance with the approved development plans and to engage and appoint at our Group's own cost and expense surveyors to carry out the sub-divisional survey and to pay for all premiums / enhanced premium upon sub-division (subject to an agreed maximum amount of land premium to be paid by LPPB, where applicable);
- applying for and obtaining the issuance of separate document of titles of the property units comprised in the development at our Group's own cost and expense;
- applying for and obtaining the OC/CFO from the relevant authority in respect of the property units comprised in the development upon completion;
- where there is a third-party charge over the land for the purpose of raising term and/or bridging loans to finance the construction of the project, our Group to provide and furnish a bank guarantee in favour of LPPB in the sum equivalent to 30.0% of the land value;

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- overseeing the administration, management, completion and marketing of the project;
- paying LPPB its entitlement at the time and manner as set out in the respective agreements; and
- providing a sales report as and when required by LPPB.

Since 2010 and up to LPD, all projects undertaken by our Group as a design and build contractor to LPPB are exempted from the requirement of the HDE 1978 to apply for an APDL to allow our Group to advertise and sell the projects. Under the HDE 1978, an APDL is a mandatory permit that is granted by the local housing ministry which gives property developers the permission to advertise and sell a property project. Our Group undertakes the role as a design and build contractor in projects with LPPB, a statutory body that is exempted from the requirement of having an APDL under the HDE 1978. In addition, our Group has obtained written confirmation from the Controller of Housing that our Group, who plays the role of design and build contractor in projects with LPPB are not required to obtain an APDL.

### **7.3.1.2 Provision of general building construction services to the private and public sectors (i.e. other than LPPB)**

Our Group also provides general building construction services which refer to the typical construction activities undertaken by contractors to construct buildings based on customer's building design, to the private and public sectors (i.e. other than LPPB) upon request and through tenders. General building construction services provided upon request are based on direct negotiation with customers. On the other hand, general building construction services provided through tender is initiated by invitations for tender or tender advertisements whereby our Group will submit a tender proposal based on the project owner's requirements. The general building construction contract is secured when we are successful with the tender and are awarded the project. Since the commencement of our general building construction services in 1993, our Group had completed 17 projects with a total GDV of RM58.7 million for the private sector, and 7 projects with a total GDV of RM216.1 million for the public sector (i.e. other than LPPB). Our Group's most recent general building construction project was completed in 2016. During FYE 2020 to 2022, we did not undertake any general building construction projects and there was no revenue derived from this segment.

Our construction works are similar to the construction works carried out under the design and build construction services to LPPB as set out above.

While our Group undertakes the abovementioned construction works, we may outsource the abovementioned construction works to subcontractors as and when required. Our Group also engages subcontractors to carry out other aspects of construction works which our Group does not provide, such as groundworks and carpark construction, metal and roofing works, interior aluminium and window works, painting and ceiling works, piling works, M&E works, sewerage works, tiling works, substation works and landscaping works.

Our construction activities are further complemented by our in-house manufacturing of IBS components, which are carried out in our casting yard. Further details on our IBS components are as set out in Section 7.4.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.3.1.3 Our design and build construction projects

The details of our design and build construction projects are set out in (a) to (c) below:

#### (a) Completed projects

As at LPD, the projects that we have completed as a design and build contractor to LPPB since 2010 are as shown below:

<u>Name of project</u>	<u>Type of project</u>	<u>Total site area acres</u>	<u>Description</u>	<u>Commencement date<sup>(1)</sup> / Completion date<sup>(2)</sup></u>	<u>Total units launched</u>	<u>Total units sold</u>	<u>% sold</u>	<u>GDV RM'million</u>
Taman Wawasan Phase 3 (Phase 3A and 3B)	Residential	13.0	Double-storey terrace houses: <ul style="list-style-type: none"> <li>• 122 intermediate double-storey terrace units (846 sq ft); and</li> <li>• 22 corner double-storey terrace units (846 sq ft)</li> </ul>	October 2010 / March 2013	144	144	100.0	18.7
Taman Wawasan Phase 4 (Phase 4A and 4B)	Residential	13.0	Double-storey terrace houses: <ul style="list-style-type: none"> <li>• 88 intermediate double-storey terrace units (756 sq ft to 846 sq ft)</li> <li>• 20 corner double-storey terrace units (756 sq ft to 846 sq ft)</li> </ul>	February 2012 / March 2014	108	108	100.0	15.5
<b>Total</b>					<b>252</b>	<b>252</b>	<b>100.0</b>	<b>34.2</b>

**7. BUSINESS OVERVIEW (Cont'd)**

Name of project		Type of project	Total site area acres	Description	Commencement date <sup>(1)</sup> / Completion date <sup>(2)</sup>	Total units launched	Total units sold	% sold	GDV RM'million
Taman Gloxinia Phase 1	La	Residential	29.8	Double-storey terrace houses: <ul style="list-style-type: none"> <li>• 105 intermediate double-storey terrace units (1,000 sq ft);</li> <li>• 22 intermediate corner double-storey terrace units (1,200 sq ft); and</li> <li>• 8 corner double-storey terrace units (1,200 sq ft)</li> </ul>	February 2012 / October 2014	135	135	100.0	34.4
Taman Gloxinia Phase and 2C	La 2A	Residential		Double-storey terrace houses: <ul style="list-style-type: none"> <li>• 146 intermediate double-storey terrace units (1,000 sq ft);</li> <li>• 26 intermediate corner double-storey terrace units (1,200 sq ft); and</li> <li>• 11 corner double-storey terrace units (1,200 sq ft)</li> </ul>	February 2013 / June 2015 and December 2016	183	183	100.0	49.2

**7. BUSINESS OVERVIEW (Cont'd)**

<b>Name of project</b>	<b>Type of project</b>	<b>Total site area acres</b>	<b>Description</b>	<b>Commencement date<sup>(1)</sup> / Completion date<sup>(2)</sup></b>	<b>Total units launched</b>	<b>Total units sold</b>	<b>% sold</b>	<b>GDV RM'million</b>
Gloxinia Avenue Phase 2B	Commercial		20 units of double-storey shoplots (3,360 sq ft)	May 2013 / February 2016	20	20	100.0	13.6
Taman Gloxinia Phase 3A and 3B	Residential		Double-storey terrace houses: <ul style="list-style-type: none"> <li>• 120 intermediate double-storey terrace units (1,000 sq ft);</li> <li>• 16 intermediate corner double-storey terrace units (1,200 sq ft); and</li> <li>• 18 corner double-storey terrace units (1,200 sq ft)</li> </ul>	May 2013 / February 2016	154	154	100.0	42.6
<b>Total</b>					<b>492</b>	<b>492</b>	<b>100.0</b>	<b>139.8</b>
Puncak Gloxinia Phase 1 (Block A, B and C)	Residential-PPAM	16.7	3 blocks comprising: <ul style="list-style-type: none"> <li>• 18 floors of civil servants housing units (1,000 sq ft to 1,325 sq ft)</li> </ul>	October 2015 / August 2018	648	648	100.0	223.8
Puncak Gloxinia Phase 2 (Block D, E and F)	Residential-PPAM	16.7	3 blocks comprising: <ul style="list-style-type: none"> <li>• 18 floors of civil servants housing units (925 sq ft to 1,100 sq ft)</li> </ul>	October 2017 / June 2020	648	648	100.0	194.7
<b>Total</b>					<b>1,296</b>	<b>1,296</b>	<b>100.0</b>	<b>418.5</b>

**7. BUSINESS OVERVIEW (Cont'd)**

<b>Name of project</b>	<b>Type of project</b>	<b>Total site area acres</b>	<b>Description</b>	<b>Commencement date<sup>(1)</sup> / Completion date<sup>(2)</sup></b>	<b>Total units launched</b>	<b>Total units sold</b>	<b>% sold</b>	<b>GDV RM'million</b>
Taman Seri Lemawang Phase 1A	Residential	4.2	Double-storey terrace houses: <ul style="list-style-type: none"> <li>• 76 intermediate double-storey terrace units (900 sq ft);</li> <li>• 4 intermediate corner double-storey terrace units (998 sq ft); and</li> <li>• 8 corner double-storey terrace units (998 sq ft)</li> </ul>	February 2019 / January 2022	89	89	100.0	23.1
Taman Seri Lemawang Phase 1B	Residential	4.4	Double-storey terrace houses: <ul style="list-style-type: none"> <li>• 75 intermediate double-storey terrace units (900 sq ft);</li> <li>• 6 intermediate corner double-storey terrace units (998 sq ft); and</li> <li>• 8 corner double-storey terrace units (998 sq ft)</li> </ul>	August 2019 / January 2022	89	89	100.0	24.0
Taman Seri Lemawang Phase 1C	Residential	4.4	Double-storey terrace houses: <ul style="list-style-type: none"> <li>• 78 intermediate double-storey terrace units (900 sq ft);</li> </ul>	February 2020 / September 2022	94	94	100	25.9

**7. BUSINESS OVERVIEW (Cont'd)**

<u>Name of project</u>	<u>Type of project</u>	<u>Total site area acres</u>	<u>Description</u>	<u>Commencement date<sup>(1)</sup> / Completion date<sup>(2)</sup></u>	<u>Total units launched</u>	<u>Total units sold</u>	<u>% sold</u>	<u>GDV RM'million</u>
			<ul style="list-style-type: none"> <li>• 8 intermediate corner double-storey terrace units (998 sq ft); and</li> <li>• 8 corner double-storey terrace units (998 sq ft)</li> </ul>					
Taman Seri Lemawang Phase 1D	Residential	4.7	Double-storey terrace houses: <ul style="list-style-type: none"> <li>• 96 intermediate double-storey terrace units (900 sq ft);</li> <li>• 8 intermediate corner double-storey terrace units (998 sq ft); and</li> <li>• 10 corner double-storey terrace units (998 sq ft)</li> </ul>	August 2020 / March 2023	114	114	100	32.3
Plaza Seri Lemawang	Commercial	3.7	Double-storey shoplots comprising: <ul style="list-style-type: none"> <li>• 16 units of double-storey shoplots (2,500 sq ft); and</li> <li>• 1 unit of double-storey detached shoplot (4,396 sq ft)</li> </ul>	June 2021 / December 2022	17	16	94.1	11.4
<b>Total</b>					<b>403</b>	<b>402</b>	<b>99.8</b>	<b>116.7</b>



## 7. BUSINESS OVERVIEW (Cont'd)

### Notes:

- (1) Commencement date is based on the commencement date of construction works.
- (2) Completion date for residential and commercial properties are based on issuance of OC/CFO, upon the completion of construction works.

Our Group confirms that there are no material unsold property units.

### (b) On-going projects

As at LPD, our Group's on-going design and build construction projects with LPPB are as shown below:

Name of project	Type of project	Total site area acres	Description	Commencement date <sup>(1)</sup> / Expected completion date <sup>(2)</sup>	% of completion	Total units launched	Total units sold	% sold	Estimated GDV RM'million
Taman Seri Lemawang Phase 1E	Residential	4.7	Double-storey terrace houses: <ul style="list-style-type: none"> <li>82 intermediate double-storey terrace units (900 sq ft);</li> <li>10 intermediate corner double-storey terrace units (998 sq ft); and</li> <li>6 corner double-storey terrace units (998 sq ft)</li> </ul>	April 2022 / December 2023	65.1	98	59 <sup>(3)</sup>	60.2 <sup>(3)</sup>	31.1

**7. BUSINESS OVERVIEW (Cont'd)**

<b>Name of project</b>	<b>Type of project</b>	<b>Total site area acres</b>	<b>Description</b>	<b>Commencement date<sup>(1)</sup> / Expected completion date<sup>(2)</sup></b>	<b>% of completion</b>	<b>Total units launched</b>	<b>Total units sold</b>	<b>% sold</b>	<b>Estimated GDV RM'million</b>
Taman Seri Lemawang Phase 1F	Residential	2.6	Double-storey terrace houses: <ul style="list-style-type: none"> <li>• 48 intermediate double-storey terrace units (900 sq ft);</li> <li>• 4 intermediate corner double-storey terrace units (998 sq ft); and</li> <li>• 6 corner double-storey terrace units (998 sq ft)</li> </ul>	January 2021 / August 2023	98.3	58	58	100.0	16.7
Taman Seri Lemawang Phase 1G	Residential	5.5	Double-storey terrace houses: <ul style="list-style-type: none"> <li>• 100 intermediate double-storey terrace units (900 sq ft);</li> <li>• 8 intermediate corner double-storey terrace units (998 sq ft); and</li> <li>• 8 corner double-storey terrace units (998 sq ft)</li> </ul>	February 2021 / August 2023	88.1	116	116	100.0	32.3

**7. BUSINESS OVERVIEW (Cont'd)**

<b>Name of project</b>	<b>Type of project</b>	<b>Total site area acres</b>	<b>Description</b>	<b>Commencement date<sup>(1)</sup> / Expected completion date<sup>(2)</sup></b>	<b>% of completion</b>	<b>Total units launched</b>	<b>Total units sold</b>	<b>% sold</b>	<b>Estimated GDV RM'million</b>
Taman Seri Lemawang Phase 1H	Residential	5.4	Double-storey terrace houses: <ul style="list-style-type: none"> <li>• 100 intermediate double-storey terrace units (900 sq ft);</li> <li>• 8 intermediate corner double-storey terrace units (998 sq ft); and</li> <li>• 8 corner double-storey terrace units (998 sq ft)</li> </ul>	November 2021 / September 2023	86.0	116	115	99.1	32.7
Taman Seri Lemawang Phase 1I	Residential	2.9	Double-storey terrace houses: <ul style="list-style-type: none"> <li>• 32 intermediate double-storey terrace units (900 sq ft);</li> <li>• 3 intermediate corner double-storey terrace units (998 sq ft); and</li> <li>• 3 corner double-storey terrace units (998 sq ft)</li> </ul>	January 2022 / September 2023	96.8	38	38	100.0	11.2
<b>Total</b>						<b>426</b>	<b>386</b>	<b>90.6</b>	<b>124.0</b>

**7. BUSINESS OVERVIEW (Cont'd)**

<b>Name of project</b>	<b>Type of project</b>	<b>Total site area acres</b>	<b>Description</b>	<b>Commencement date<sup>(1)</sup> / Expected completion date<sup>(2)</sup></b>	<b>% of completion</b>	<b>Total units launched</b>	<b>Total units sold</b>	<b>% sold</b>	<b>Estimated GDV RM'million</b>
Residensi Seri Akasia Block A and B	Residential	169.8 <sup>(4)</sup> 1.6	Low-rise apartment units: • 2 blocks comprising 5- floors of apartment units (800 sq ft)	October 2021 / December 2023	92.6	160	146	91.3	30.2
Residensi Seri Akasia Block C and D	Residential	1.0	Low-rise apartment units: • 2 blocks comprising 5- floors of apartment units (800 sq ft)	January 2022 (Block C) and October 2022 (Block D) / December 2023 (Block C) and December 2024 (Block D)	54.1	160	36 <sup>(3)</sup>	22.5 <sup>(3)</sup>	30.8
<b>Total</b>						<b>320</b>	<b>182</b>	<b>56.9</b>	<b>61.0</b>

**7. BUSINESS OVERVIEW (Cont'd)**

<b>Name of project</b>	<b>Type of project</b>	<b>Total site area acres</b>	<b>Description</b>	<b>Commencement date<sup>(1)</sup> / Expected completion date<sup>(2)</sup></b>	<b>% of completion</b>	<b>Total units launched</b>	<b>Total units sold</b>	<b>% sold</b>	<b>Estimated GDV RM'million</b>
Taman Bukit Alamanda	Residential	7.1	Double-storey terrace houses: <ul style="list-style-type: none"> <li>• 85 intermediate double-storey terrace units (900 sq ft);</li> <li>• 8 intermediate corner double-storey terrace units (998 sq ft); and</li> <li>• 14 corner double-storey terrace units (998 sq ft)</li> </ul>	November 2021 / December 2023	82.6	107	97	90.7	35.7
<b>Total</b>						<b>107</b>	<b>97</b>	<b>90.7</b>	<b>35.7</b>

**Notes:**

- (1) Commencement date is derived based on the commencement date of construction works.
- (2) Expected completion date for residential and commercial properties are derived based on the expected date of issuance of OC/CFO, upon the completion of construction works.
- (3) As at LPD, Taman Seri Lemawang Phase 1E and Residensi Seri Akasia Block C and Block D had sold 59 units of double-storey terrace units and 36 units of apartment units respectively. The projects were launched for sale in 2022 (except for Residensi Seri Akasia Block D which was launched in April 2023 without any sales secured yet). Moving forward, our Group plans to undertake further marketing for these projects. Residensi Akasia has another 6 blocks to be launched, and the sales of Taman Seri Lemawang Phase 1E project is lowest as it is the final phase of Taman Seri Lemawang (being nearest to the park and highest priced) which was launched in April 2022. For avoidance of doubt, the phases are not launched in alphabetical order.

## 7. BUSINESS OVERVIEW (Cont'd)

(4) Comprises the total site area of the entire development which includes Residensi Seri Akasia Block E, F, G and H that is part of our future projects.

### (c) Future projects

As at LPD, our Group's design and build construction projects for future development with LPPB are as shown below:

<b>Location of future project</b>	<b>Type of project</b>	<b>Total site area acres</b>	<b>Description</b>	<b>Expected commencement date<sup>(1)</sup></b>	<b>Total units</b>	<b>Estimated GDV RM'million</b>
Sandakan Phase 1 <sup>(2)</sup>	Residential	20.1	Double-storey terrace houses: <ul style="list-style-type: none"> <li>• 83 intermediate double-storey terrace units (998 sq ft);</li> <li>• 6 intermediate corner double-storey terrace units (1,096 sq ft); and</li> <li>• 10 corner double-storey terrace units (1,096 sq ft)</li> </ul>	January 2024	99	33.3
Sandakan Phase 2 <sup>(2)</sup>	Residential		Double-storey terrace houses: <ul style="list-style-type: none"> <li>• 60 intermediate double-storey terrace units (998 and 1,090 sq ft);</li> <li>• 8 intermediate corner double-storey terrace units (1,096 and 1,197 sq ft); and</li> <li>• 10 corner double-storey terrace units (1,096 and 1,197 sq ft)</li> </ul>	January 2025	78	27.2
Sandakan Phase 3 <sup>(2)</sup>	Residential		Double-storey terrace houses: <ul style="list-style-type: none"> <li>• 107 intermediate double-storey terrace units (1,090 sq ft);</li> <li>• 14 intermediate corner double-storey terrace units (1,197 sq ft); and</li> </ul>	November 2025	133	47.4

**7. BUSINESS OVERVIEW (Cont'd)**

<u>Location of future project</u>	<u>Type of project</u>	<u>Total site area acres</u>	<u>Description</u>	<u>Expected commencement date<sup>(1)</sup></u>	<u>Total units</u>	<u>Estimated GDV RM'million</u>
			<ul style="list-style-type: none"> <li>12 corner double-storey terrace units (1,197 sq ft)</li> </ul>			
				<b>Total</b>	<b>310</b>	<b>107.9</b>
Residensi Seri Akasia Block E and F	Residential	169.8 <sup>(3)</sup>	Low-rise apartment units: <ul style="list-style-type: none"> <li>2 blocks comprising 5 floors of apartment units (800 sq ft)</li> </ul>	September 2023	160	30.8
Residensi Seri Akasia Block G and H	Residential		Low-rise apartment units: <ul style="list-style-type: none"> <li>2 blocks comprising 5 floors of apartment units (800 sq ft)</li> </ul>	June 2024	160	30.8
Residensi Seri Akasia Block I and J	Residential		Low-rise apartment units: <ul style="list-style-type: none"> <li>2 blocks comprising 5 floors of apartment units (800 sq ft)</li> </ul>	January 2025	160	30.8
				<b>Total</b>	<b>480</b>	<b>92.4</b>

**Notes:**

- (1) Expected commencement date is derived based on the expected commencement date of construction works.
- (2) Our Group has received the development order, but had resubmitted the amended development plans for approval and is pending the approval for building plan to commence construction works.
- (3) Comprises the total site area of the entire development which includes Residensi Seri Akasia Block A, B, C and D that is part of our on-going projects.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.3.2 Property development

As a property developer for our own projects, our Group is involved in all aspects of property development activities comprising site selection, project design, submission of building plans to relevant authorities, sales and marketing of our projects, and delivery of vacant possession to end buyers, as well as in construction activities. As a property developer regulated under the HDE 1978, our Group is required to apply for APDL to advertise and sell our residential property projects. Save for The Logg which is a joint venture development with LPPB and is exempted from the requirement of the HDE 1978 to apply for an APDL, our Group obtains APDL for all our own property development projects.

Our property development activities are supported by our in-house construction services, which is complemented by our in-house manufacturing of IBS components. Further details on our in-house construction services and the manufacturing of IBS components are as set out in Sections 7.3.1.1 and 7.4 respectively.

The details of our Group's own property projects are set out in Sections 7.3.2.1 to 7.3.2.4 below:

#### 7.3.2.1 Completed projects

Since the commencement of our property development activities in 1998, our Group has completed several residential and commercial projects, directly and through joint ventures. Our Group's most recent completed property development project was in 2013. Since 2013, we have focused our expertise and resources in providing design and build construction services to LPPB.

A summary of our Group's own property development projects completed since 1998 up to 2013 are as shown below:

<b>Name of project</b>	<b>Parties involved in the project</b>	<b>Description</b>	<b>Commencement date<sup>(1)</sup> / Completion date<sup>(2)</sup></b>	<b>GDV (RM million)</b>
Taman Ehsan	• Our Group is the project and land owner	<ul style="list-style-type: none"> <li>• Commercial project;</li> <li>• Total site area of 10.0 acres;</li> <li>• 3 units of double-storey shoplots (2,100 sq ft) launched; and</li> <li>• 100.0% sold</li> </ul>	August 1998 / August 2000	1.0
Taman Orkid – Phase 1, 2 and 3	• Our Group is the project and land owner	<ul style="list-style-type: none"> <li>• Residential and commercial project;</li> <li>• Total site area of 36.5 acres;</li> <li>• 245 units of double-storey terrace houses and semi-detached houses (714 sq ft to 2,406 sq ft) launched;</li> <li>• 175 units of single and double-storey detached houses (3,360 sq ft to 7,372 sq ft) launched;</li> <li>• 6 units of double-storey shoplots (1,225 sq ft to 1,250 sq ft) launched; and</li> <li>• 100.0% sold</li> </ul>	January 2000 / September 2004	31.0



**7. BUSINESS OVERVIEW (Cont'd)**

<b>Name of project</b>	<b>Parties involved in the project</b>	<b>Description</b>	<b>Commencement date<sup>(1)</sup> / Completion date<sup>(2)</sup></b>	<b>GDV (RM million)</b>
Taman Bunga Matahari	<ul style="list-style-type: none"> <li>• Our Group is the project and land owner</li> </ul>	<ul style="list-style-type: none"> <li>• Residential and commercial project;</li> <li>• Total site area of 11.9 acres;</li> <li>• 52 units of single-storey terrace houses and semi-detached houses (2,110 sq ft to 6,370 sq ft) launched;</li> <li>• 2 blocks of low-rise apartment comprising 94 apartment units (700 sq ft) and 5 units of shoplots (1,500 sq ft) launched; and</li> <li>• 100.0% sold</li> </ul>	May 2000 / May 2003	12.0
Taman Kepayan Phase 3	<ul style="list-style-type: none"> <li>• Our Group is the project and land owner</li> </ul>	<ul style="list-style-type: none"> <li>• Residential project;</li> <li>• Total site area of 0.1 acres;</li> <li>• 8 units of double-storey semi-detached houses (1,100 sq ft) launched; and</li> <li>• 100.0% sold</li> </ul>	August 2003 / October 2004	2.4
Taman Nelly 9 – Phase 1, 2, 3 and 4	<ul style="list-style-type: none"> <li>• Our Group is the project owner</li> <li>• Edward S Jaip is the land owner</li> </ul>	<ul style="list-style-type: none"> <li>• Residential and commercial project;</li> <li>• Total site area of 24.3 acres;</li> <li>• 198 units of single-storey terrace houses and linked houses (960 sq ft) launched;</li> <li>• 10 units of double-storey and 4-storey shoplots (2,500 sq ft to 10,000 sq ft) launched; and</li> <li>• 100.0% sold</li> </ul>	March 2003 / March 2006 (Residential) and September 2012 (Commercial)	40.9
Taman Lavender	<ul style="list-style-type: none"> <li>• Our Group is the project and land owner</li> </ul>	<ul style="list-style-type: none"> <li>• Residential project;</li> <li>• Total site area of 11.4 acres;</li> <li>• 99 units of double-storey terrace houses and semi-detached houses (2,079 sq ft to 2,993 sq ft) launched; and</li> <li>• 100.0% sold</li> </ul>	March 2005 / May 2012	38.7
Taman Nelly – Phase 8A, 8B, 8C and 8D	<ul style="list-style-type: none"> <li>• Our Group is the project owner for Phase 8A, 8B and 8C</li> <li>• Edward S Jaip is the land owner for Phase 8A, 8B and 8C</li> </ul>	<ul style="list-style-type: none"> <li>• Residential project;</li> <li>• Total site area of 12.8 acres;</li> <li>• 1 block of low-rise apartment comprising 64 apartment units (833 sq ft) launched;</li> <li>• 6 blocks of low-rise studio apartment comprising 280 studio units (242 sq ft and 257 sq ft) launched;</li> </ul>	October 2004 / May 2013	51.8

## 7. BUSINESS OVERVIEW (Cont'd)

<u>Name of project</u>	<u>Parties involved in the project</u>	<u>Description</u>	<u>Commencement date<sup>(1)</sup> / Completion date<sup>(2)</sup></u>	<u>GDV (RM million)</u>
	<ul style="list-style-type: none"> <li>Edward S Jaip and Sumber Mas Sdn Bhd is the landowner for Phase 8D</li> </ul>	<ul style="list-style-type: none"> <li>92 units of double-storey terrace houses (1,170 sq ft to 2,275 sq ft) launched; and</li> <li>98.6% sold</li> </ul>		
Taman Kota Phase 2A	<ul style="list-style-type: none"> <li>Our Group is the project owner</li> <li>Future City Sdn Bhd is the land owner</li> </ul>	<ul style="list-style-type: none"> <li>Residential project;</li> <li>Total site area of 24.9 acres;</li> <li>65 units of single-storey terrace houses (1,000 sq ft) launched; and</li> <li>100.0% sold</li> </ul>	August 2009 / January 2012	13.6
Kota Plaza 1 and Plaza 2	<ul style="list-style-type: none"> <li>Our Group is the project owner for Kota Plaza 1 and Plaza 2</li> <li>Our Group is the land owner for Kota Plaza 1</li> <li>Future City Sdn Bhd is the land owner for Kota Plaza 2</li> </ul>	<ul style="list-style-type: none"> <li>Commercial project;</li> <li>Total site area of 4.5 acres;</li> <li>26 units of double-storey and 3-storey shoplots (1,794 to 2,710 sq ft) launched; and</li> <li>100.0% sold</li> </ul>	October 2011 / May 2013	16.2
<b>Total</b>				<b>207.6</b>

### Notes:

- (1) Commencement date is derived based on the commencement date of construction works.
- (2) Completion date for residential and commercial properties are derived based on the issuance of OC/CFO, upon the completion of construction works.

### 7.3.2.2 On-going projects

As at LPD, we have 1 on-going property development project, namely The Logg which is a joint venture development with LPPB.

#### (a) Our joint development arrangement with LPPB

Pursuant to the agreement entered into between LPPB and our Group for the development of The Logg, our Group's obligations include the following:

<u>Our Group's obligations</u>	<u>Status as at LPD</u>
<ul style="list-style-type: none"> <li>paying a portion of the compensation amount payable by the State Government of Sabah to the owners of the properties on the project land arising from the compulsory acquisition by the State Government of Sabah of the parcels of lands which are to be developed situated in Luyang, Sabah ("<b>said Lands</b>").</li> </ul>	Completed

## 7. BUSINESS OVERVIEW (Cont'd)

<b>Our Group's obligations</b>	<b>Status as at LPD</b>
<p>The compensation amount payable for the compulsory acquisition of the said Lands is to be jointly contributed by our Group and LPPB on a 60:40 ratio i.e. 60.0% by our Group and 40.0% to be contributed by LPPB (subject to an agreed maximum amount of RM12.0 million);</p> <p>The compensation amount is a sum determined by Sabah's Land and Survey Department and paid to the owners of the original properties located on the project land upon compulsory acquisition of the land for redevelopment of The Logg. It was agreed with LPPB that the compensation amount shall be paid jointly by our Group and LPPB on a 60:40 ratio. It was agreed and stated in the joint venture agreement that LPPB's contribution shall be 40.0% of the total compensation amount capped at a maximum of RM12.0 million. Total compensation paid to date to the owners of the original properties located on the project land is RM26,050,000, in which RM15,810,000 was paid by our Group and RM10,240,000 was paid by LPPB;</p>	
<ul style="list-style-type: none"> <li>• preparing and submitting all the relevant plans to LPPB for approval prior to submission to the relevant authorities;</li> </ul>	Completed
<ul style="list-style-type: none"> <li>• submitting the relevant plans to the relevant authorities and obtain such approval within the stipulated time period in the agreement, and for such purpose and with the consent of LPPB to engage and appoint all consultants and professionals thereto;</li> </ul>	Completed
<ul style="list-style-type: none"> <li>• overseeing the appointment of architects, engineers, consultants, surveyors, solicitors, subcontractors and others in respect of the project;</li> </ul>	Completed
<ul style="list-style-type: none"> <li>• applying for amalgamation, conversion and sub-division of the said Lands in accordance with the approved development plans and to engage and appoint licensed surveyors to carry out the sub-divisional survey;</li> </ul>	The amalgamation and conversion of land have been completed. The application for subdivision of land is expected to commence in 2024 and completed by 2029
<ul style="list-style-type: none"> <li>• applying for and obtaining the OC/CFO from the relevant authority in respect of the property units comprised in the development upon completion;</li> </ul>	The application for OC/CFO is expected to be submitted in December 2025
<ul style="list-style-type: none"> <li>• raising requisite finances and loans whether bridging or otherwise for the construction of the project and be solely responsible to repay such finance plus all interests payable;</li> </ul>	Completed

## 7. BUSINESS OVERVIEW (Cont'd)

<b>Our Group's obligations</b>	<b>Status as at LPD</b>
<ul style="list-style-type: none"> <li>overseeing the administration, management, completion and marketing of the project;</li> </ul>	On-going
<ul style="list-style-type: none"> <li>paying LPPB its entitlement at the time and manner as stipulated in the agreement;</li> </ul>	Quarterly payment of LPPB's entitlement will begin in April 2022, for a period of 5 years up to January 2027. As at LPD, our Group has already paid RM17.0 million to LPPB, leaving a remaining balance of RM13.7 million
<ul style="list-style-type: none"> <li>providing sales report as and when required by LPPB; and</li> </ul>	To be provided upon request by LPPB
<ul style="list-style-type: none"> <li>Completing the construction of The Logg.</li> </ul>	The construction of the project commenced in July 2019 and is expected to be completed by December 2025

LPPB's obligations under the joint venture agreement include the followings:

<b>LPPB's obligations</b>	<b>Status as at LPD</b>
<ul style="list-style-type: none"> <li>to submit the application to the Director of Lands and Surveys for the alienation of the project lands to LPPB and to take all necessary steps to obtain approval and issuance of the letter of offer for such alienation, and pay the necessary premium required;</li> </ul>	Completed. Such letter of offer was dated 7 September 2017 and the payment of premium was made on 12 October 2017
<ul style="list-style-type: none"> <li>applies and takes all necessary steps to obtain the issuance of the master title to the project lands at its own cost and expenses and the subsidiary document of titles of the units;</li> </ul>	The master title (the land use of which has been converted to housing and commercial development) bearing title no. CL015721276 was issued on 6 September 2019 and the subsidiary document of titles of the units are to be issued after completion of the project

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**7. BUSINESS OVERVIEW (Cont'd)**

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<b>LPPB's obligations</b>	<b>Status as at LPD</b>
<ul style="list-style-type: none"> <li>pays for its initial investment of 40.0% of the compensation amount which is payable in respect of the acquisition of the project land subject to a maximum sum of RM12.0 million;</li> </ul>	Completed
<ul style="list-style-type: none"> <li>creates and provides a third-party charge (or prior to the issuance of the master title to the project land, an assignment over all its benefit, claim and rights over the project land) in favour of any banks or financial institutions as primary security for the banking facilities or financing to be obtained by our Group for the purposes of financing the construction of the project;</li> </ul>	Completed
<ul style="list-style-type: none"> <li>gives its consent to any assignment by purchasers where appropriate and/or required by the relevant banks or financial institutions providing the requisite financing to purchasers of the units comprised in the project; and</li> </ul>	Consent was given through joint venture agreement dated 22 April 2015
<ul style="list-style-type: none"> <li>bears and pays the land premium levied by the Government or other land authority in respect of the amalgamation, conversion and subdivision of the project land subject to a maximum amount of RM4.5 million and any sum in excess shall be paid by our Group.</li> </ul>	To be complied with respect to subdivision of the project land

Our Group's arrangement with LPPB for The Logg also comprises the full payment of LPPB's entitlement within a 5-year period from April 2022 up to January 2027. Upon the receipt of full payment, LPPB will grant the full ownership of The Logg to our Group.

LPPB's sharing arrangement of 60:40 with our Group is unique for The Logg only, and applies only to the compensation amount paid for the compulsory acquisition. LPPB's entitlement to be paid on a quarterly basis over 5 years from April 2022 up to January 2027 is agreed at 200.0% of the LPPB's initial investment of RM10,240,000 (being its portion of the compensation amount), which amounts to RM30,720,000.

Our Group is unable to ascertain whether it is a common practice for Sabah property developers for such scheme of compulsory acquisition of land by LPBB, as it is not privy to the arrangements LPPB has with other property developers.

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## 7. BUSINESS OVERVIEW (Cont'd)

### (b) Our project details



The Logg is our Group's first mixed development project and is also our Group's first joint development project with LPPB. For avoidance of doubt, it is not a PPAM project.

The Logg is strategically located at a prime location in Luyang, Sabah with well-developed infrastructure and community. The project is situated 6.0 km from Kota Kinabalu City Centre and 6.0 km from Kota Kinabalu International Airport. The location of this project also provides convenient access to various amenities such as entertainment and leisure activities (e.g. Sabah Golf and Country Club, Heritage Plaza and Lintas Plaza) and healthcare facilities (e.g. Klinik Kesihatan Luyang, Queen Elizabeth II Hospital and KPJ Sabah Specialist Hospital), in which Sabah Golf and Country Club, Queen Elizabeth II Hospital and KPJ Sabah Specialist Hospital is located within 5.0 km from our development; while Heritage Plaza, Lintas Plaza and Klinik Kesihatan Luyang are located within walking distance from our development.

The Logg is developed on a piece of 5-acre land, comprising the following:

- 2 blocks of 28-storey condominiums, namely Shorea Astoria, with built-up areas ranging from 681 sq ft to 1,313 sq ft. It features a gated and guarded environment with security features such as boom gates with access card system, CCTV surveillance system and round-the-clock security services; and is also equipped with common facilities such as infinity pool, podium garden, gym room and badminton hall;

## 7. BUSINESS OVERVIEW (Cont'd)

- 1 block of 28-storey apartment units, namely Parkhill, with built-up areas ranging from 620 sq ft to 850 sq ft. It features a gated and guarded environment with security features such as boom gates with access card system, CCTV surveillance system and round-the-clock security services; and is also equipped with common facilities such as gym, playground, sauna room and community lawn;
- a 38-storey 4-star hotel, namely Avani Luyang @ The Logg, with 370 rooms. Our Group will be the owner of the hotel and our Group had on 12 June 2018 secured the services of MHG to manage our hotel, namely Avani Luyang @ The Logg, upon its completion; and
- a commercial building comprising 2 levels of retail space featuring 45 units of retail outlets, 12 kiosks, 4 outdoor alfresco units as well as 3 levels of purpose-built offices. Our Group will be the owner of the commercial building and will be involved in managing the operations and tenancy of the commercial building.

Shorea<sup>n</sup>Astoria and Parkhill are our Group's first residential project that is entitled to the HouzKEY home financing plan programme offered by Maybank Islamic Berhad. The HouzKEY home financing plan is a homeownership plan that provides enhanced flexibility and cash flow efficiency to first and second-time home buyers. The financing plan and eligibility criteria for entitlement of Maybank Islamic HouzKEY home financing plan programme is as detailed below:

### **Financing plan**

- Entitlement to apply for home financing plans of up to 100.0% loan value of the housing price;
- Zero down payment;
- Zero loan payment during the period of construction; and
- Relatively lower monthly instalment payment or interest rates which is determined by Maybank Islamic Berhad based on market conditions.

### **Eligibility criteria**

- Malaysian citizen only;
- The applicant must be between 18 – 70 years old at the point of application;
- The applicant must not have more than 1 home financing at the point of application; and
- The applicant may include up to 3 guarantors to improve the success rate of their application.

The financing plan and eligibility criteria is disclosed as per Maybank Islamic Berhad's offering documents as at LPD. The financing plan and eligibility criteria may, from time to time, be revised at Maybank Islamic Berhad's discretion.

The project was launched in December 2021 where marketing activities were focused on Parkhill. The construction of the project commenced in July 2019 and is expected to be completed by December 2025. The operations of the hotel and retail space is also expected to commence in December 2025, wherein our Group had engaged MHG, a hotel management service provider, to manage the operations of Avani Luyang @ The Logg for a period of 20 years from the date of commencement of the hotel's operations. The intention to own, manage and/or operate a hotel and a commercial building (i.e. comprising retail space and purpose-built offices) is part of our Group's plan moving forward to diversify our business activities.

The GDV of The Logg's hotel is estimated at RM247.0 million, in which the GDC for the construction of The Logg's hotel is estimated at RM170.2 million; and the GDV of Shorea<sup>n</sup>Astoria, Parkhill and the commercial building comprising retail space and purpose-built offices is estimated at RM767.6 million, in which the GDC for the construction of these buildings is estimated at RM450.0 million.

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**7. BUSINESS OVERVIEW (Cont'd)**

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Our Group intends to fund the above development costs with bank borrowings and internally generated funds as detailed below:

- (i) Avani Luyang @ The Logg (GDC of RM170.2 million)

	<b>RM'000</b>
Term financing	120,000
Internally generated funds	50,200

- (ii) Shorea<sup>a</sup>Astoria, Parkhill and commercial building (GDC of RM450.0 million)

	<b>RM'000</b>
Bridging loan and term financing	300,000
Internally generated funds	Up to 30.0% of the sales proceeds obtained from the sale of units of The Logg

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## 7. BUSINESS OVERVIEW (Cont'd)

As at LPD, our Group has completed approximately 95.0% of the below-ground substructures works (e.g. walls, foundations and basements as well as infrastructure works) for The Logg, and has commenced above-ground superstructures works (e.g. main building works). Overall, the status of completion for The Logg has reached 17.0%. Further details on The Logg is as shown below:

Name of project	Type of project / Total site area (acres)	Description	% of completion as at LPD	Total units launched	Total units sold	% sold	Estimated GDV RM' million
The Logg, Luyang	Mixed development / 4.4	Shorea condominiums: <ul style="list-style-type: none"> <li>• 1 blocks of 28-storey condominiums (681 sq ft to 1,313 sq ft); and</li> <li>• 1 floor of common facilities</li> </ul>	16.9	271	34 <sup>(1)</sup>	12.6 <sup>(1)</sup>	433.0
		Astoria condominiums: <ul style="list-style-type: none"> <li>• 1 block of 28-storey condominiums (681 sq ft to 1,313 sq ft); and</li> <li>• 1 floor of common facilities</li> </ul>	16.9	271	-(1)	-(1)	
		Parkhill apartment: <ul style="list-style-type: none"> <li>• 1 block of 28-storey apartment (620 sq ft to 850 sq ft); and</li> <li>• 1 floor of common facilities</li> </ul>	16.9	250	213	85.2	108.0
		2 levels of retail space: <ul style="list-style-type: none"> <li>• 45 units of retail outlets;</li> <li>• 12 kiosks; and</li> <li>• 4 outdoor alfresco units</li> </ul>	27.0	Not applicable <sup>(2)</sup>	Not applicable <sup>(2)</sup>	Not applicable <sup>(2)</sup>	200.0

**7. BUSINESS OVERVIEW (Cont'd)**

<b>Name of project</b>	<b>Type of project / Total site area (acres)</b>	<b>Description</b>	<b>% of completion as at LPD</b>	<b>Total units launched</b>	<b>Total units sold</b>	<b>% sold</b>	<b>Estimated GDV RM' million</b>
		3 levels of purpose-built offices comprising 32 units of offices	21.5	32	-	-	26.6
		Hotel (Level 13 - Level 35): • 1 block of 38-storey 4-star hotel; and • 370 hotel rooms	19.2	Not applicable <sup>(3)</sup>	Not applicable <sup>(3)</sup>	Not applicable <sup>(3)</sup>	247.0
<b>Total</b>				<b>824</b>	<b>247</b>	<b>30.0</b>	<b>1,014.6</b>

**Notes:**

- (1) The project was launched in December 2021 with the launching of units for sale for Parkhill where sales and marketing activities were focused on Parkhill. The launching of units for sale for Shorea commenced in January 2023 and the launching of units for sale for Astoria is expected to commence in 2024. As at LPD, we have 54 registrations of interest in Shorea.
- (2) Not applicable as the retail outlets, kiosks and outdoor alfresco units are not for sale. The retail outlets, kiosks and outdoor alfresco units will be rented to selected tenants and our Group will manage the operations and tenancy of the retail space.
- (3) Not applicable as the hotel units are not for sale.

The Logg is overall priced as a premium property (at a price range of approximately RM800 to RM1,000 per sq ft), and therefore the take-up rate is not expected to be as quick as our Group's affordable home projects. Nonetheless, its prime location at the heart of Luyang is expected to garner sales over the long run. In addition to existing rebate package promotions, our Group has plans to launch an experiential home ownership package to both The Logg – Shorea<sup>a</sup>Astoria buyers. The package offers unit maintenance subscription for 12 months after the vacant possession date. The launch of the experiential home ownership will be in collaboration with property management service companies and our Group expects to launch the packages in August 2023 after finalising the negotiation. With the launch of the experiential home ownership package, our Group is now aiming for wider audience apart from local Kota Kinabalu residents, and will market the project to the East Coast and West Coast of Sabah, Sarawak, Peninsular Malaysia, as well as foreign markets. Based on our Group's current purchasing data, our Group closed sales cases outside Sabah are from Sarawak, Australia, and Singapore. The experiential home ownership package is designed according to the feedback received from our Group's existing purchasers.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.3.2.3 Future projects

As at LPD, our Group's own future project is as shown below:

Location of future project	Type of project	Total site area (acres)	Description	Expected commencement date <sup>(2)</sup> / Expected completion date <sup>(3)</sup>	Total units	Estimated GDV RM' million
Alamesra, Kota Kinabalu Phase 1A <sup>(1)</sup>	Commercial	20.4	4 units of double storey shoplots	September 2023 / December 2025	4	4.8
Alamesra, Kota Kinabalu Phase 1B <sup>(1)</sup>	Residential		42 units of double-storey superlink terrace (2,754 sq ft to 2,813 sq ft)	September 2023 / December 2025	42	51.6
Alamesra, Kota Kinabalu Phase 2 <sup>(1)</sup>	Residential		2 blocks comprising:	January 2024 / September 2026	866	315.0
			<ul style="list-style-type: none"> <li>39 floors of apartment units (650 sq ft to 900 sq ft)</li> </ul>			
			3 blocks comprising:	December 2025 / September 2028	1,269	491.7
			<ul style="list-style-type: none"> <li>39 floors of apartment units (650 sq ft to 1,000 sq ft)</li> </ul>			
<b>Total</b>					<b>2,181</b>	<b>863.1</b>

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## 7. BUSINESS OVERVIEW (Cont'd)

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### Notes:

- (1) The initial development order was previously approved in favour of the vendor of the parcels of land, Millennium Amber Sdn Bhd, on 26 September 2019 by Dewan Bandaraya Kota Kinabalu. The initial development approval obtained in 2019 was for the development of 5 blocks of 16-storey condominium with a total of 1,600 units designed for college residence. However, following our Group's latest market survey conducted internally prior to the acquisition of such land, our Group had identified the needs to amend the development plan according to the latest market needs based on the location of the land. Our Group had subsequently proposed amendments to the initial development order for this project, which have been approved by the Sabah Town and Regional Planning Department during the meeting held on 27 February 2023 and is pending the approval by Dewan Bandaraya Kota Kinabalu (i.e. estimate to obtain the approval by September 2023) as at LPD.

On 9 January 2023, our Group entered into a sale and purchase agreement with Millennium Amber Sdn Bhd (non-related party) (as vendor) to purchase Alamesra Lands for a total purchase consideration of approximately RM74.0 million. Our Group had engaged an independent valuer to conduct a valuation of the land, which yielded an indicative market value of RM86.9 million. Our Group intends to develop the parcels of lands into a residential development in accordance with its proposed amendments to the original development plan.

As at LPD, our Group is in the midst of completing the acquisition of the parcels of land from Millennium Amber Sdn Bhd, which is conditional upon, among others, our Group's solicitors' receipt of the Permission to Transfer and Charge and the duly executed and registrable memorandum of amendment in relation to the Permission to Transfer and Charge (expected to be obtained by November 2023).

- (2) Site clearing works have been carried out by our Group to allow land survey works to be carried out while construction works have yet to commence as at LPD.
- (3) Expected completion date is derived based on the expected date of issuance of OC/CFO, upon the completion of construction works.

Our Alamesra project is strategically located approximately 8 km distance from Kota Kinabalu City Centre, 8.0 km distance from Likas which is a sub-district in the city of Kota Kinabalu, and 10 km distance from Sepanggar which houses the Sepanggar Bay Oil Terminal, Sepanggar Bay Container Terminal and a naval base for the Royal Malaysian Navy. It is also located within close proximity (i.e. less than 8km distance) to various educational institutions such as Tunku Abdul Rahman University College, University Malaysia Sabah (UMS) campus and Universiti Teknologi MARA (UiTM) Sabah Branch. The location of this project also provides convenient access to major highways such as Jalan Tun Fuad Stephens and Jalan UMS-Sulaman.

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## **7. BUSINESS OVERVIEW (Cont'd)**

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Prominent landmarks located nearby also include the Kota Kinabalu Industrial Park (KKIP), the Karambunai Resort Golf Club, the Sabah State Legislative Assembly Building, the Sabah Foundation tower, and the Sabah Federal Government Administrative Complex. In addition, this project is surrounded by various other amenities such as healthcare facilities (e.g. Sabah Women and Children Hospital and Smart Hospital UMS) and shopping mall (i.e. 1Borneo Hypermall).

### **7.3.2.4 Land for future development**

As at LPD, other than 4 parcels of remaining detached lots from previous developments as set out in Section 6.10.1(a) to (d), our Group does not hold any land for future development under our property development projects. Additionally, based on the existing approved development order of the Alamesra Lands, there will be a residual land area of 1.44 acres which is adjacent to the project upon its completion. However, this residual land is not earmarked for any future development.

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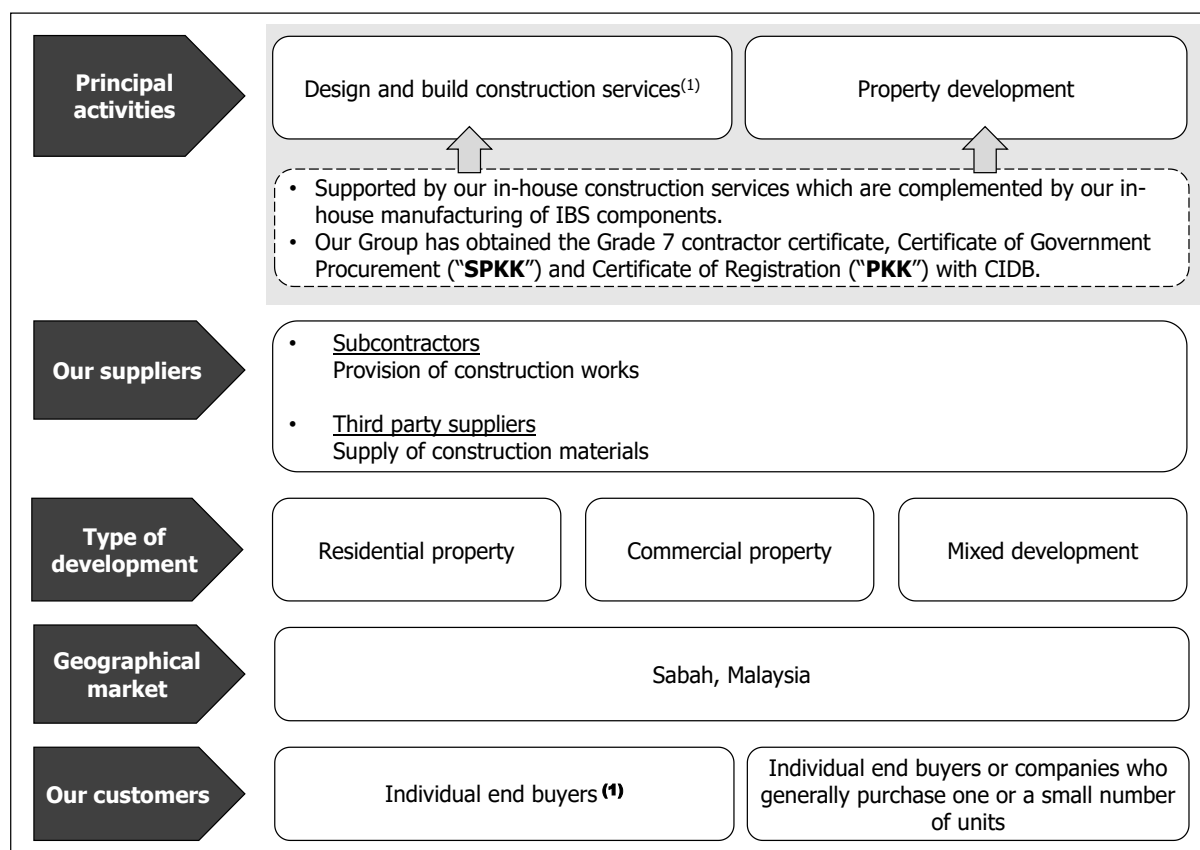
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## 7. BUSINESS OVERVIEW (Cont'd)

### 7.3.3 Business model

Our business model can be summarised as follows:



**Note:**

- (1) While the property projects are sold to individual end buyers, our design and build construction services are a collaboration with LPPB to develop residential and commercial property projects for the general public and civil servants housing projects (i.e., PPAM). Further details on the arrangement with LPPB are as set out in Section 7.3.1.1.

## 7.4 MANUFACTURING OF IBS COMPONENTS

According to CIDB Malaysia, IBS construction techniques are generally categorised into precast concrete system, metal framing system, formwork system, timber framing system and blockwork system. In 2012, our Group began to adopt the precast concrete system IBS construction technique which comprises the off-site manufacturing of IBS components at our casting yard and ready IBS components will then be transported to our project sites for assembly and installation. This is different from the IBS construction technique adopted since 1999 which employs on-site production of IBS components at project sites. The precast concrete system uses reinforced concrete to form various components of a building or structure. The precast concrete system produces IBS components such as columns, beams, floor slabs, stairs, and interior and exterior wall panels which are prefabricated as discrete components.

## **7. BUSINESS OVERVIEW (Cont'd)**

We have 2 casting yards, located in Tuaran and Kinarut, Sabah, respectively to manufacture the IBS components. Our casting yard in Tuaran has a land area of approximately 102,000 sq ft while our casting yard in Kinarut has a land area of approximately 653,000 sq ft. Ready-mix concrete that are used in the manufacturing of our IBS components are produced in our batching plant that is assembled within our Tuaran and Kinarut casting yards, respectively. As at LPD, we are operating from our casting yard in Tuaran which is located adjacent to our existing projects, to cater to the particular project needs and are also transported to our Group's other project sites for assembly and installation. The manufacturing of IBS components at our casting yard in Tuaran is supported by 2 IBS production lines.

As at LPD, our casting yard in Kinarut is temporarily not in operations as the supply of IBS components to its allocated project sites has been completed. Nevertheless, our Group intends to recommence the operations of our casting yard in Kinarut to begin producing hollow core slabs which will supplement our Group's existing range of IBS components. To achieve this, we will purchase a new IBS production line to produce hollow core slabs. Further details on the purchase of our new IBS production line are set out in Section 7.17.3. In addition, the new IBS production line can also be used to produce existing IBS components to cater to our Group's project needs, as and when required. This new production line will also enable our Group to supply IBS components to external customers in the future. As at LPD, our casting yard in Kinarut has 3 IBS production lines to manufacture IBS components. As our future project in Alamesra is expected to commence construction in September 2023, our Group will relocate these 3 IBS production lines to a temporary casting yard located within Alamesra project site. Further details on the relocation of our existing IBS production lines are as set out in Section 7.17.3.

The IBS components are used in our own construction activities and since the commencement of our Group's IBS operations, we have not supplied our IBS components to external customers. The IBS components that we produce in our casting yards include beams (i.e. parapet beam), floor slabs (i.e. staircases, landing slabs, and steps and half slabs) and exterior and interior wall panels (i.e. panel walls and parapet walls).



*Wall panels*

## 7. BUSINESS OVERVIEW (*Cont'd*)



*Beams*



*Floor slabs*

With the precast concrete system IBS construction technique, a building is constructed by positioning and assembling the prefabricated IBS components. The benefits that can be achieved using the IBS construction technique include the following:

- higher quality of construction work done as IBS components are manufactured in a controlled environment using factory standard production techniques and procedures. Processes are subject to quality control standards, and inspection is easier to be carried out under these conditions as compared to inspection at construction site;
- shorter construction time as IBS components are mass produced in a factory or casting yard before being transported to construction site for assembly and finishing. This contrasts against conventional method of laying brick-by-brick for walls, and casting reinforced concrete beams and floor slabs at the site, and waiting for them to harden;
- IBS components can be manufactured and prepared ahead of time for transportation to the construction site. This allows for proper planning of construction works, thus reducing overall construction time;
- fewer workers are required at construction site as workers are only required to position and assemble the IBS components, thus contributing towards reduced costs and improved work site safety; and



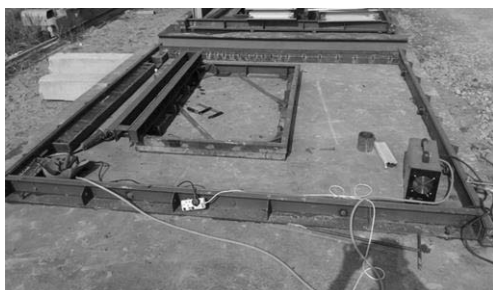
## 7. BUSINESS OVERVIEW (Cont'd)

- safer, cleaner and more organised work site through the use of IBS components resulting in less building materials, machinery and equipment at construction site.

### 7.4.1 Manufacturing process

The general process flow for the manufacturing of IBS components is as follows:

#### (a) Formwork and framework assembly



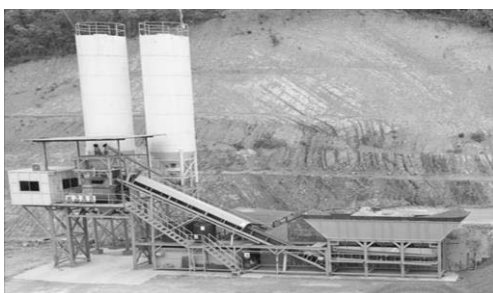
*Assembly of formwork on the casting table*



*Assembly of framework within the formwork*

The formwork is assembled on the casting table and secured together in accordance to the shape of the IBS components required. The construction element's framework is assembled within the formwork. The framework consists of steel bars and/or wire mesh, which are secured together by welding or tying. Grouting channels and service conduits for plumbing, wires and cables that are required for the construction element are also installed into the framework at this stage.

#### (b) Production of ready-mixed concrete



*Our batching plant*

Meanwhile, cement, aggregates, sand and water are mixed in the required quantities at our batching plant to produce ready-mixed concrete.

#### (c) Concrete hardening and formation of IBS components

The ready-mixed concrete is then poured into the formwork, and left to harden.



*Removal of formwork (i.e. IBS component) for storage*

The formwork is disassembled and removed from the precast concrete system after the hardening process is completed, forming the end product namely the IBS components.

The individual IBS component is inspected as part of our quality control procedures, and any defects that are detected will be rectified.

## 7. BUSINESS OVERVIEW (Cont'd)

Further details on the quality control procedures undertaken for our IBS components are as set out in Section 7.12.2. IBS components that have passed our quality control test will be stored at the storage area and subsequently transported to project sites in accordance to the delivery schedule.

As our Group's IBS components are manufactured for our own projects, the production and inventory are planned according to individual project needs which are dependent on factors such as type and volume required, daily manufacturing capacity, construction progress, delivery schedule and inventory space available. Our Group may store up to 3 months of inventory depending on construction requirements.

### 7.4.2 Manufacturing capacity of our IBS casting yards

We have 2 casting yards, located in Tuaran and Kinarut, Sabah, respectively to manufacture IBS components. The manufacturing activities of our IBS casting yards are determined by our Group's project needs as we do not mass produce and supply IBS components to external customers. In FYE 2020 to 2022, we were operating from our casting yard in Tuaran, whereas our casting yard in Kinarut was not in operations as the supply of IBS components to its allocated project sites has been completed.

The manufacturing of IBS components is customised according to the respective project needs such as the type of IBS components (i.e. beams, floor slabs and wall panels) and quantity required. Notwithstanding that the actual manufacturing volume is subject to our project needs and the type of IBS components required, the calculation of estimated annual manufacturing capacity is derived based on the maximum number of IBS components moulds that we have allocated for the year for the manufacturing of IBS components for our projects. While some moulds can be reused for other projects with similar structure of IBS components used, some moulds cannot be reused and are generally not needed towards the end of a particular project. Nevertheless, our Group are able to modify these moulds to cater to the needs of new projects, as and when required.

The estimated annual manufacturing capacity, actual manufacturing volume and utilisation rate of our casting yard for the past 3 FYE 2020 to 2022 are as set out below:

	Tuaran casting yard		
	FYE 2020	FYE 2021	FYE 2022
Number of manufacturing line (units) <sup>(1)</sup>	1	2	2
Estimated annual manufacturing capacity (m <sup>3</sup> ) <sup>(2)</sup>	14,196	29,172	29,172
Actual manufacturing volume (m <sup>3</sup> ) <sup>(3)</sup>	3,965	9,259	8,319
Utilisation rate (%) <sup>(4)</sup>	27.9	31.7	28.5

#### Notes:

- (1) Each manufacturing line can be installed with different type of moulds to cater to the type of IBS components required. The volume of each mould, measured in m<sup>3</sup>, vary from one to another due to the different shapes and sizes of the IBS components (e.g. beams, floor slabs and wall panels) and as such, an average volume of 0.5 m<sup>3</sup> per IBS component is used to estimate the annual manufacturing capacity.

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## 7. BUSINESS OVERVIEW (Cont'd)

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- (2) The estimated annual manufacturing capacity of IBS components, measured in m<sup>3</sup>, for FYE 2020 to 2022 is calculated based on the following assumptions:
- For FYE 2020, we had 1 manufacturing line for the manufacturing of IBS components. We allocated 91 IBS component moulds to cater to the production of 3 terrace houses in a day. Based on 26 working days per month and 12 working months per year, we were able to manufacture 28,392 IBS components in a year. With an average volume of 0.5 m<sup>3</sup> per IBS component, our estimated annual manufacturing capacity of IBS components for FYE 2020 was estimated at 14,196 m<sup>3</sup>.
  - FYE 2021 and 2022, we had 2 manufacturing lines for the manufacturing of IBS components. We allocated 105 IBS component moulds to cater to the production of 3 terrace houses and 82 IBS components moulds to cater to the production of 2 apartment units in a day. Based on 26 working days per month and 12 working months per year, we were able to manufacture 58,344 IBS components in a year. With an average volume of 0.5 m<sup>3</sup> per IBS component, our estimated annual manufacturing capacity of IBS components for FYE 2021 and 2022 was estimated at 29,172 m<sup>3</sup>.
- (3) The actual manufacturing volume for IBS components is the actual volume, in m<sup>3</sup>, of IBS components that we manufactured in FYE 2020 to 2022.
- (4) The utilisation rate is calculated by dividing the actual manufacturing volume by the estimated annual manufacturing capacity.

In FYE 2020, FYE 2021 and FYE 2022, the utilisation rate of our casting yard in Tuaran was recorded at 27.9%, 31.7% and 28.5%, respectively. The lower utilisation rate is based on the calculation of estimated annual manufacturing capacity using the maximum number of moulds allocated for the year, with the assumption that all moulds will be used daily, as this is theoretically the maximum capacity per day, which may be achieved during peak construction periods. However, in actual practice, we may not use all moulds on a daily basis as the utilisation of moulds is dependent on project needs from time to time.

Further, the lower utilisation rate was also a result of the COVID-19 pandemic which had caused temporary disruptions to our casting yard activities. Nevertheless, there were no delays in the delivery of IBS components to our project sites and no delays on the delivery of our projects. Our Group's ability to complete our projects on time despite the disruptions to operations during the pandemic had demonstrated that the adoption of IBS construction technique is able to shorten construction times.

We presently use conventional construction methods to construct parking podiums. Hence, by introducing the production of hollow core slab using IBS, we will be able to expedite the process and duration for the construction of parking podiums as well as reduce the dependency on on-site labour. Together with the IBS components that we currently produce, the production of hollow core slabs will collectively contribute to shorter overall construction time for our projects, thus underpinning our Group's future plan to invest in a new IBS production line to produce hollow core slabs to supplement our existing range of IBS components manufactured. An expanded IBS production line will not only widen the range of our IBS components, but also increase the maximum daily production output, which will also shorten construction time for our projects. Further details on our new IBS production line are as set out in Section 7.17.3.

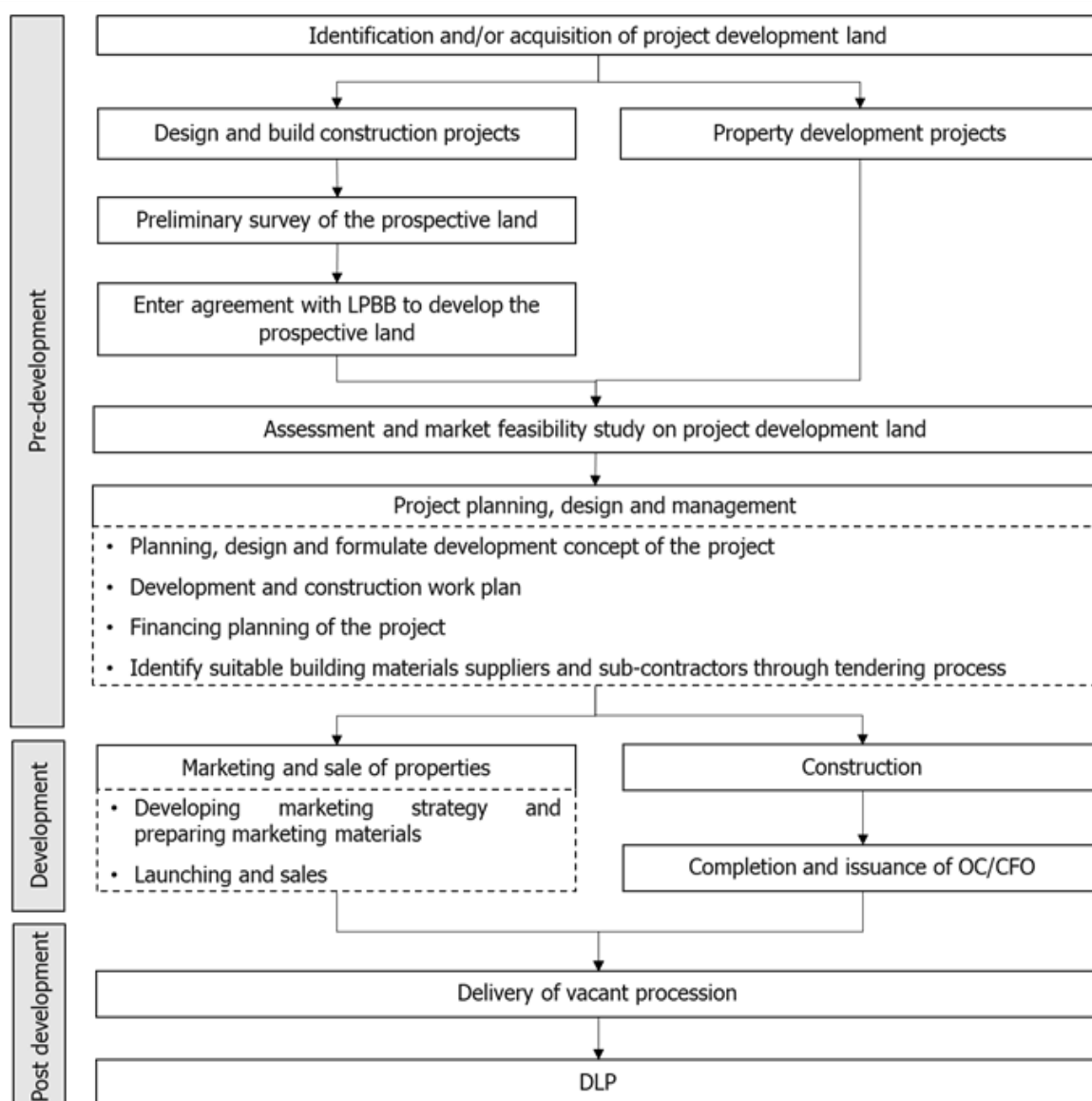
## 7. BUSINESS OVERVIEW (Cont'd)

Despite that our casting yard in Kinarut is not in operations in the FYE 2020 to 2022 and as at LPD, the casting yard is able to achieve an estimated annual manufacturing capacity of 48,360 IBS components or 24,180 m<sup>3</sup> in a year, estimated based on the manufacturing capacity in 2019 when our casting yard was in operations. Our estimated annual manufacturing capacity of 48,360 IBS components or 24,180 m<sup>3</sup> in a year was derived based on 3 IBS manufacturing lines, a total of 155 IBS component moulds allocated in 2019 to cater to the production of 6 terrace houses in a day, 26 working days per month and 12 working months per year, as well as an average volume of 0.5 m<sup>3</sup> per IBS component.

As our Group manufactures our own IBS components, we do not purchase IBS components from external parties for our construction activities.

### 7.5 BUSINESS PROCESS

The general process flow for our design and build construction services and property development activities are as follows:



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## **7. BUSINESS OVERVIEW (Cont'd)**

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### **(a) Identification and/or acquisition of project development land**

For property development projects undertaken as a design and build contractor for LPPB, our Group secures projects from LPPB by tender, and bids through the submission of the Technical and Financial Proposal to LPPB. LPPB publishes tender invitations on its official website which includes the details and types of lands available for development. We will conduct a preliminary survey on the prospective land and respond to the tender invitation in the event that our Group has the intention and resources to develop the prospective land, by submitting our proposal to LPPB for their consideration. Upon entering into an agreement with LPPB to develop the prospective land as a design and build contractor, we will conduct a more in-depth site assessment and market feasibility study on the proposed development land as follows:

- a feasibility study to evaluate the attractiveness and commercial viability of the proposed property development project. Various aspects are considered, including the prospects of the selected location and market demand for the types of properties that we plan to develop, our intended pricing levels for the properties, and building materials and construction costs;
- financial and cash flow analysis, which will be used as a gauge to determine the level of financing that we may require to carry out the proposed project; and
- market analysis and survey of prospective customers to assess take-up rate, population density in the area and target income groups. This analysis also involves conceptual planning to achieve optimal return from the project.

For our Group's own property development projects, we will identify suitable project development land through public and private sources, as well as through relevant government departments. We will enter into negotiation with the land owner and proceed with the legal processes of the land acquisition if we are interested in the land. Subject to the outcome of negotiation, our Group may also enter into joint-venture arrangement with the land owner to develop the prospective land. Following that, we will conduct in-depth assessment and market feasibility study as mentioned above for our own property development projects.

### **(b) Project planning, design and management**

We are involved in the planning and design of the property development for both property development projects for LPPB and our own property development. We will formulate the development concept of the project by outlining general ideas such as project density and type of property (e.g. terraced houses, low-rise apartments, high-rise condominiums and/or civil servants housing) that will be developed on the land.

We will identify and engage external project consultants to support us to carry out the development and construction of the proposed project, such as engineering consultants for civil, mechanical and structural works; architects, surveyors and town planners in order to refine the development concept of the land and building in terms of, amongst others, main entrance, building sizes and layout, unit sizes and layout, common facilities, landscaping and infrastructure prior to the commencement of construction works.

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## **7. BUSINESS OVERVIEW (Cont'd)**

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Our external project consultants will also prepare the building, structural, infrastructure and layout plans to be submitted to the relevant local authorities for approval, while our Group submits the applications for licences and permits to the relevant local authorities. Upon obtaining the relevant approvals, licenses and permits, we evaluate and examine all project components (e.g. interior and exterior building materials) to be used in construction activities based on the type of property development and develop a detailed construction work plan which will be used to prepare the following:

- project budget;
- construction schedule; and
- building materials, subcontracted services and procurement schedule.

Thereafter, we will develop the financing plan for the proposed development comprising sources of financing and the timeline to gather the required budget. Building materials suppliers and subcontractors are also identified and invited to submit tenders for the project. The tender applications are evaluated, and the successful suppliers are appointed to supply their products and/or services to the project to commence construction works.

### **Construction**

We have our in-house construction team to carry out main building works, in which we employ a combination of conventional construction technique (e.g. brickworks and timber formwork) and IBS construction technique (i.e. precast concrete system) for our construction works, depending on the type of property development project. IBS components that are used in our construction activities are manufactured in-house and are further detailed in Section 7.4.

As and when required, our Group may outsource certain construction works to subcontractors as set out in Section 7.3.1.1. Our Group also engages subcontractors to carry out other aspects of construction works which our Group does not provide, such as groundworks and car park construction, metal and roofing works, interior aluminium and window works, painting and ceiling work, piling works, M&E works, sewerage works, tilling works, substation works and landscaping works.

As the main contractor for all our construction activities, we will constantly monitor project costs, progress and quality to ensure that all construction works are progressing within our planned schedule and budget. Progress reports on the construction works done and progressive billings will be issued in stages to financial institutions for the construction work completed in order to receive sales proceeds. At the same time, progressive payments are paid to building materials suppliers and subcontractors.

### **Marketing and sale of properties**

For our Group's own property projects, we will submit an application to apply for the APDL to advertise and sell our projects. Upon obtaining the ADPL, we will launch the project for sale to the public through mass media advertising. For property development projects undertaken as a design and build contractor for LPPB, LPPB being the developer of the project is exempted from the regulation to apply for the APDL to advertise and sell the projects.

The marketing and sales activities for the property development project will start at the same time as construction works, and they will be carried out concurrently.

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## **7. BUSINESS OVERVIEW (Cont'd)**

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### **Project completion**

When the construction works have been completed, our Group will proceed to procure the issuance of OC/CFO from the relevant authority. Our customers will be informed to receive vacant possession of their property. The customer is invited to conduct a final inspection of the property, and any defects are marked up for us to perform the required rectification works. Customers are required to finalise and make payments for any outstanding bills related to property titles, amenities and other payments before the property is released, and the OC/CFO is issued to them.

We will be responsible for the building repairs if any defect is found during the defect liability period as specified in the sale and purchase agreement, which lasts for 18 months from the date when vacant possession is delivered to buyers.

As we engage subcontractors to carry out certain portions of the construction works, our subcontractors will be responsible to rectify any defects found on their part of the work done. Any costs incurred by our Group to rectify the defects on the subcontracted construction works within the defect liability period will be charged back to our subcontractors.

### **7.5.1 Interruption to business and operations**

Save for the interruption to our business and operations arising from the COVID-19 pandemic as disclosed below, we did not experience any other interruptions to our operations which had a significant effect on our business in the past 12 months up until LPD.

#### **Impact of COVID-19 on the operations at our headquarters, sales galleries and IBS casting yard**

Pursuant to the outbreak of the COVID-19 pandemic in 2020, the Government had implemented different forms of MCO from 18 March 2020 to 31 March 2022 to contain the spread of the virus. During this period, our Group was required to comply with the changes in SOP (e.g. reduced workforce capacity) outlined by MITI throughout the period. The reduction in workforce capacity, as per MITI's SOP during these periods, did not result in material adverse impact to our business and operations at our headquarters, sales galleries and IBS casting yard. Since December 2021, we have been operating at full workforce capacity after 80.0% of our employees obtained 2 doses of vaccination, as outlined by MITI.

In addition, there were no major disruptions in the procurement of supplies, or disruptions / delays in logistics which resulted in shortages of supplies to carry out the operations at our IBS casting yard since March 2020. Despite the temporary disruption to our casting yard activities, there were no delays in the delivery of IBS components to our project sites and no delays on the delivery of our projects. Further, our Group's ability to complete our projects on time despite the disruptions to operations during the pandemic had demonstrated that the adoption of IBS construction technique is able to shorten construction times.

Beginning 1 April 2022, Malaysia entered into the "Transition to Endemic" phase. Among the relaxed rules and SOP include the abolishment of restrictions on business operating hours (i.e. business owners are allowed to set the hours of operation according to the terms of their business licence) and the abolishment of limits on the number of personnel allowed in workplace. The operations at our headquarters, sales galleries and IBS casting yards were not impacted by the enforcement of the "Transition to Endemic" phase beginning 1 April 2022.

**7. BUSINESS OVERVIEW (Cont'd)****Impact of COVID-19 on our construction activities and the delivery of our projects**

The temporary disruptions to the construction activities at our project sites as well as the reduction in workforce capacity, as per MITI's SOP during these periods, did not result in material adverse impact to the operations at our construction sites as well as on the delivery of our projects. As such, our Group did not encounter any delays in the delivery of vacant possessions to buyers which have had buyers initiating LAD claims against our Group.

In addition, there were no major disruptions in the procurement of supplies, or disruptions / delays in logistics which resulted in shortages of supplies to carry out construction activities, as well as disruptions to our subcontracted services since March 2020.

Since December 2021, we have been operating at full workforce capacity after 80.0% of our employees and foreign workers obtained 2 doses of vaccination, as outlined by MITI.

There was no material impact to the construction activities at our project sites, receipt of supplies and subcontracted services upon the enforcement of the "Transition to Endemic" phase beginning 1 April 2022.

**Strategy and steps taken to address the impact of COVID-19 pandemic**

In response to the COVID-19 pandemic, our Group has established a standard safety protocol that outlines several infection control measures based on the guidelines and SOP issued by MITI from time to time to protect employees and customers against COVID-19 infection. Since the outbreak of the COVID-19 pandemic and up to the LPD, there have been no actions taken or penalties issued by the relevant authorities for breach of any laws relating to COVID-19 restrictions and/or SOPs.

**7.6 PRINCIPAL MARKETS BY BUSINESS SEGMENTS**

For FYE 2020 to 2022, our Group's revenue was derived from our business activities in Sabah, Malaysia. The table below sets out our Group's revenue segmentation by type of development projects for FYE 2020 to 2022:

	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
<b>(a) Provision of design and build construction services to LPPB</b>						
<b>On-going developments</b>						
Taman Seri Lemawang Phase 1A	8,328	9.2	<sup>(1)</sup> (110)	(0.1)	768	0.7
Taman Seri Lemawang Phase 1B <sup>(2)</sup>	13,671	15.2	2,068	2.1	320	0.3
Taman Seri Lemawang Phase 1C	16,087	17.8	6,870	6.9	2,149	1.9
Taman Seri Lemawang Phase 1D	7,383	8.2	17,297	17.6	5,046	4.5
Taman Seri Lemawang Phase 1E	-	-	-	-	3,543	3.1
Taman Seri Lemawang Phase 1F	149	0.2	9,689	9.8	6,619	5.9
Taman Seri Lemawang Phase 1G	38	*	13,495	13.7	11,856	10.5
Taman Seri Lemawang Phase 1H	-	-	73	0.1	21,343	18.9
Taman Seri Lemawang Phase 1I	-	-	-	-	6,011	5.3
Plaza Seri Lemawang	-	-	3,650	3.7	5,710	5.1
Residency Seri Akasia Phase 1	-	-	8,538	8.7	13,605	12.1
Residency Seri Akasia Phase 2	-	-	-	-	860	0.8
Taman Bukit Alamanda	-	-	-	-	15,490	13.7
Puncak Gloxinia Phase 2 – Block D <sup>(2)</sup>	13,299	14.8	-	-	-	-



## 7. BUSINESS OVERVIEW (Cont'd)

	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Puncak Gloxinia Phase 2 – Block E <sup>(2)</sup>	8,088	9.0	-	-	-	-
Puncak Gloxinia Phase 2 – Block F <sup>(2)</sup>	12,823	14.2	-	-	-	-
<b>Total on-going developments</b>	<b>79,866</b>	<b>88.6</b>	<b>61,570</b>	<b>62.5</b>	<b>93,320</b>	<b>82.7</b>
<b>Completed properties</b>						
Taman Nelly 8D	714	0.8	119	0.1	110	0.1
Taman Kota Phase 2A	188	0.2	-	-	-	-
Taman La Gloxinia Phase 1	480	0.5	-	-	-	-
Taman Seri Lemawang Phase 1B <sup>(3)</sup>	-	-	-	-	255	0.2
Puncak Gloxinia Phase 1 – Block A	996	1.1	337	0.3	-	-
Puncak Gloxinia Phase 1 – Block B	1,011	1.1	<sup>(1)</sup> (24)	*	*	*
Puncak Gloxinia Phase 1 – Block C	296	0.3	-	-	-	-
Puncak Gloxinia Phase 2 – Block D <sup>(3)</sup>	3,672	4.1	17,472	17.7	577	0.5
Puncak Gloxinia Phase 2 – Block E <sup>(3)</sup>	1,419	1.6	12,789	13.0	1,211	1.1
Puncak Gloxinia Phase 2 – Block F <sup>(3)</sup>	1,551	1.7	6,255	6.4	-	-
<b>Total completed properties</b>	<b>10,327</b>	<b>11.4</b>	<b>36,948</b>	<b>37.5</b>	<b>2,153</b>	<b>1.9</b>
<b>(b) Own property development</b>						
<b>On-going developments</b>						
Parkhill	-	-	-	-	13,026	11.5
Shorea <sup>n</sup> Astoria	-	-	-	-	4,381	3.9
<b>Total on-going developments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,407</b>	<b>15.4</b>
<b>Grand total</b>	<b>90,193</b>	<b>100.0</b>	<b>98,518</b>	<b>100.0</b>	<b>112,880</b>	<b>100.0</b>

### Notes:

\* Less than 0.1%

(1) Being rebates granted to customers in relation to units sold, which were recognised based on credit notes that form part of the payments made by customers.

(2) Revenue recognised for the units of the projects which were sold before the project was completed.

(3) Revenue recognised for the units of the projects which were sold after the project was completed.

Our Group's revenue was mainly derived from our on-going developments, which accounted for 88.6%, 62.5% and 98.1% of our Group's revenue in FYE 2020, FYE 2021 and FYE 2022 respectively.

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## **7. BUSINESS OVERVIEW (Cont'd)**

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### **7.7 COMPETITIVE STRENGTHS**

#### **7.7.1 We have a well-established history of 39 years and a proven track record as a property developer**

We have a well-established history and track record of 39 years since the commencement of our business operations in 1984. Our capabilities and expertise spans across property development activities and construction activities, thus giving us the competitive advantage to manage our operations. Our proven track record as a property developer has provided the confidence to LPPB to collaborate with our Group in which we have been providing design and build construction services to LPPB since 2010.

The benefits and advantages that our Group derives from our proven track record includes the following:

- our reputation in the property market and construction industry over the past 39 years translates into market visibility and brand awareness to attract prospective buyers for the properties that we develop;
- our in-depth experience as a property developer is expected to provide prospective buyers with confidence in our ability to complete and deliver our properties; and
- our track record provides prospective partners with assurance that we are able to successfully complete design and build construction projects and joint venture projects.

Our property development capabilities allow us to have better control on all aspects of the development of our design and build construction projects and property development projects.

#### **7.7.2 We have extensive experience in the provision of design and build construction services**

With the expertise and industry experience that our Group has gained over the years since 1984, we began collaborating with LPPB in 2010 whereby we provided design and build construction services to LPPB for the construction of a housing project in Taman Wawasan, Beaufort, Sabah. Since then, we have been actively involved in the provision of design and build construction services to LPPB, focusing in the development of residential property projects for the general public and civil servants housing projects (i.e. PPAM) in Sabah. This is also part of our Group's effort to support LPPB's initiative in providing affordable housing in Sabah.

In the provision of design and build construction services to LPPB, our Group is involved in all aspects of property development activities comprising site assessment and market feasibility study, project design, submission of building plans to relevant authorities, securing financing, construction, sales and marketing of the projects, delivery of vacant possession to end buyers and property management. With this, our ability to gain LPPB's confidence over the years since 2010 demonstrates our Group's capability and extensive experience in the provision of design and build construction services.

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## **7. BUSINESS OVERVIEW (Cont'd)**

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Our expertise, resources and capabilities to complete multiple design and build construction projects over the past 13 years with LPPB has given LPPB the confidence to continue collaborating with our Group, which is further evidenced by the future design and build construction projects that we have successfully secured with LPPB as at LPD. Further details on our design and build construction projects with LPPB are as set out in Section 7.3.1.1.

### **7.7.3 We manufacture IBS components and adopt IBS construction technique in our construction activities to optimise our project efficiencies and manage our construction cost**

Our Group has 24 years of experience in adopting IBS construction technique in our construction activities. Our experience and expertise that stretches across construction activities and IBS components manufacturing enables us to better understand the practical challenges in construction processes and design a more efficient construction methodology, including the appropriate use of IBS components and proper production planning to manage our overall construction cost.

Further, the adoption of IBS construction technique enables our Group to keep construction sites clear and safe as IBS components are manufactured at an off-site location, shorten construction time, and produce higher quality of construction work done. Site storage is also eliminated as IBS components can be stored at our casting yard and delivered 'just-in-time' to construction site. Further details on the benefits derived from the adoption of IBS construction technique is set out in Section 7.4.

### **7.7.4 We have an experienced and hands-on key management team**

We have an experienced key management team headed by Loke Theen Fatt, our Managing Director / Chief Executive Officer and our Executive Directors, Stella Loke Pei Wen and Wilson Loke Choon Syn who respectively have approximately 45 years, 12 years and 11 years of relevant experience in the property development and construction industries.

They are supported by other members of our key management team, which include:

- Abdullah Azlan Bin Khalid, our Chief Operating Officer, who has 39 years of experience in property development and construction;
- Chaw Ken Vun, our Chief Financial Officer, who has 27 years of experience in the field of finance and accounting; and
- Loke Pei Lee, our Director of Management, who has 11 years of management experience with human resources and administration, as well as property management.

Our management team has strong industry and functional expertise as a result of years of experience in their respective fields. The profiles of our Managing Director / Chief Executive Officer, Executive Directors and key senior management are set out in Sections 5.1.2 and 5.3.3 respectively. Further, they take an active, hands-on role in spearheading their respective departments to support the growth of our Group. As a result, there is a transfer of skills and knowledge to employees at all levels in our organisational structure. Their hands-on involvement in our Group demonstrates their strong commitment to our growth as we continue to expand.

## **7.8 SEASONALITY AND CYCLICAL EFFECTS**

We are not subject to any seasonality or cyclical effects. Nevertheless, we generally experience higher sales volume when new projects are launched.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.9 TYPES AND SOURCES OF INPUT MATERIALS AND SERVICES

The table below sets out the major types of input materials and services that we purchase for our business operations for FYE 2020 to 2022:

Category	Source	FYE 2020		FYE 2021		FYE 2022	
		RM'000	%	RM'000	%	RM'000	%
<b>Construction materials</b>							
Concrete and related products <sup>(1)</sup>	Local	2,972	3.5	2,570	3.5	5,135	4.7
Hardware and related products <sup>(2)</sup>	Local	1,886	2.2	2,419	3.3	3,253	3.0
Steel products <sup>(3)</sup>	Local	2,735	3.2	660	0.9	3,513	3.2
Interior fittings <sup>(4)</sup>	Local	646	0.7	337	0.5	905	0.8
<b>Total construction materials</b>		<b>8,239</b>	<b>9.6</b>	<b>5,986</b>	<b>8.2</b>	<b>12,806</b>	<b>11.7</b>
<b>Subcontracted services</b>							
Groundworks and building work <sup>(5)</sup>	Local	32,559	37.9	25,873	35.3	51,435	47.0
Interior fit-out <sup>(6)</sup>	Local	3,165	3.7	2,217	3.0	4,381	4.0
Road and drainage works <sup>(7)</sup>	Local	4,607	5.3	6,111	8.3	7,804	7.1
Other services <sup>(8)</sup>	Local	9,690	11.2	5,595	7.6	11,643	10.6
<b>Total subcontracted services</b>		<b>50,021</b>	<b>58.1</b>	<b>39,796</b>	<b>54.2</b>	<b>75,263</b>	<b>68.7</b>
Preliminaries <sup>(9)</sup>	Local	27,840	32.3	27,634	37.6	21,396	19.6
<b>Total purchases</b>		<b>86,100</b>	<b>100.0</b>	<b>73,416</b>	<b>100.0</b>	<b>109,465</b>	<b>100.0</b>

#### Notes:

- (1) Comprise aggregates and crusher run, piles, ready-mix, river sand, and cement.
- (2) Comprise fuel and lubricant, mix hardware, water tank and metal roofing.
- (3) Comprise high tensile deformed steel bars and reinforced wire mesh.
- (4) Comprise purchases of sanitary wares, tiles and doors.
- (5) Comprise services to carry out groundworks and carpark construction and pilling works.
- (6) Comprise services to carry out interior aluminium and window works, painting and ceiling works and tiling works.
- (7) Comprise services to carry out drainage and roadworks, plumbing, sewerage and pipe works.
- (8) Comprise services to carry out M&E works, lift and firefighting systems, metal and roofing works and substation works and landscaping works.
- (9) Comprise site management cost, hiring machinery and equipment, utilities, depreciation and other related projects maintenance and overhead expenses.

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## **7. BUSINESS OVERVIEW (Cont'd)**

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Our construction materials and subcontracted services are sourced locally. Save for cement, our construction materials are generally readily available, as we are able to source these materials from multiple suppliers. Hence, in the event when the demand for cement exceeds supply, we may face a temporary shortage of cement due to the limited cement manufacturers available in Sabah. We maintain an inventory of cement in our silo and an inventory of precast IBS components to mitigate situations of cement shortage. We have not faced any material shortage of cement during FYE 2020 to 2022.

The prices of steel products were subjected to price fluctuations during FYE 2020 to 2022 as a result of global supply and demand conditions. Further, the prices of aggregates and crusher run, piles, ready-mix and cement were subjected to price fluctuations during FYE 2020 to 2022 as a result of domestic supply and demand conditions. Please refer to Section 9.1.8 for further details of the risk of price fluctuations which we face.

### **7.10 SALES AND MARKETING**

We have a dedicated sales and marketing team, based at our headquarters, to undertake sales and marketing activities for our design and build construction projects and property development projects. Our sales and marketing team is also involved in determining the marketing strategies of the proposed development projects, taking into consideration future supply and demand, market segment and product marketability. Following that, our sales and marketing team will implement the marketing strategies, which involve the preparation of sales and marketing materials and kits, selling and marketing of the properties at our showrooms, and engagement with external property agencies. Our sales and marketing team also secures new sales by engaging prospective buyers directly through emails and phone calls as well as with walk-in customers.

We deploy the following mediums to market our design and build construction projects and property development projects:

#### **(a) Sales gallery showcase**

We set up sales galleries to showcase different types of unit layout for selected design and build construction projects and property development projects (e.g. larger development projects with higher GDV) to provide prospective buyers with an actual experience on the size and design of the units. With this, prospective buyers are able to have a first-hand experience of the property unit that they will be purchasing to aid in their decision making. Within our sales gallery, we also set up an architectural model of the particular project to provide prospective buyers an overall view of the entire development.

We also distribute brochures for all our design and build construction projects and property development projects to prospective buyers to provide further information on our property and the surrounding infrastructure and amenities to promote the attractiveness of our development.

Subsequent to the COVID-19 pandemic, we further enhanced our marketing efforts to include digital platforms to market our projects as well as to promote sales, whereby we utilise sales gallery virtual tour with 360-degree aerial view and walkthrough for our property development projects namely The Logg, Taman Seri Lemawang and Residensi Seri Akasia. Through these digital platforms we are able to extend our market outreach and secure sales lead from prospective buyers. Further details on the technology used for our virtual sales gallery are as set out in Section 7.11.

**7. BUSINESS OVERVIEW (Cont'd)****(b) Property exhibitions and roadshows**

We participate in property exhibitions and roadshows relating to the property market. We believe that the participation in these trade exhibitions and roadshows enhances our brand visibility as it enables us to showcase our design and build construction projects and property development projects. Additionally, such participation also provides us with significant opportunities to meet prospective buyers, and stay updated on the market demand for residential and commercial properties.

Following the imposition of lockdown measures resulting from the COVID-19 pandemic in 2020, our Group had temporarily suspended our participation in physical property exhibitions and roadshows in 2020 and 2021. Notwithstanding that, as Malaysia has entered into the "Transition of Endemic" phase on 1 April 2022, with relaxed rules and SOPs imposed by the Government, our Group has resumed the participation of physical property exhibitions and roadshows held by third party organisers in Sabah.

The following sets out the property exhibitions that our Group has participated in FYE 2022 and up to LPD:

<u>Date</u>	<u>Event name</u>	<u>Location</u>	<u>Organiser</u>
March 2022	Property Hunter Expo 2022	Sabah International Convention Centre	Maxx Media (S) Sdn Bhd
July 2022	Property Hunter Expo Tawau 2022	Dewan Calvary	Maxx Media (S) Sdn Bhd
March 2023	Property Hunter Expo 2023	Sabah International Convention Centre	Maxx Media (S) Sdn Bhd

From time to time, our Group will also internally organise or participate in roadshows and events to showcase our projects.

**(c) Digital and media advertising**

We understand that the Internet is an important advertising medium, and the current widespread use of the Internet as a source of information will potentially enhance our market reach and exposure.

Our Group's corporate website, <http://www.ktiproperty.com.my/>, provides immediate searchable information on our Group which includes detailed information of our completed, on-going and upcoming projects.

We leveraged on social media platforms to promote and engage with prospective buyers for on-going projects, such as Taman Seri Lemawang, Taman Bukit Alamada, Residensi Seri Akasia, and The Logg, through our respective Facebook accounts, "@Taman Seri Lemawang", "@Taman Bukit Alamanda", "@Residensi Seri Akasia" and "@The Logg". We also leveraged on Youtube channel to market selected property projects such as The Logg to further enhance our market outreach.

In addition, we also advertise our design and build construction projects and property development projects through established digital news medium (i.e. Daily Express) and radio advertisement (i.e. KUPI-KUPI FM).

**(d) Outdoor media advertising**

We utilise outdoor media advertising channel such as advertisement through static billboards, banner and bunting to advertise our design and build construction projects and property development projects.

## 7. BUSINESS OVERVIEW (Cont'd)

### (e) Property agencies

Our Group engages property agencies, as and when required, to market and sell our design and build construction projects and property development projects. Our Group typically appoints these property agencies on a contract basis. These property agencies will leverage on the marketing materials prepared by our Group to facilitate their sales and marketing activities. Subject to the type of property sold, property agencies are entitled to pre-agreed commission rates generally ranging from 1.5% to 3.0% of the property sales value for each successful sale. We may choose to increase the commission rates depending on the circumstances in order to encourage sales.

### 7.11 TECHNOLOGY USED

We use, and will continue to invest in, relevant technologies to improve our Group's operational efficiency, profitability and competitiveness. We utilise the following software to facilitate our sales and marketing activities as well as our development planning activities:

<b>Technology / Software</b>	<b>Descriptions</b>
Marketing and property management software	<p>A software that supports our sales and marketing activities whereby it comprises functions such as sales tracking, sales reporting, progress billing and the tracking of sales collections of the respective projects developed by our Group. The software also provides linkage to our panels of solicitors and financial institutions' platform to improve the flow and tracking of sales and payment status.</p> <p>In addition, the software also includes function for our Group to carry out the operations of our property management activities.</p>
Project planning software	<p>A software used for project planning and scheduling to ensure that all development projects are progressing in accordance with our Group's targeted schedule for the delivery of vacant possessions, as well as to monitor construction progress to avoid any delays.</p>
Modelling software	<p>A software used to develop 2-dimensional model visualisation of building designs and structures to provide a 2-dimensional perspective of the building plan. The software is also used to view third party consultants drawing on the measurement of the building design, for discussion and enhancement purposes.</p>
Virtual sales gallery	<p>A virtual tour software platform that enables users to navigate through the 3D spaces of our show units and experience a holistic overview of the 3D spaces with dollhouse view feature.</p> <p>The platform functions by converting 360-degree panoramic images of our show units into a virtual 3D model. This converted form of virtual 3D model allows users to virtually walkthrough our physical show units, thereby reducing travel concerns and geographic restrictions of potential end buyers.</p>

## **7. BUSINESS OVERVIEW (Cont'd)**

<b>Technology / Software</b>	<b>Descriptions</b>
	This platform is also able to capture a 360-degree aerial view from our project site which allows users to view the surrounding environment of the project site, including accessibility, infrastructure and amenities within the neighbourhood.

### **7.12 QUALITY ASSURANCE MANAGEMENT**

#### **7.12.1 Design and build construction activities and property development**

We place emphasis on developing quality properties for our buyers. In order to maintain our quality standards, we implement strict quality assurance procedures at various stages of our design and build construction projects and property development projects as follows:

- (a) selection and appointment of experienced and reliable professional consultants, subcontractors and building materials suppliers through a robust selection process that will evaluate these potential professional consultants, subcontractors and building materials suppliers against our criteria such as track record, financial stability, quality, pricing and timeliness;
- (b) careful evaluation of architectural design concepts in line with current market trends;
- (c) close supervision of the construction progress and project timeline;
- (d) quality and safety assessments carried out on project site on a daily and monthly basis; and
- (e) stringent requirements on craftsmanship and interior fittings.

As part of our continuous efforts in ensuring quality products, we carefully select suitable, proven and good quality construction materials for our design and build construction projects and property development projects. The types, brands and quality of construction materials to be used for project construction will be detailed in our tender document as our requirements to subcontractors and building materials suppliers. For subcontracted services, sourcing of the building materials will be undertaken by our subcontractors.

We also implement rigorous controls during construction stage. Samples and test reports are reviewed and analysed prior to approving the commencement of any physical construction work. Quality control inspection will also be carried out on the building materials received. Where required, mock-ups are first installed and inspected before any full installation is allowed. Site inspections are carried out on a daily basis to ensure that the expected level of construction quality is met, and we convene meetings with representatives from our team of professional consultants and subcontractors on monthly basis to keep abreast of the progress of the project as well as to resolve any issues. We also keep abreast of the development of new and innovative construction materials that we can utilise in our design and build construction projects and property development projects, which may be of better aesthetic and performance quality.



## 7. BUSINESS OVERVIEW (Cont'd)

Our Group's adherence to strict quality assurance procedures is further attested by the certifications of compliance received by our Group as shown below:

<b>Standard</b>	<b>Certification body</b>	<b>Date first awarded</b>	<b>Current validity period</b>	<b>Scope of certification</b>
ISO 9001:2015 Quality Management Systems	BM Trada (Malaysia) Sdn Bhd	13 December 2000	31 December 2024	Provision of building construction services and sales of residential properties

Moving forward, to further endorse our workmanship quality based on industry standards, our Group plans to actively participate in QLASSIC assessments for our design and build construction projects and property development projects. QLASSIC is issued by CIDB and the QLASSIC assessments enable the quality of workmanship between projects to be objectively compared through a scoring system. For the QLASSIC assessment, the construction elements that need to be assessed are determined through a sampling and statistical approach. These samples are distributed evenly throughout the projects and the assessment samples are then selected from drawings and plans for the construction. QLASSIC covers 4 components of assessment, namely structural works, architectural works, M&E works, and external works and the weightages are allocated according to the different categories of buildings.

### 7.12.2 Manufacturing of IBS components

As we are involved in the manufacturing of IBS components, our Group places strong emphasis on the safety and quality of IBS components manufactured in our casting yards. We are committed to ensure that the safety and quality management system that we have put in place is in accordance to our construction site's requirements. We have adopted internal quality management assurance policies to ensure that our manufacturing processes and IBS components comply with the required quality and safety standards.

In order to ensure that the quality and safety of the manufactured IBS components, quality control procedures are incorporated into our manufacturing processes of IBS components as follows:

<b>Objective</b>	<b>Criteria</b>	<b>Description</b>
<b>Quality control inspection in our IBS casting yard</b>		
Quality control check on in-coming raw materials	Quantity and specification	Sample sizes of raw materials are collected from each batch of in-coming raw materials to undergo quality check to ensure the quantity and specification of the raw materials are in accordance with the delivery order.
Quality control check on IBS component manufacturing processes	Pre-concreting panel inspection	Perform preliminary inspection on the assembled IBS component formwork and framework before concrete is poured into the formwork. It also involves inspection on the setup of the pipes used in channelling ready-mixed concrete into the formwork.
	Inspection on concrete work	Sample sizes of ready-mixed concrete are collected to undergo concrete cube test and slump test to ensure that the ready-mix concrete meets the required quality standards.

## 7. BUSINESS OVERVIEW (Cont'd)

Objective	Criteria	Description
		Concrete cube test includes curing and crushing of ready-mixed concrete to measure the compressive strength of the ready-mixed concrete, while slump test measures the consistency of the ready-mixed concrete before it is poured into the IBS component formwork.
	Post-concrete work inspection	Sample sizes of manufactured IBS components undergo concrete compression test to measure the concrete strength of the manufactured IBS components once the IBS components have dried and harden.
	Quality control check on out-going material	Perform final round of visual inspection on the manufactured IBS components before delivering to project site.

### Quality control inspection at project site

Quality control check on manufactured IBS components	Incoming material inspection	Inspections are carried out upon receiving the IBS components from our casting yard to ensure that the quantity, type and specification of the IBS components are in accordance with the project's requirement prior to the installation.
	Panel inspection	<ul style="list-style-type: none"> <li>Perform inspection on the setup of gridline of the columns, beams, floor slabs, stairs, panels that is required for the assembly and installation of the IBS components.</li> <li>Perform inspection on the IBS components during assembly and installation to assess the structural integrity of the installed IBS components and to ensure the stability of the structure of the building.</li> </ul>

### 7.13 OPERATING CAPACITY AND UTILISATION RATES

Due to the nature of our business as a property developer, the calculations of operating capacities and output are not applicable to our Group. Separately, our IBS manufacturing capacity which is currently for our internal use only is set out in Section 7.4.2.

### 7.14 RESEARCH AND DEVELOPMENT

As our principal activities are focused on design and build construction services and property development activities, scientific and/or technical research and development is not relevant to our operations.

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## **7. BUSINESS OVERVIEW (Cont'd)**

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### **7.15 MAJOR CUSTOMERS**

Due to the nature of our Group's business in property development, our customers are individual end buyers or companies who generally purchase one or a small number of units. We were not dependent on any single customer during FYE 2020 to 2022.

However, all projects which contributed to our Group's revenue during FYE 2020 to 2022 were design and build construction services contracts awarded by LPPB. In addition, on-going and future projects slated up to 2025 amounting to RM1.4 billion GDV are also projects awarded by/in participation with LPPB, save and except for the Alamesra project, which is an acquisition of land from a third party, amounting RM74.0 million.

In this regard, our Group is dependent on LPPB to sustain our pipeline of projects. However, LPPB as the state property developer does not undertake development projects on its own. It therefore places reliance on existing property developers in Sabah to do so, and selects them through a tender process. Hence, our dependency on LPPB is mitigated as there is a mutual reliance on each other's strengths. Additionally, in support of our Group, LPPB had vide its letter dated 23 June 2023 recognised our Group as a significant contributor to the state's development, having completed projects amounting to approximately RM1.6 billion in GDV, equivalent to 29.0% of all LPPB's projects over the 5 years up to 2023, the balance of which were undertaken by various property developer companies in Sabah. In this regard, LPPB has acknowledged that our Group has been able to garner a significant market share due to our ability to deliver feasible and innovative development proposals that meet the states' requirements.

Our Sponsor is of the view that, notwithstanding the dependency on LPPB for our Group's project pipelines, our Group has made efforts to diversify our projects and will not be entirely dependent on LPPB for the foreseeable duration up to 2026, for example, the Alamesra project, which is not a LPPB project, is estimated at a total GDV of RM863.1 million. The Logg, which is estimated at approximately RM1.0 billion GDV, will wholly belong to our Group upon full payment of the LPPB's entitlements. In comparison, the on-going and future projects our Group is undertaking as design and build construction service provider to LPPB amounts to RM421.0 million. Nonetheless, our Group will continue bidding for tenders organised by LPPB as long as the project is feasible and profitable.

### **7.16 MAJOR SUPPLIERS**

Our main suppliers primarily comprise building materials suppliers, subcontractors and professional consultants for civil, mechanical and structural works, architects, surveyors and town planners to assist in our development and construction activities. We also appoint property agencies to sell and market our properties.

The appointment of subcontractors and professional consultants varies every year depending on the requirements of the projects. The appointment of subcontractors is conducted through tenders by invitation and the appointment of consultants are conducted through direct appointment. We select our building materials suppliers, subcontractors and consultants depending on the specific needs of the projects, and as such, we will assess the quality and pricing of the products and/or services supplied, financial strength and track record of the building materials suppliers, subcontractors and consultants, amongst others. The contribution towards the GDC from our building materials suppliers, subcontractors and consultants in each of FYE 2020, FYE 2021 and FYE 2022 depends on the stages of completion of the respective projects and the amount of costs incurred with them in that particular financial year.

## 7. BUSINESS OVERVIEW (Cont'd)

Our top 5 major suppliers for FYE 2020 to 2022 are as follows:

### FYE 2020

No.	Supplier	Main products / Services sourced	Value of purchases in FYE 2020		Length of relationship as at FYE 2020 Years <sup>(1)</sup>
			RM'000	%	
1.	Sinohydro Corporation (M) Sdn Bhd	Subcontracted services for piling and basement construction works	21,324	25.3	2
2.	Teamcons Resources Sdn Bhd	Subcontracted services for M&E works	6,368	7.6	5
3.	Gasuka Engineering and Construction	Subcontracted services for architectural and drainage works	5,248	6.2	5
4.	MRR Precast Construction Sdn Bhd	Subcontracted services for IBS panel installations	4,158	4.9	3
5.	CAB Construction Sdn Bhd	Subcontracted services for structural and architectural works	2,935	3.5	6
<b>Total value of purchases</b>			<b>40,033</b>	<b>47.5</b>	

### FYE 2021

No.	Supplier	Main products / Services sourced	Value of purchases in FYE 2021		Length of relationship as at FYE 2021 Years <sup>(1)</sup>
			RM'000	%	
1.	MRR Precast Construction Sdn Bhd	Subcontracted services for IBS panel installations	8,825	12.3	4
2.	Sinohydro Corporation (M) Sdn Bhd	Subcontracted services for piling and basement construction works	6,090	8.5	3
3.	Gasuka Engineering and Construction	Subcontracted services for architectural and drainage works	4,609	6.4	6
4.	CAB Construction Sdn Bhd	Subcontracted services for structural and architectural works	4,111	5.8	7
5.	Teamcons Resources Sdn Bhd	Subcontracted services for M&E works	3,231	4.5	6
<b>Total value of purchases</b>			<b>26,866</b>	<b>37.5</b>	

**7. BUSINESS OVERVIEW (Cont'd)****FYE 2022**

No.	Supplier	Main products / Services sourced	Value of purchases in FYE 2022		Length of relationship as at FYE 2022 Years <sup>(1)</sup>
			RM'000	%	
1.	MRR Precast Construction Sdn Bhd	Subcontracted services for IBS panel installations	22,102	22.3	5
2.	Viktori Holdings Sdn Bhd	Subcontracted services for floor slab works / IBS panel installations	14,665	14.8	1
3.	Sinohydro Corporation (M) Sdn Bhd	Subcontracted services for piling and basement construction works	12,190	12.3	4
4.	Teamcons Resources Sdn Bhd	Subcontracted services for M&E works	6,336	6.4	7
5.	Sing Yung Steel Sdn Bhd	Supply of steel bar	6,230	6.3	1
<b>Total value of purchases</b>			<b>61,523</b>	<b>62.1</b>	

**Note:**

<sup>(1)</sup> The length of the relationship as at the respective financial year.

For the FYE 2020 to 2022, our purchases from our top 5 major suppliers accounted for 47.5%, 37.5% and 62.1% of our total purchase respectively.

We are not dependent on any of our top 5 major suppliers as we are able to source the same products and services from alternative suppliers locally. Nevertheless, we are dependent on our suppliers for the purchase of cement due to the limited cement manufacturers available in Sabah. Further, for FYE 2020 to 2022 we had engaged 18, 21 and 32 subcontractors respectively to carry out construction works for our Group.

**7.17 FUTURE PLANS AND BUSINESS STRATEGIES****7.17.1 We intend to expand our Group's property development business through the acquisition of landbank for future projects in Sabah**

We intend to expand our Group's property development business in Sabah through the acquisition of landbank for future projects that meet the demand of the property market in Sabah, primarily for residential properties. Further, we may also enter into joint venture agreement with landowners to develop property projects in Sabah, which will be dependent upon the latest market conditions, outcome of the feasibility studies undertaken and the estimated profitability of the joint venture(s). The continued growth of our Group's property development business is supported by our well-established history of 39 years, our proven track record as a property developer, and positive market acceptance of our past projects.

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## **7. BUSINESS OVERVIEW (Cont'd)**

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In this regard, we intend to acquire more landbanks for the development of future projects in Sabah. To mitigate risks, we will also seek development sites which have obtained the relevant planning and development consents in place, thus providing us with greater certainty and a quicker turnaround time from acquisition to launch. This is because with the relevant planning and development consents in place, we are able to immediately commence construction works and to have better clarity on the duration and expected completion date of a project. This is in contrast to the seeking of landbanks for development as time is required to negotiate the terms and conditions for the purchase of the land, as well as to submit the development plan to relevant authorities in which the duration to obtain the approvals are generally longer and less certain. Where appropriate, we will explore potential joint ventures to develop property projects in Sabah by leveraging on the background and financial standing of suitable partners and our expertise and experience accumulated over the years, to undertake more property development projects.

As at LPD, our Group is in the midst of completing the acquisition of Alamesra Lands, which is earmarked for our future project in Alamesra, Kota Kinabalu, from Millennium Amber Sdn Bhd (non-related party). Such acquisition is conditional upon, among others, our Group's solicitors' receipt of the Permission to Transfer and Charge and the duly executed and registrable memorandum of amendment in relation to the Permission to Transfer and Charge (expected to be obtained by November 2023). Further details of our future project on Alamesra Lands, including details on the expected commencement date and expected completion date for the respective phases of the project, are as set out in Section 7.3.2.3. We intend to utilise RM[•] million from the proceeds raised from our Public Issue, within 12 months from our Listing, to fund the acquisition of the said lands in Alamesra, Kota Kinabalu. The balance purchase price of RM[•] million will be funded via bank borrowings which our Group has secured a letter of offer from Hong Leong Islamic Bank for such purpose. However, in the event of a deficit, we shall finance such shortfall from our internally generated funds and/or bank borrowings. Any unutilised proceeds will be allocated for working capital purposes, and such variation shall, if required, be publicly announced and subject to our shareholders' approval pursuant to Rule 8.24 of the Listing Requirements. Further details on the utilisation of these proceeds are as set out in Section 4.9.1(a).

Notwithstanding the above strategies, this does not preclude us from identifying suitable landbank without existing development consents or joint venture, should the opportunity arise. In this respect, we have also identified a parcel of land, measuring approximately 82.0 acres in Tuaran, for which we have commenced negotiations with the landowner to acquire the land. The identified parcel of land in Tuaran does not have the relevant planning and development consents in place. Our Group expects to enter into a joint venture agreement with parcel owner within 12 months from our Listing, upon which planning and development activities will take place. Our Group estimates a duration of 1 year for the planning and development activities until which the relevant planning and development consents are expected to be obtained from the authorities before construction works can commence. Our Group estimates that it will take approximately 5 years to complete the project's overall construction works (i.e. construction works will be carried out by phases of development) and to deliver the vacant possession to end-buyers. Overall, assuming each of the foregoing steps are realised within the expected timeframe, our Group estimates that it will take approximately 7 years to complete the project.

In addition to the above, we will also continue to identify potential sites with close proximity / similar locations to our completed and/or on-going projects based on the market acceptance of these completed and/or on-going projects; and which have well-developed infrastructure and amenities in the surrounding areas to continue expanding our Group's property development business in Sabah. In this regard, we plan to continue identifying potential sites within the districts of Kota Kinabalu, Tuaran, Sandakan, Lahad Datu and Papar. We believe that future development projects in these areas will receive positive market acceptance based on the past performance of our completed and/or on-going projects.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.17.2 We intend to further strengthen our market presence as an established property developer in Sabah

We intend to further strengthen our market presence as a property developer in Sabah by leveraging on the following:

- (a) the positive market acceptance of our projects;
- (b) our long standing and extensive knowledge and experience on the economic prospects in Sabah; and
- (c) our understanding of the residential, commercial and mixed development property market in Sabah.

We plan to leverage on the abovementioned to further strengthen our market presence as an established property developer in Sabah, and consequently to increase our portfolio of completed design and build construction projects and property development projects in Sabah.

As at LPD, our Group has on-going and future design and build construction projects and property development projects, with further details as set out in Sections 7.3.1.3, 7.3.2.2 and 7.3.2.3 respectively. Among these projects, we have allocated RM[•] million from the proceeds raised from our Public Issue, to be utilised within 12 months from our Listing, as working capital to partly finance the construction of our property development project, namely The Logg, with further details as follow:

Project	Type of project	Expected date of completion	Estimated GDC (excluding land and cost) <sup>(1)</sup>	Allocation of proceeds raised from our Public Issue
The Logg, Luyang, Sabah	Mixed development	December 2025	RM686.2 million	RM[•] million

**Note:**

- <sup>(1)</sup> Comprise construction costs, professional fees, local authority fees, topographic survey, site investigation report and subdivision and subsidiary titles, conversion premium, marketing expenses, management cost, other fees and contingency cost.

Further details on the utilisation of these proceeds are as set out in Section 4.9.1(d). The completion of our on-going projects will increase our portfolio of residential and mixed development properties for sale in Sabah. It will strengthen our position in the property market in Sabah, primarily in the development of residential and mixed development projects, which is in line with our plan to further strengthen our market presence as an established property developer in Sabah.

### 7.17.3 We intend to expand the production capability of our casting activities with the addition of a new IBS production line to produce hollow core slabs to supplement our existing range of IBS components manufactured

As at LPD, our Group manufactures beams (i.e. parapet beam), floor slabs (i.e. staircases, landing slabs, and steps and half slabs) and exterior and interior wall panels (i.e. panel walls and parapet walls) using our existing IBS production lines. We have 2 casting yards, located in Tuaran (2 lines) and Kinarut (3 lines), Sabah, respectively to manufacture IBS components in which the existing 5 IBS production lines in Tuaran and Kinarut are able to manufacture all existing range of IBS components. As our Group's IBS components are manufactured for our own projects, the production and inventory are planned according to individual project needs which are dependent on factors such as type and volume required, daily manufacturing capacity, construction progress, delivery schedule and inventory space available. Our Group may store up to 3 months of inventory depending on construction requirements.

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**7. BUSINESS OVERVIEW (Cont'd)**

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Our casting yard in Tuaran has a land area of approximately 102,000 sq ft while our casting yard in Kinarut has a land area of approximately 653,000 sq ft. Ready mix concrete that are used in the manufacturing of our IBS components are produced in our batching plant that is assembled within our Tuaran and Kinarut casting yards, respectively. As at LPD, we are operating from our casting yard in Tuaran which is located adjacent to our existing projects, to cater to the particular project needs and are also transported to our Group's other project sites for assembly and installation. The manufacturing of IBS components at our casting yard in Tuaran is supported by 2 IBS production lines. Notwithstanding that, our casting yard in Kinarut is temporarily not in operations as at LPD as the supply of IBS components to its allocated project sites has been completed. Our Group intends to recommence the operations of our casting yard in Kinarut, Sabah to begin producing hollow core slabs. In line with this, we intend to purchase a new IBS production line to produce hollow core slabs which we plan to install at our Kinarut casting yard. Our Group had not outsourced the production of hollow core slabs prior to this as the planning and design of our completed and on-going projects does not involve the use of hollow core slabs. Prior to commencement of operations of such new IBS production line, our Group will obtain the requisite licences from the relevant authorities, namely the manufacturing licence from MITI, Certificate of Standard Compliance for ready-mixed concrete from CIDB Sabah and the IBS-IMPACT certificate for hollow core slabs from CIDB.

The manufacturing of hollow core slabs will expand our Group's production capability as it supplements our existing range of IBS components manufactured. The adoption of hollow core slabs, which are used as concrete flooring for parking podiums, will expedite the process and duration for the construction of parking podiums as well as reduce the dependency on on-site labour as compared to conventional construction methods. Having said that, the new IBS production line can also be used to manufacture the existing range of IBS components to cater to our project needs, as and when required. Together with the IBS components that we currently produce, the production of hollow core slabs will collectively contribute to shorter overall construction time for our projects. The difference between our existing IBS production lines and the new IBS production line to be acquired is that the new IBS production line will have an additional prestressing machine. Prestressing is a process where tension is applied to the high tensile strength and low relaxation steel wire throughout the concrete drying process to reinforce the concrete, thus allowing the hollow core slabs to overcome the concrete's natural weakness in tension and facilitating longer spans between bearing points. As the hollow core slabs that our Group intends to manufacture require prestressing, we are required to invest in a new IBS production line in order to produce the hollow core slabs.

Further, despite the temporary disruption to our casting yard activities during the period of the COVID-19 pandemic, there were no delays in the delivery of IBS components to our project sites and no delays on the delivery of our projects. Our Group's ability to complete our projects on time despite the disruptions to operations during the pandemic had demonstrated that the adoption of IBS construction technique is able to shorten construction times, thus underpinning our Group's rationale to invest in a new IBS production line to produce hollow core slabs to supplement our existing range of IBS components manufactured. The new IBS production line is estimated to be able to achieve an annual manufacturing capacity of 16,100 m<sup>3</sup> in a year (i.e. derived based on the assumption that 24,180 m<sup>3</sup> of IBS components are manufactured in Kinarut in 2019 and an approximate 261,000 sq ft of land area was utilised to cater to the manufactured volume. This gives a calculation of 0.0926 m<sup>3</sup> of IBS components manufactured per sq ft. As a start, we intend to utilise an approximate 174,000 sq ft of our casting yard in Kinarut for the new IBS production line. Based on the calculation of 0.0926 m<sup>3</sup> of IBS component manufactured per sq ft, we will be able to achieve an estimated annual manufacturing capacity of 16,100 m<sup>3</sup>).



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## **7. BUSINESS OVERVIEW (Cont'd)**

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The cost of the new IBS production line (including a batching and mixing plant to support the operations of our IBS production line) is estimated to amount to RM9.7 million. We intend to utilise RM[•] million from the proceeds raised from our Public Issue, within 24 months from our Listing, to fund the purchase of the new IBS production line, including the batching and mixing plant. The balance RM[•] million will be funded via internally generated funds and/or bank borrowings, as needed. Further details on the utilisation of these proceeds are as set out in Section 4.9.1(b).

Further, as at LPD, our casting yard in Kinarut has 3 IBS production lines to manufacture our existing range of IBS components. As our future project in Alamesra is expected to commence construction in September 2023, we will relocate these 3 IBS production lines (including the batching plant) to a temporary casting yard located within Alamesra project site for safer and quicker transportation. This is because the transportation of IBS components such as wall panels have to be placed vertically during transportation. Thus, the height of the wall panels, when transported, may increase the possibility of accidents such as hitting overhead power and telecommunication cables. Hence, with the relocation of the IBS production lines to a site within our Alamesra project site, it can eliminate the occurrence of such accidents, as well as reduce transportation time and cost as the distance between our Alamesra project site and Kinarut casting yard is approximately 35 km. However, for hollow core slabs, it can be stacked on top of one another during transportation and hence will not likely cause similar accidents. The selection of Kinarut casting yard for the manufacturing of hollow core slabs is also due to the mechanism of the IBS production line for hollow core slabs that requires permanent installation that cannot be dismantled for relocation, which necessitates its installation at our Kinarut casting yard (for further clarity, our Group will dismantle the temporary casting yard within our Alamesra project site once the project has been completed).

### **7.17.4 We intend to upgrade our software and systems to further enhance our operational efficiency**

In anticipation of future business growth and expansion as well as to support the day-to-day operations of our Group, we intend to upgrade our software and systems to support and enhance our business operations in the following manner:

- (a) to purchase a resource planning, scheduling and management software to manage the production planning and inventory management of our IBS activities;
- (b) to purchase an accounting system to enhance the operational efficiencies of our financial and accounting functions; and
- (c) to purchase a payroll and human resource system to improve the administration of our human resource and staff payroll functions.

We intend to utilise RM[•] million from the proceeds raised from our Public Issue, within 6 months from our Listing, to fund the purchase of the abovementioned software and systems. Further details of the software and systems to be purchased and the utilisation of these proceeds are as set out in Section 4.9.1(c).