NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF KTI LANDMARK BERHAD ("KTI LANDMARK" OR THE "COMPANY") DATED 21 MAY 2024 ("ELECTRONIC PROSPECTUS")

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad's ("**Bursa Securities**") website at www.bursamalaysia.com ("**Website**").

Availability and Location of Paper/Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, M & A Securities Sdn Bhd ("**M&A Securities**"), or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Form is not available in electronic format.

Jurisdictional Disclaimer

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, M&A Securities and KTI Landmark take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

Close of Application

Applications will be accepted from 10.00 a.m. on 21 May 2024 and will close at 5.00 p.m. on 4 June 2024.

In the event the Closing Date is extended, KTI Landmark will advertise the notice of the extension in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia prior to the original Closing Date, and make an announcement on Bursa Securities' website.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users' access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.

KTI

Keep Transcending Ideas

KTI Landmark Berhad (1179087-X)
Lot 221 & 222, Taman Nelly 9, Phase 4, Shoplot,
Lorong Nelly Plaza,Jalan Nountun, Kolombong,
88844, Kota Kinabalu, Sabah

KTI LANDMARK BHD • PROSPECTUS

KTI LANDMARK BERHAD

(Registration No. 201601008159 (1179087-X)) (Incorporated in Malaysia)

PROSPECTUS

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING:

(I) PUBLIC ISSUE OF 160,000,000 NEW ORDINARY SHARES IN OUR COMPANY ("SHARES") IN THE FOLLOWING MANNER:

- 40,000,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 40,000,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP; AND
- 80,000,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY ("MITI");

AND

(II) OFFER FOR SALE OF 45,000,000 EXISTING SHARES IN THE FOLLOWING MANNER:

- 20,000,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY MITI; AND
- 25,000,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS,

AT AN ISSUE / OFFER PRICE OF RM0.30 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

Adviser, Sponsor, Underwriter and Placement Agent

M&A

M & A SECURITIES SDN BHD
(Registration No. 197301001503 (15017-H))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Bursa Securities has approved the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities and this Prospectus has been registered by the Bursa Securities. The approval of the listing of and quotation for our entire enlarged issued share capital in the ACE Market of Bursa Securities and registration of this Prospectus, should not be taken to indicate that the Bursa Securities recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. Bursa Securities has not, in any way, considered the merits of the securities being offered for investment. Bursa Securities is not liable for any non-disclosure on the part of the company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 203.

THE ACE MARKET IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

This Prospectus is dated 21 May 2024

Our Directors, Promoters and Selling Shareholders (as defined herein) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in the Prospectus false or misleading.

M & A Securities Sdn Bhd, being our Adviser, Sponsor, Underwriter and Placement Agent to our IPO (as defined herein), acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

This Prospectus, together with the Application Form (as defined herein), has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

Investors should note that they may seek recourse under Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 ("**CMSA**") for breaches of securities laws including any statement in the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to our Group (as defined herein).

Shares are offered to the public premised on full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

Approval has been obtained from Bursa Securities for the listing of and quotation for our IPO Shares (as defined herein) on 23 November 2023. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares. The valuation utilised for the purpose of the IPO should not be construed as an endorsement by Bursa Securities, on the value of the subject assets.

The Securities Commission Malaysia ("**SC**") had on 24 November 2023 approved the resultant equity structure of our Company under the Bumiputera equity requirements for public listed companies pursuant to our Listing (as defined herein).

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for our IPO Shares would be in compliance with the terms of our IPO as stated in our Prospectus and the Application Form and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither us nor our Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with Bursa Securities are the same.

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined herein) may be subject to the risks of problems occurring during the data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of an Electronic Prospectus, you should immediately request from us, the Adviser or Issuing House (as defined herein), a paper printed copy of this Prospectus.

In the event of any discrepancy arising between the contents of the electronic and the contents of the paper printed copy of this Prospectus for any reason whatsoever, the contents of the paper printed copy of this Prospectus which are identical to the copy of the Prospectus registered with Bursa Securities shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "**Third Party Internet Sites**"), whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

(a) We and our Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;

(b) We and our Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance of any data, information, files or other material provided by such parties; and

(c) Any data, information, files or other material downloaded from Third Party Internet Sites is done at your own discretion and risk. We and our Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

(a) The Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions and shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and

(b) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the internet participating financial institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

All terms used are defined under "Definitions" commencing from page vii.

The indicative timing of events leading to our Listing is set out below:

Events	Indicative date
Issuance of this Prospectus / Opening of Application	21 May 2024
Closing of Application	4 June 2024
Balloting of Application	7 June 2024
Allotment / Transfer of IPO Shares to successful applicants	14 June 2024
Date of Listing	19 June 2024

In the event there is any change to the timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All terms used in this section are defined under "Definitions" commencing from page vii.

All references to "KTI Landmark" and "Company" in this Prospectus are to KTI Landmark Berhad (formerly known as KTI Property Berhad) (Registration No: 201601008159 (1179087-X)). Unless otherwise stated, references to "Group" are to our Company and our subsidiaries taken as a whole; and references to "we", "us", "our" and "ourselves" are to our Company, and, save where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to "Management" are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest thousand or million or one decimal place (for percentages) or one sen (for currency). Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in the "Definitions" and "Technical Glossary" appearing after this section. Words denoting singular shall include plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All reference to dates and times are references to dates and times in Malaysia.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our management and various third-parties and cites third-party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from the internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, such information can be assumed to originate from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Market Researcher. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly or indirectly linked to such websites do not form part of this Prospectus.

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FORWARD-LOOKING STATEMENTS

All terms used are defined under "Definitions" commencing from page vii.

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "project" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

(a) Demand for our products;

(b) Our business strategies;

(c) Our future plans;

(d) Our future earnings, cash flows and liquidity; and

(e) Our ability to pay future dividends.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

(a) The economic, political and investment environment in Malaysia; and

(b) Government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 9 – "Risk Factors" and Section 12 – "Financial Information". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

Should we become aware of any subsequent material change or development affecting matters disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment/transfer of our IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6 on Supplementary and Replacement Prospectus) of the Prospectus Guidelines of the SC.

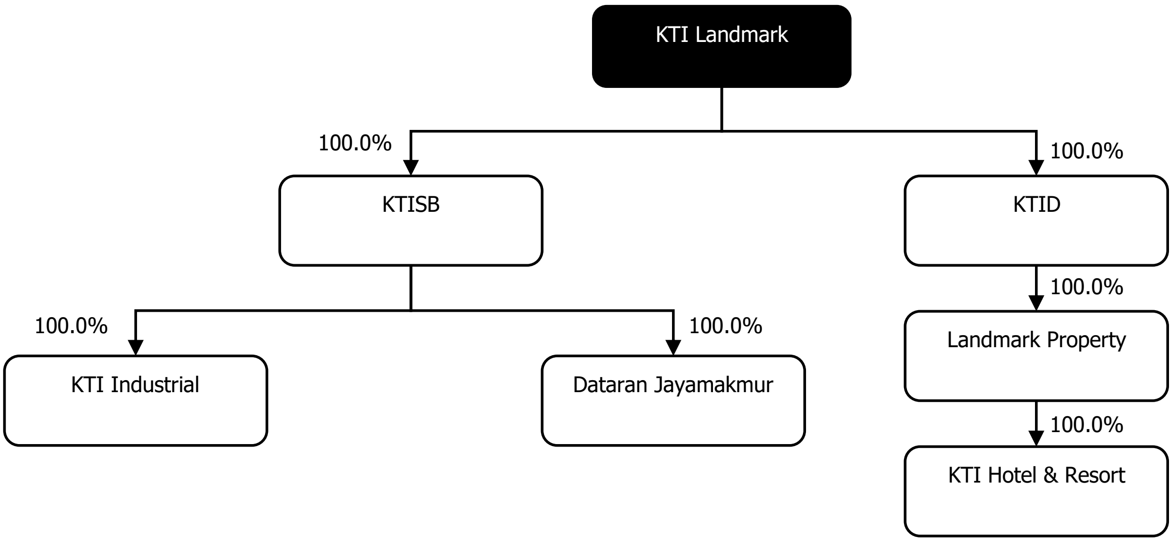
DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless otherwise defined or the context requires otherwise:

COMPANIES WITHIN OUR GROUP:

"Dataran Jayamakmur"	:	Dataran Jayamakmur Sdn Bhd (Registration No. 200201007977 (575640-T))
"KTID"	:	K.T.I Development Sdn Bhd (Registration No. 199401000292 (285970-K))
"KTI Hotel & Resort"	:	KTI Hotel & Resort Sdn Bhd (Registration No. 201601023531 (1194470-V))
"KTI Industrial"	:	K.T.I. Industrial Sdn Bhd (Registration No. 199301017923 (272661-P))
"KTI Landmark" or the "Company"	:	KTI Landmark Berhad (formerly known as KTI Property Berhad) (Registration No. 201601008159 (1179087-X))
"KTI Landmark Group" or "Group"	:	KTI Landmark and its subsidiaries, collectively
"KTISB"	:	K.T.I. Sdn Bhd (Registration No.198401013371 (125931-U))
"Landmark Property"	:	Landmark Property Sdn Bhd (Registration No. 198101012707 (78837-V))

A diagrammatic illustration of our Group structure is as follows:



GENERAL:

"ACE Market"	:	ACE Market of Bursa Securities
"Acquisitions"	:	Acquisition of KTID and Acquisition of KTISB, collectively
"Acquisition of KTID"	:	Acquisition by our Company of the entire equity interest of KTID from Chin Mee Leen and Loke Theen Fatt for a purchase consideration of RM55,719,770 which was wholly satisfied by the issuance of 331,467,997 new Shares at an issue price of RM0.1681 per share, and completed on 2 April 2024
"Acquisition of KTISB"	:	Acquisition by our Company of the entire equity interest of KTISB from Chin Mee Leen and Loke Theen Fatt for a purchase consideration of RM51,864,229 which was wholly satisfied by the issuance of 308,532,000 new Shares at an issue price of RM0.1681 per share, and completed on 2 April 2024
"Act"	:	Companies Act 2016, as amended from time to time and any re-enactment thereof
"ADA"	:	Authorised Depository Agent
"Adviser" or "Sponsor" or "Underwriter" or "Placement Agent"	:	M & A Securities
"AGM"	:	Annual general meeting
"Alamesra Lands"	:	4 individual parcels of lands measuring approximately 20.4 acres, located at Alamesra, Off Sulaman Coastal Highway, Kota Kinabalu, Sabah held under title particulars CL015719874, CL015719909, CL015719892, and CL015719918
"Application(s)"	:	Application(s) for IPO Shares by way of Application Form(s), Electronic Share Application(s) or Internet Share Application(s)
"Application Form(s)"	:	Printed application form(s) for the application of our IPO Shares accompanying this Prospectus
"BNM"	:	Bank Negara Malaysia
"Board"	:	Board of Directors of KTI Landmark
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"CAGR"	:	Compound annual growth rate
"CCC"	:	Certificate of Completion and Compliance
"CDS"	:	Central Depository System

"CDS Account"	:	Account established by Bursa Depository for a depositor for the recording and dealing in securities by the depositor
"Central Depositories Act"	:	Securities Industry (Central Depositories) Act 1991
"CIDB"	:	A body corporate by the name of "Construction Industry Development Board Malaysia" established pursuant to Section 3 of the CIDB Act
"CIDB Act"	:	Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994, as amended from time to time and any re-enactment thereof
"CMSA"	:	Capital Markets and Services Act 2007, as amended from time to time and any re-enactment thereof
"Constitution"	:	Our constitution
"COVID-19"	:	Novel coronavirus disease 2019, an infectious respiratory disease which first broke out in 2019
"Depository Rules" or "Rules of Bursa Depository"	:	Rules of Bursa Depository and any appendices thereto, as amended from time to time
"Director(s)"	:	An executive director or a non-executive director of our Company within the meaning of Section 2 of the Act
"EBIT"	:	Earnings before interest and tax
"EBITDA"	:	Earnings before interest, tax, depreciation and amortisation
"Electronic Prospectus"	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
"Electronic Share Application(s)"	:	Application(s) for IPO Shares through a Participating Financial Institution's ATM
"Eligible Person(s)"	:	Collectively, the Director(s), employee(s) and person(s) who have contributed to the success of our Group who are eligible to participate in the Pink Form Allocations
"EPS"	:	Earnings per share
"FYE"	:	Financial year(s) ended/ending 31 December, as the case may be
"Government"	:	Government of Malaysia
"GDV"	:	Gross development value
"GDC"	:	Gross development cost
"GP"	:	Gross profit
"HDA 1981"	:	Housing and Town Development Authority Enactment 1981, as amended from time to time and any re-enactment thereof

"HDE 1978"	:	Housing Development (Control and Licensing) Enactment 1978, as amended from time to time and any re-enactment thereof
"IBS-IMPACT"	:	IBS Manufacturer & Product Assessment & Certification
"IFRS"	:	International Financial Reporting Standards
"IMR" or "Smith Zander"	:	Smith Zander International Sdn Bhd (Registration No. 201301028298 (1058128-V)), our Independent Market Researcher
"IMR Report"	:	Independent Market Research Report titled "Residential Property and Shop Market, Hotel Industry and Construction Industry in Sabah"
"Independent Valuer"	:	Azmi & Co (Sabah) Sdn Bhd (Registration No. 200601012100 (731850-A)), our Independent Valuer
"Initial Public Offering" or "IPO"	:	Our initial public offering comprising the Public Issue and Offer for Sale
"Internet Participating Financial Institution(s)"	:	Participating financial institution(s) for Internet Share Application(s) as listed in Section 17.6
"Internet Share Application(s)"	:	Application(s) for IPO Shares through an online share application service provided by Internet Participating Financial Institution(s)
"IPO Price"	:	Issue / Offer price of RM0.30 per Share under our Public Issue and Offer for Sale
"IPO Share(s)"	:	Issue Share(s) and Offer Share(s), collectively
"ISO"	:	International Organisation for Standardisation
"Issue Share(s)"	:	New Share(s) to be issued under the Public Issue
"Issuing House"	:	Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H))
"Listing"	:	Listing of and quotation for our entire enlarged share capital of RM155,584,002 comprising 800,000,000 Shares on the ACE Market
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities, as amended from time to time
"Listing Scheme"	:	Comprising the Public Issue, Offer for Sale and Listing, collectively
"LPD"	:	22 April 2024, being the latest practicable date for ascertaining certain information contained in this Prospectus
"LPPB"	:	Lembaga Pembangunan Perumahan Dan Bandar (Housing and Town Development Board)
"M & A Securities"	:	M & A Securities Sdn Bhd (Registration No. 197301001503 (15017-H))

"Malaysian Public"	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia, but excluding the Directors of KTI Landmark Group, substantial shareholders of KTI Landmark and persons connected or associated with them (as defined by the Listing Requirements)
"Market Day"	:	Any day between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities. This may include a day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year
"MCCG"	:	Malaysian Code on Corporate Governance, as amended from time to time
"MCO"	:	The nationwide Movement Control Order implemented by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
"MFRS"	:	Malaysian Financial Reporting Standards
"MHG"	:	Minor Hotel Group Limited (Registration No. 0105531001613)
"MIDA"	:	Malaysian Investment Development Authority
"MITI"	:	Ministry of Investment, Trade and Industry
"NA"	:	Net assets
"NBV"	:	Net book value
"Offer for Sale"	:	Offer for sale of 45,000,000 Offer Shares by our Selling Shareholders at our IPO Price
"Offer Share(s)"	:	45,000,000 existing Share(s) to be offered by our Selling Shareholders pursuant to the Offer for Sale
"Participating Financial Institution(s)"	:	Participating financial institution(s) for Electronic Share Application(s) as listed in Section 17.5
"PAT"	:	Profit after tax
"PBT"	:	Profit before tax
"PE Multiple"	:	Price-to-earnings multiple
"Permission to Transfer"	:	The relevant land registry's written permission to transfer and charge the parcel of land with title particulars CL015719874 (which is being acquired by our Group from Millennium Amber Sdn Bhd, a non-related party) to our Group and our financier, respectively
"Pink Form Allocations"	:	Allocation of 40,000,000 Issue Shares to Eligible Person(s), which forms part of our Public Issue

"PPAM"	:	Perumahan Pejawat Awam Malaysia (formerly known as Perumahan Pejawat Awam 1 Malaysia (PPA1M))
"Promoter(s)"	:	Chin Mee Leen, Loke Theen Fatt, Stella Loke Pei Wen, Wilson Loke Choon Syn and Loke Pei Lee, collectively
"Prospectus"	:	This prospectus dated 21 May 2024 in relation to our IPO
"Public Issue"	:	Public issue of 160,000,000 Issue Shares at our IPO Price
"ROC"	:	Registrar of Companies
"SC"	:	Securities Commission Malaysia
"Selling Shareholder(s)"	:	Chin Mee Leen and Loke Theen Fatt, collectively
"Share(s)" or "KTI Share(s)"	:	Ordinary share(s) in KTI Landmark
"SICDA"	:	Securities Industry (Central Depositories) Act 1991, as amended from time to time and any re-enactment thereof
"SOP"	:	Standard operating procedures
"Specified Shareholder(s)"	:	Chin Mee Leen, Loke Theen Fatt, Stella Loke Pei Wen, Wilson Loke Choon Syn and Loke Pei Lee, collectively
"Underwriting Agreement"	:	Underwriting agreement dated 16 April 2024 entered into between our Company and our Underwriter for the purpose of our IPO
"USA"	:	United States of America

CURRENCY AND UNITS:

"RM" or "sen"	:	Ringgit Malaysia and sen respectively
"m^3"	:	Cubic meter
"sq ft"	:	Square feet

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TECHNICAL GLOSSARY

This glossary contains an explanation of certain terms used throughout this Prospectus in connection with our Group's business. The terminologies and their meanings may not correspond to the standard industry usage of these terms:

"APDL"	:	Advertising Permit and Developer License, an approval granted by the local housing ministry that allows developers to advertise and sell the particular property development applied under the APDL
"aggregate"	:	A category of construction material made out of a combination of, amongst others, sand, gravel, crushed stone and/or recycled concrete
"alfresco kiosk"	:	An outdoor kiosk for retail activities
"batching plant"	:	A facility to produce ready mix concrete
"beams"	:	Long horizontal concrete, manufactured or shaped for use as parts of structures
"CCTV"	:	Closed-circuit television, a system comprising surveillance cameras installed in specific places and a monitoring program (comprising various hardware and software) used for the purpose of security monitoring
"crusher run"	:	Crusher run is a blended mix of coarse aggregate and fine aggregate
"development order"	:	A permission granted by the local authorities to develop a proposed project
"defect liability period"	:	A period of time after a development project has been completed where the developer is obliged to return to the site to remedy defects, if any
"IBS"	:	Industrialised building system, a construction method that utilises techniques, products, components and/or building systems which involve prefabricated components and onsite installation
"LAD"	:	Liquidated and ascertained damages, damages due to a customer calculated at a rate as stated in the contract agreement when a developer fails to deliver the completed work within a period stipulated in the said contract agreement
"landbank"	:	Lands owned for future sale or development
"M&E"	:	Mechanical and electrical, a branch of engineering works involving the mechanical and electrical systems in buildings such as heat, ventilation and air-conditioning systems, fire protection systems, building control systems, escalators and lifts, plumbing works and electrical wiring works
"OC/CFO"	:	Occupation Certificate / Certificate of Fitness for Occupation, a certificate issued by local authority to certify that the building has been built in compliance with the building by-laws and is in a condition suitable for occupation

TECHNICAL GLOSSARY *(Cont'd)*

"precast concrete"	:	A construction product produced by casting concrete in a mould offsite before sending to the construction site for installation
"QLASSIC"	:	Quality Assessment System in Construction, a system or method to measure and evaluate the workmanship quality of a building construction work based on Construction Industry Standard (CIS7:2006). QLASSIC enables the quality of workmanship between construction projects to be objectively compared through a scoring system
"slabs"	:	A large flat piece of concrete, manufactured or shaped for use as parts of structures
"substation"	:	A subsidiary power station of a power generation, transmission and distribution system to distribute power to houses, shops and buildings
"vacant possession"	:	The delivery of housekeys to home buyers

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Registration No.: 201601008159 (1179087-X)

1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Designation	Residential address	Nationality / Profession	Gender
Dato' Haji Hamzah Bin Haji Ghazalli	Independent Non-Executive Chairman	317, Lorong Rajawali 1 Taman Paroi Jaya 70400 Seremban Negeri Sembilan	Malaysian / Director	Male
Loke Theen Fatt	Managing Director (Non-Independent) / Chief Executive Officer	1, Lorong Bestari 2 Taman Bestari, Luyang 88300 Kota Kinabalu Sabah	Malaysian / Director	Male
Stella Loke Pei Wen	Executive Director (Non-Independent)	1, Lorong Bestari 2 Taman Bestari, Luyang 88300 Kota Kinabalu Sabah	Malaysian / Director	Female
Wilson Loke Choon Syn	Executive Director (Non-Independent)	1, Lorong Bestari 2 Taman Bestari, Luyang 88300 Kota Kinabalu Sabah	Malaysian / Director	Male
Datuk Tan Kok Liang	Independent Non-Executive Director	4, Lorong 2 Jalan Damai Taman Alpha 88300 Kota Kinabalu Sabah	Malaysian / Chartered Accountant	Male
Lim Guik Moi	Independent Non-Executive Director	11 Lorong Selungsung A Taman Sempelang Sembulan 88100 Kota Kinabalu Sabah	Malaysian / Chartered Accountant	Female
Chua Chai Hua	Independent Non-Executive Director	Unit 23A-3 Bay 21 Condominium Jalan Teluk Likas 88400 Kota Kinabalu Sabah	Malaysian / Director	Male

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Lim Guik Moi	Chairperson	Independent Non-Executive Director
Datuk Tan Kok Liang	Member	Independent Non-Executive Director
Chua Chai Hua	Member	Independent Non-Executive Director

NOMINATING AND REMUNERATION COMMITTEE

Name	Designation	Directorship
Datuk Tan Kok Liang	Chairperson	Independent Non-Executive Director
Lim Guik Moi	Member	Independent Non-Executive Director
Chua Chai Hua	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY *(Cont'd)*

COMPANY SECRETARIES	:	Wong Peir Chyun (MAICSA 7018710) SSM Practising Certificate No.: 202008001742 *(Chartered Secretary and Associate of the Malaysian Institute of Chartered Secretaries and Administrators)* Lau Yen Hoon (MAICSA 7061368) SSM Practising Certificate No.: 202008002143 *(Chartered Secretary and Associate of the Malaysian Institute of Chartered Secretaries and Administrators)* Unit 30-01, Level 30, Tower A Vertical Business Suite, Avenue 3 Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Telephone: 03-2783 9191
REGISTERED OFFICE	:	Lot 221 & 222, Taman Nelly 9 Phase 4 Shoplot, Lorong Nelly Plaza Jalan Nountun, Kolombong 88844 Kota Kinabalu Sabah Telephone: 088-431 366
HEAD OFFICE	:	Lot 220 (Ground Floor), 221 (Ground Floor and 1st Floor) and 222 (Ground Floor to 3rd Floor), Taman Nelly 9 Phase 4 Shoplot, Lorong Nelly Plaza Jalan Nountun, Kolombong 88844 Kota Kinabalu Sabah Telephone: 088-431 366
EMAIL ADDRESS AND WEBSITE	:	Website: www.ktilandmark.com.my Email address: info@ktiproperty.com.my
AUDITORS AND REPORTING ACCOUNTANTS FOR OUR LISTING	:	**Moore Stephens Associates PLT** (LLP0000963-LCA & AF002096) Unit 3.3A, 3rd Floor, Surian Tower No 1, Jalan PJU 7/3, Mutiara Damansara 47810 Petaling Jaya Selangor Telephone: 03-7724 1033 Partner-in-charge: Tan Kei Hui (Chartered Accountant) Approved number: 03429/04/2025 J *(Chartered Accountant, Member of Malaysian Institute of Accountants and Fellow of Association of Chartered Certified Accountants)*

1. CORPORATE DIRECTORY *(Cont'd)*

ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT	:	**M & A Securities Sdn Bhd** (Registration No. 197301001503 (15017-H)) 45 & 47, Levels 3 and 7 The Boulevard Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Telephone: 03-2284 2911
SOLICITORS FOR OUR LISTING	:	**Rosli Dahlan Saravana Partnership** Level 16, Menara 1 Dutamas 1, Jalan Dutamas 1 Solaris Dutamas 50480 Kuala Lumpur Telephone: 03-6209 5400
SOLICITORS FOR OUR LISTING IN RESPECT OF SABAH LAW	:	**Jayasuriya Kah & Co** Suite 208, 2nd Floor Wisma Sabah 88000 Kota Kinabalu Sabah Telephone: 088-242 311
SHARE REGISTRAR AND ISSUING HOUSE	:	**Tricor Investor & Issuing House Services Sdn Bhd** (Registration No. 197101000970 (11324-H)) Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3 Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Telephone: 03-2783 9299
INDEPENDENT MARKET RESEARCHER	:	**Smith Zander International Sdn Bhd** (Registration No. 201301028298 (1058128-V)) 15-01, Level 15 Menara MBMR 1, Jalan Syed Putra 58000 Kuala Lumpur Person-in-charge: Dennis Tan Tze Wen *(Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada)* Telephone: 03-2732 7537

1. CORPORATE DIRECTORY *(Cont'd)*

INDEPENDENT VALUER	:	**Azmi & Co (Sabah) Sdn Bhd** (Registration No. 200601012100 (731850-A)) Unit No. P1/D/19/3A, 4th Floor, Block D KK Times Square, Signature Office Off Coastal Highway 88100 Kota Kinabalu Sabah Telephone: 088-262 291 Valuer-in-charge: Sr. Wong Chaw Kok, MRICS, MRISM, ACIA Registration number: V-0354 (Chartered Surveyor and Registered Valuer, Board of Valuers, Appraisers, Estate Agents and Property Managers)
LISTING SOUGHT	:	ACE Market

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2. PROSPECTUS SUMMARY

This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding on whether to invest in our Shares.

2.1 PRINCIPAL DETAILS OF IPO

The following details relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text.

	Public Issue		**Offer for Sale**		**Total**	
	No. of Shares	**(1)%**	**No. of Shares**	**(1)%**	**No. of Shares**	**(1)%**
Malaysian Public	40,000,000	5.0	-	-	40,000,000	5.0
Pink Form Allocations	40,000,000	5.0	-	-	40,000,000	5.0
Private placement:						
• Bumiputera investors approved by MITI	80,000,000	10.0	20,000,000	2.5	100,000,000	12.5
• Selected investors	-	-	25,000,000	3.1	25,000,000	3.1
	160,000,000	**20.0**	**45,000,000**	**5.6**	**205,000,000**	**25.6**

Enlarged no. of Shares upon Listing	800,000,000
IPO Price per Share	RM0.30
Market capitalisation (calculated based on our IPO Price and enlarged number of Shares upon Listing)	RM240,000,000

Note:

(1) Based on our enlarged share capital of 800,000,000 Shares after our IPO.

Further details of our IPO are set out in Section 4.

In compliance with Rule 3.19(1) of the Listing Requirements, our Specified Shareholders, namely Chin Mee Leen's and Loke Theen Fatt's entire shareholdings after our IPO will be held under moratorium for 6 months from the date of our admission to the Official List. Thereafter, their shareholdings amounting to 45.0% of our share capital will remain under moratorium for another 6 months. Our Specified Shareholders may sell, transfer or assign up to a maximum of one-third per annum (on a straight-line basis) of their shares held under moratorium upon expiry of the second 6 months period.

In relation thereto, our Specified Shareholders have provided undertaking not to sell, transfer or assign their shareholdings under moratorium during the abovesaid moratorium period from the date of our admission to the Official List.

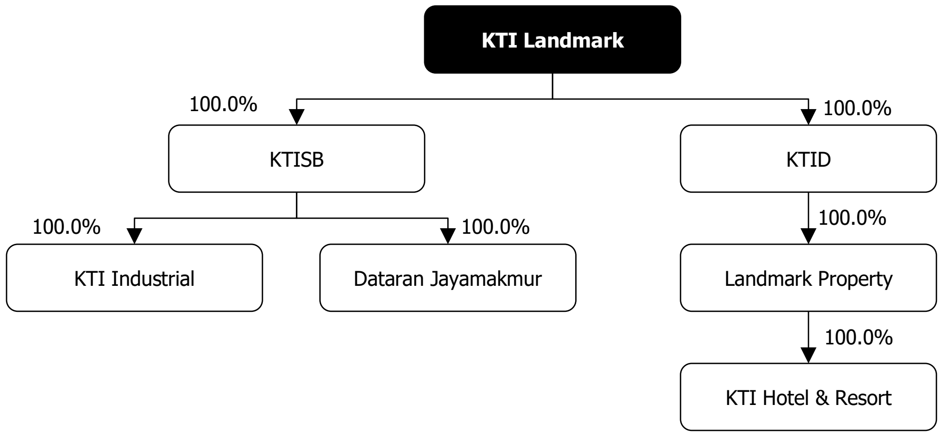
Further details on the moratorium on our Shares are set out in Section 3.2.

2.2 GROUP STRUCTURE, BUSINESS MODEL AND OPERATIONAL HIGHLIGHTS

Our Company was incorporated in Malaysia under the Companies Act 1965 on 10 March 2016 as a public limited company under the name of KTI Property Berhad and is deemed registered under the Act. Subsequently on 14 July 2022, our Company changed its name to KTI Landmark Berhad.

2. PROSPECTUS SUMMARY *(Cont'd)*

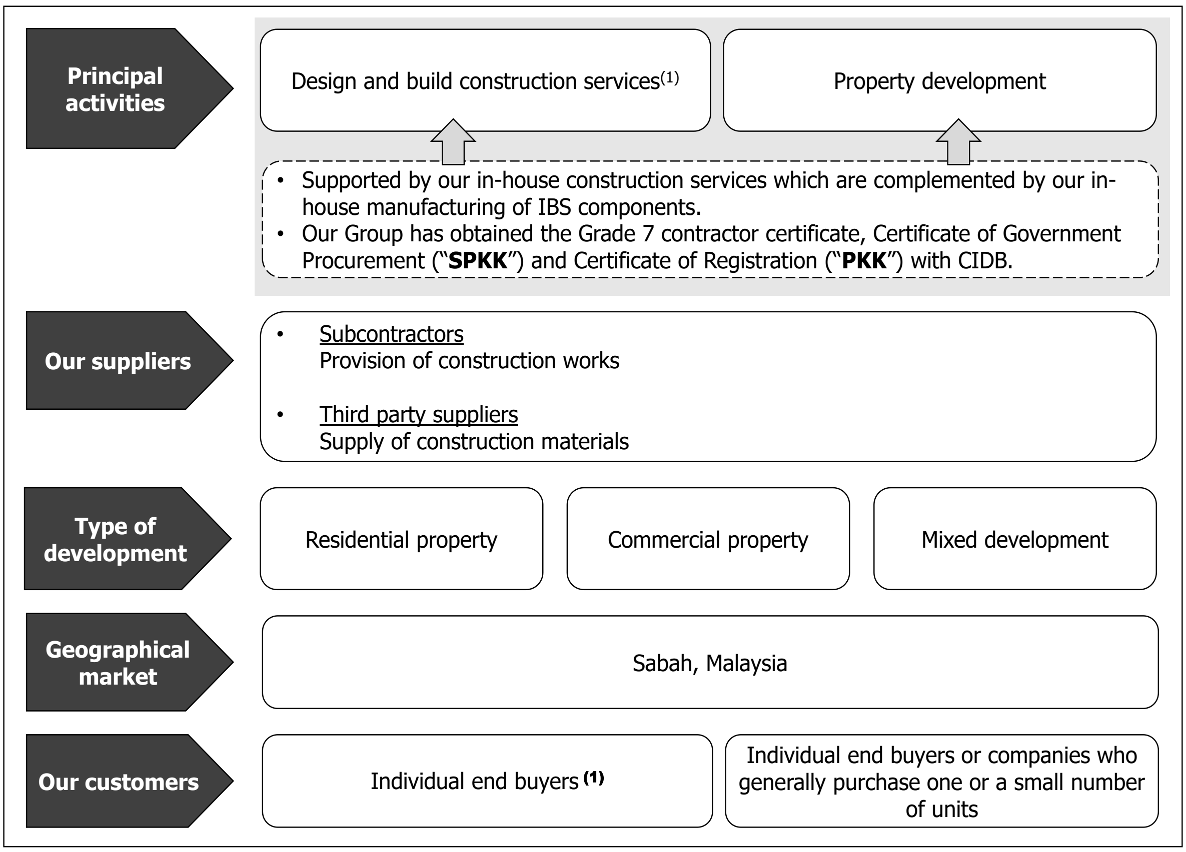
Our Company was incorporated to facilitate our Listing and our principal activities is that of an investment holding company. Our Group's structure as at LPD is as follows:



Through our subsidiaries, 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. Please refer to Section 7.3 for further details of our principal business activities.

Our design and build construction services and property development activities are 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.

We have 40 years of operating history in the property market and construction industry in Malaysia. Our Group's business model is depicted in the diagram below:



2. PROSPECTUS SUMMARY *(Cont'd)*

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.

For FYE 2020 to 2023, 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 2023:

	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
(a) Provision of design and build construction services to LPPB								
On-going developments								
Taman Seri Lemawang Phase 1A	8,328	9.2	(1)(110)	(0.1)	768	0.7	-	-
Taman Seri Lemawang Phase 1B(2)	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	2,595	2.1
Taman Seri Lemawang Phase 1E	-	-	-	-	3,543	3.1	25,311	21.1
Taman Seri Lemawang Phase 1F	149	0.2	9,689	9.8	6,619	5.9	264	0.2
Taman Seri Lemawang Phase 1G	38	*	13,495	13.7	11,856	10.5	6,934	5.8
Taman Seri Lemawang Phase 1H	-	-	73	0.1	21,343	18.9	11,323	9.4
Taman Seri Lemawang Phase 1I	-	-	-	-	6,011	5.3	5,198	4.3
Plaza Seri Lemawang	-	-	3,650	3.7	5,710	5.1	-	-
Plaza Lemawang 2	-	-	-	-	-	-	96	0.1
Residensi Seri Akasia (Block A and B)	-	-	8,538	8.7	13,605	12.1	6,483	5.4
Residensi Seri Akasia (Block C and D)	-	-	-	-	860	0.8	15,835	13.2
Taman Bukit Alamanda	-	-	-	-	15,490	13.7	18,127	15.1
Puncak Gloxinia Phase 2 – Block D(2)	13,299	14.8	-	-	-	-	-	-
Puncak Gloxinia Phase 2 – Block E(2)	8,088	9.0	-	-	-	-	-	-
Puncak Gloxinia Phase 2 – Block F(2)	12,823	14.2	-	-	-	-	-	-
Total on-going developments	**79,866**	**88.6**	**61,570**	**62.5**	**93,320**	**82.7**	**92,166**	**76.7**
Completed properties								
Taman Nelly 8D	714	0.8	119	0.1	110	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(3)	-	-	-	-	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	(1)(24)	*	*	*	-	-
Puncak Gloxinia Phase 1 – Block C	296	0.3	-	-	-	-	-	-
Puncak Gloxinia Phase 2 – Block D(3)	3,672	4.1	17,472	17.7	577	0.5	-	-
Puncak Gloxinia Phase 2 – Block E(3)	1,419	1.6	12,789	13.0	1,211	1.1	-	-
Puncak Gloxinia Phase 2 – Block F(3)	1,551	1.7	6,255	6.4	-	-	-	-
Plaza Seri Lemawang	-	-	-	-	-	-	1,806	1.5
Total completed properties	**10,327**	**11.4**	**36,948**	**37.5**	**2,153**	**1.9**	**1,916**	**1.6**
Land held for property development								
Taman Lavender Land	-	-	-	-	-	-	6,714	5.6
(b) Own property development								
On-going developments								
Parkhill	-	-	-	-	13,026	11.5	10,095	8.4

	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Shorea^{n}Astoria	-	-	-	-	4,381	3.9	9,276	7.7
Total on-going developments	**-**	**-**	**-**	**-**	**17,407**	**15.4**	**19,371**	**16.1**
Grand total	**90,193**	**100.0**	**98,518**	**100.0**	**112,880**	**100.0**	**120,167**	**100.0**

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%, 98.1% and 92.8% of our Group's total revenue for FYE 2020 to 2023 respectively.

Further details of our Group and our business model are set out in Sections 6 and 7.

2.3 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.

2.3.1 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 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 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 major 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.

2.3.2 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 our Group's 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 major 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.

2.4 COMPETITIVE STRENGTHS

Our Directors believe that our business sustainability and future growth is built on the following competitive strengths:

(a) We have a well-established history and track record of 40 years since the commencement of our business operations in 1984. 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;

(b) We have extensive experience in the provision of design and build construction services as we have been collaborating with LPPB since 2010 whereby we provided design and build construction services to LPPB. 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;

(c) We manufacture IBS components and adopt IBS construction technique in our construction activities to optimise our project efficiencies and manage our construction cost; and

(d) 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 46 years, 13 years and 12 years of relevant experience in the property development and construction industries. We are supported by other members of key management team with experience ranging from 12 to 40 years in their respective areas of responsibilities.

Further details of our competitive strengths are set out in Section 7.7.

2.5 BUSINESS STRATEGIES

Our business objectives are to maintain sustainable growth in our business and create long term shareholder value. To achieve our business objectives, we will implement the following business strategies over the period of 24 months from the date of our Listing:

(a) We intend to expand our Group's property development business in Sabah through the acquisition of landbank for future projects that meets the demand of the property market in Sabah, primarily for residential properties. Our Group had on 9 January 2023 entered into a conditional sale and purchase agreement with Millennium Amber Sdn Bhd (non-related party) for the acquisition of Alamesra Lands, which is earmarked for our Ayuria Place project in Alamesra, Kota Kinabalu. Our Group had on 15 November 2023 completed the acquisition of Alamesra Lands. Further, 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;

(b) We intend to further strengthen our market presence as an established property developer in Sabah by leveraging on the positive market acceptance of our projects, our long standing and extensive knowledge and experience on the economic prospects in Sabah, and our understanding of the residential, commercial and mixed development property market in Sabah;

(c) 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. In this regard, we intend to set up the new IBS production line (including a batching and mixing plant to support the operations of our IBS production line) in our Kinarut casting yard. The new IBS production line can also be used to manufacture our existing range of IBS components to cater to our projects, as and when required; and

(d) We intend to upgrade our software and systems to support and enhance our business operations, which allows our Group to manage the production planning and inventory management of our IBS activities, enhance the operational efficiencies of our financial and accounting functions, and improve the administration of our human resource and staff payroll functions.

Further details of our business strategies are set out in Section 7.17.

2.6 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risk factors as set out in Section 9. Some of the more important risk factors are summarised below:

(a) We are dependent on LPPB to sustain our pipeline of projects. A majority of the projects which contributed to our Group's revenue during FYE 2020 to 2023 were design and build construction services contracts awarded by LPPB. In the event that LPPB ceases to award design and build construction projects to our Group, our financial performance may be adversely affected;

(b) We are subject to risks of possible delays in completing our design and build construction projects and property development projects. The timely completion of our design and build construction projects and property development projects is dependent on many external factors inherent in construction and property development, some of which may be beyond our control;

(c) We are subject to potential liability claims for construction defects during the defect liability period. Unexpected levels of expenditure attributable to rectifying defects arising from a project may have a material adverse effect on the profitability generated from the particular project, which in turn may adversely affect our business and financial performance;

(d) We are subject to risks associated with joint ventures as LPPB or our future joint venture partners may, in the future, have economic or business interests or goals that are not aligned with our Group; experience financial or other difficulties; be unable or unwilling to fulfil their contractual obligations such as not complying with requests in making payments during future capital calls; or take actions contrary to our instructions, requests, policies or objectives, amongst others;

(e) Our business is capital intensive and is dependent on our ability to secure adequate financing. If we are unable to secure adequate credit facilities at competitive rates for the abovementioned requirements, our cash flows, operations, growth and expansion plans may be adversely affected;

(f) The success of our Group is dependent on the experience, industry knowledge and domain expertise of our Executive Directors and key senior management;

(g) Our construction works are dependent on the services of our subcontractors for timely completion and quality of our projects; and

(h) We are subject to fluctuations in the prices and shortages of construction materials. Any increase in the cost of construction will increase our cost of sales and reduce our profit margin. In addition, shortages in construction materials may delay the timing of completion of our design and build construction projects or property development projects. This will ultimately affect our Group's business, cash flow and financial performance.

2.7 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and key senior management are as follows:

Name	Designation
Directors	
Dato' Haji Hamzah Bin Haji Ghazalli	Independent Non-Executive Chairman
Loke Theen Fatt	Managing Director / Chief Executive Officer
Stella Loke Pei Wen	Executive Director
Wilson Loke Choon Syn	Executive Director
Datuk Tan Kok Liang	Independent Non-Executive Director
Lim Guik Moi	Independent Non-Executive Director
Chua Chai Hua	Independent Non-Executive Director
Key senior management	
Abdullah Azlan Bin Khalid	Chief Operating Officer
Chaw Ken Vun	Chief Financial Officer
Loke Pei Lee	Director of Management

Further details of our Directors and key senior management are set out in Section 5.

2. PROSPECTUS SUMMARY *(Cont'd)*

2.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The shareholdings of our Promoters and substantial shareholders in our Company before and after our IPO are set out below:

		[1]Before IPO				[2]After IPO			
		Direct		Indirect		Direct		Indirect	
Name	**Nationality**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Promoters and substantial shareholders									
Chin Mee Leen	Malaysian	522,369,500	81.6	[4]117,630,500	18.4	485,640,500	60.7	[4]109,359,500	13.7
Loke Theen Fatt	Malaysian	[3]117,630,500	18.4	[4]522,369,500	81.6	109,359,500	13.7	[4]485,640,500	60.7
Promoters									
Stella Loke Pei Wen	Malaysian	-	-	-	-	-	-	-	-
Wilson Loke Choon Syn	Malaysian	-	-	-	-	-	-	-	-
Loke Pei Lee	Malaysian	-	-	-	-	-	-	-	-

Notes:

(1) Based on our share capital of 640,000,000 Shares before our IPO.

(2) Based on our enlarged share capital of 800,000,000 Shares after our IPO.

(3) Including 1 Share which was transferred from Yap Kim Leng, a nominee shareholder, to Loke Theen Fatt.

(4) Deemed interested by virtue of his/her spouse's shareholdings in our Company.

Further details of our Promoters and substantial shareholders are set out in Section 5.1.

2.9 UTILISATION OF PROCEEDS

The gross proceeds to be raised by our Company from the Public Issue of RM48.0 million shall be utilised in the following manner:

Utilisation of proceeds	**RM'000**	**%**	**[1]Estimated timeframe for utilisation**
Acquisition of land for development	18,000	37.5	Within 12 months
Upgrading existing / expansion of our casting yard / IBS facility for our building division	2,150	4.5	Within 24 months
Upgrading software and systems	350	0.7	Within 6 months
Working capital for project development	20,700	43.1	Within 12 months
Repayment of bank borrowings	3,000	6.3	Within 6 months
Estimated listing expenses	3,800	7.9	Within 1 month
Total	**48,000**	**100.0**	

Note:

(1) From the date of listing of our Shares.

There is no minimum subscription to be raised from our IPO.

Detailed information on our utilisation of proceeds is set out in Section 4.9.

2.10 FINANCIAL HIGHLIGHTS

2.10.1 Combined statements of comprehensive income

The following table sets out the financial highlights based on our combined statements of comprehensive income for FYE 2020 to 2023:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Revenue	90,193	98,518	112,880	120,167
GP	28,224	29,121	30,807	35,587
Other income	2,328	4,187	2,919	1,773
PAT	12,595	15,620	10,482	13,822
GP margin (%)(1)	31.3	29.6	27.3	29.6
PBT margin (%)(2)	17.2	19.7	12.4	14.4
PAT margin (%) (2)	14.0	15.9	9.3	11.5
EPS (sen)(3)	1.6	2.0	1.3	1.7

Notes:

(1) Calculated based on GP over revenue.

(2) Calculated based on PBT or PAT over revenue.

(3) Calculated based on PAT divided by our enlarged share capital of 800,000,000 Shares after our IPO.

There were no exceptional items during the financial years under review. Our audited combined financial statements for the past financial years under review were not subject to any audit qualifications. Further details on the financial information are set out in Sections 12 and 13.

2.10.2 Pro forma combined statements of financial position

The following table sets out a summary of the pro forma combined statements of financial position of our Group to show the effects of the Acquisitions, Public Issue and utilisation of proceeds. It is presented for illustrative purposes only and should be read together with the pro forma statements of financial position as set out in Section 14.

			I	II	III
	As at 31 December 2023	After subsequent (1)event	After Acquisitions	After I and Public Issue	After II and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS					
Total non-current assets	70,177	70,177	70,177	70,177	70,527
Total current assets	306,350	291,350	291,350	339,350	314,200
TOTAL ASSETS	**376,527**	**361,527**	**361,527**	**409,527**	**384,727**
EQUITY AND LIABILITIES					
Share capital	-	-	107,584	155,584	155,123
Invested capital	2,000	2,000	-	-	-
Retained earnings	134,607	119,607	119,607	119,607	116,268
Merger reserve	-	-	(105,584)	(105,584)	(105,584)
TOTAL EQUITY	**136,607**	**121,607**	**121,607**	**169,607**	**165,807**

			I	II	III
	As at 31 December 2023	**After subsequent (1)event**	**After Acquisitions**	**After I and Public Issue**	**After II and utilisation of proceeds**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Total non-current liabilities	29,649	29,649	29,649	29,649	29,649
Total current liabilities	210,271	210,271	210,271	210,271	189,271
TOTAL LIABILITIES	**239,920**	**239,920**	**239,920**	**239,920**	**218,920**
TOTAL EQUITY AND LIABILITIES	**376,527**	**361,527**	**361,527**	**409,527**	**384,727**
No. of Shares in issue ('000)	2,000	2,000	640,000	800,000	800,000
NA (RM'000)	136,607	121,607	121,607	169,607	165,807
NA per Share (RM)	68.3	60.8	0.2	0.2	0.2
Borrowings (RM'000)	173,178	173,178	173,178	173,178	152,178
Gearing (times)	1.3	1.4	1.4	1.0	0.9

Note:

(1) KTID declared and paid an interim dividend of RM15.0 million on 31 January 2024 and 1 February 2024, respectively.

2.11 DIVIDEND POLICY

Our Group presently does not have any formal dividend policy. The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board. It is our intention to pay dividends to shareholders in the future; however, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

Dividends declared and paid by our subsidiaries for FYE 2020 to 2023 and up to LPD are as follows:

	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**	**1 January 2024 up to LPD**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Dividend declared and paid	-	-	-	(1)15,000	(2)15,000

Notes:

(1) An interim dividend of RM15.0 million was declared on 31 March 2023 and paid on 3 April 2023.

(2) An interim dividend of RM15.0 million was declared on 31 January 2024 and paid on 1 February 2024.

The dividends declared and paid in FYE 2023 and up to LPD were funded via internally generated cash. The dividends will not affect the execution and implementation of our Group's future plans or business strategies. Together with the IPO proceeds, our Group believes that we have sufficient funding of cash from operations for the funding requirement for our operations and expansion plans. We do not intend to declare and pay any dividends from LPD up to the point of our Listing.

Further details of our dividend policy are set out in Section 12.17.

3. APPROVALS AND CONDITIONS

3.1 APPROVALS AND CONDITIONS

3.1.1 Bursa Securities approval

Bursa Securities had, vide its letter dated 23 November 2023, approved our admission to the Official List of the ACE Market, the listing of and quotation for our entire enlarged issued share capital on the ACE Market. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(a)	Submit the following information with respect of the moratorium on the shareholdings of the Specified Shareholders to Bursa Depository: (i) Name of shareholders; (ii) Number of Shares; and (iii) Date of expiry of the moratorium for each block of Shares.	Complied
(b)	Confirmation that approvals from other relevant authorities have been obtained for implementation of the Listing;	Complied
(c)	The Bumiputera equity requirements for public listed companies as approved / exempted by the SC including any conditions imposed thereon;	Complied
(d)	Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements;	To be complied
(e)	Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of KTI Landmark on the first day of Listing;	To be complied
(f)	In relation to the Public Issue to be undertaken by KTI Landmark, to announce at least 2 market days prior to the Listing date, the result of the offering including the following: (i) Level of subscription of public balloting and placement; (ii) Basis of allotment / allocation; (iii) A table showing the distribution for placement tranche; and (iv) Disclosure of placees who become substantial shareholders of KTI Landmark arising from the Public Issue, if any.	To be complied
(g)	KTI Landmark / M & A Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of KTI Landmark to the Official List of the ACE Market.	To be complied

3. APPROVALS AND CONDITIONS *(Cont'd)*

Further to the above, Bursa Securities had, vide its letter dated 27 March 2024 resolved to grant us an extension of time until 22 June 2024 to complete the implementation of our Listing.

3.1.2 SC approval

Our Listing is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated 24 November 2023, approved our resultant equity structure pursuant to our Listing under the Bumiputera equity requirement for public listed companies.

The approval from the SC is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(a)	KTI Landmark to allocate 12.5% of its enlarged number of issued shares at the point of Listing to Bumiputera investors to be approved by the MITI; and	To be complied
(b)	KTI Landmark to make available at least 50% of the shares offered to the Malaysian public investors via balloting to Bumiputera public investors at the point of Listing.	To be complied

The effect of our Listing on our equity structure is as follows:

	As at 31 May 2023		After Listing	
Category of shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Bumiputera				
• Bumiputera investors to be approved by MITI	-	-	(1)100,000,000	12.5
• Bumiputera public investors via balloting	-	-	(1)20,000,000	2.5
• Others	-	-	(2)2,250,000	0.3
Total Bumiputera	**-**	**-**	**122,250,000**	**15.3**
Non-Bumiputera	3	100.0	677,750,000	84.7
Malaysians	**3**	**100.0**	**800,000,000**	**100.0**
Foreigners	-	-	-	-
Total	**3**	**100.0**	**800,000,000**	**100.0**

Notes:

(1) Based on the assumption that the Shares offered to the Bumiputera investors to be approved by MITI and to Bumiputera public investors via balloting shall be fully subscribed.

(2) Based on the assumption that the Shares offered to our Bumiputera investors not recognised or approved by MITI, shall be fully subscribed.

3. APPROVALS AND CONDITIONS *(Cont'd)*

3.1.3 MITI approval

The MITI had, vide its letter dated 10 August 2023, taken note and has no objection to our Listing.

3.2 MORATORIUM ON OUR SHARES

In accordance with Rule 3.19(1) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of those Shares held by our Specified Shareholders as follows:

(a) The moratorium applies to the entire shareholdings of our Specified Shareholders for a period of 6 months from the date of our admission to the ACE Market ("**First 6-Month Moratorium**");

(b) Upon the expiry of the First 6-Month Moratorium, our Company must ensure that our Specified Shareholders' aggregate shareholdings amounting to at least 45.0% of the total number of issued ordinary shares remain under moratorium for another period of 6 months ("**Second 6-Month Moratorium**"); and

(c) On the expiry of the Second 6-Month Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight line basis) of those Shares held under moratorium.

Details of our Specified Shareholders and their Shares which will be subject to the abovesaid moratorium, are set out below:

	Year 1				**Year 2**		**Year 3**	
	Moratorium shares during the First 6-Month Moratorium		**Moratorium shares during the Second 6-Month Moratorium**		**Moratorium shares**		**Moratorium shares**	
Specified Shareholders	**(1)No. of Shares**	**(2)%**	**(1)No. of Shares**	**(2)%**	**No. of Shares**	**(2)%**	**No. of Shares**	**(2)%**
Chin Mee Leen	485,640,500	60.7	293,832,908	36.7	195,888,605	24.5	97,944,303	12.2
Loke Theen Fatt	109,359,500	13.7	66,167,092	8.3	44,111,395	5.5	22,055,697	2.8
Total	**595,000,000**	**74.4**	**360,000,000**	**45.0**	**240,000,000**	**30.0**	**120,000,000**	**15.0**

3. APPROVALS AND CONDITIONS *(Cont'd)*

Notes:

(1) After Offer for Sale.

(2) Based on our enlarged share capital of 800,000,000 Shares after our IPO.

The moratorium has been fully accepted by the abovementioned Specified Shareholders, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the moratorium period.

The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by the abovementioned Specified Shareholders to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

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4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATION PERIOD

The Application period will open at 10.00 a.m. on 21 May 2024 and will remain open until 5.00 p.m. on 4 June 2024. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

4.2 INDICATIVE TIMETABLE

Events	Indicative date
Issuance of this Prospectus / Opening of Application	21 May 2024
Closing of Application	4 June 2024
Balloting of Application	7 June 2024
Allotment / Transfer of IPO Shares to successful applicants	14 June 2024
Date of Listing	19 June 2024

If there is any change to the timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia and make the relevant announcement on Bursa Securities' website.

4.3 DETAILS OF OUR IPO

4.3.1 Listing scheme

(a) Public Issue

A total of 160,000,000 Issue Shares, representing 20.0% of our enlarged share capital are offered at our IPO Price. The Issue Shares shall be allocated in the following manner:

(i) Malaysian Public

40,000,000 Issue Shares, representing 5.0% of our enlarged share capital, are reserved for application by the Malaysian Public, to be allocated via balloting process as follows:

(aa) 20,000,000 Issue Shares made available to public investors; and

(bb) 20,000,000 Issue Shares made available to Bumiputera public investors.

(ii) Eligible Persons

40,000,000 Issue Shares, representing 5.0% of our enlarged share capital, are reserved for our Eligible Persons under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.3.3.

(iii) Private placement to Bumiputera investors approved by MITI

80,000,000 Issue Shares, representing 10.0% of our enlarged share capital, are reserved for private placement to Bumiputera investors approved by MITI.

The basis of allocation of the Issue Shares shall take into account our Board's intention to distribute the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors.

Upon completion of our Public Issue, our share capital will increase from RM107,584,002 comprising 640,000,000 Shares to RM155,584,002 comprising 800,000,000 Shares. There is no over-allotment or 'greenshoe' option that will increase the number of our IPO Shares.

Our Public Issue is subject to the terms and conditions of this Prospectus.

(b) Offer for Sale

Our Selling Shareholders will undertake an offer for sale of 45,000,000 Offer Shares, representing 5.6% of our enlarged share capital at our IPO Price. The Offer Shares shall be undertaken by way of private placement in the following manner:

(i) 20,000,000 Offer Shares made available for selected Bumiputera investors approved by MITI; and

(ii) 25,000,000 Offer Shares made available for selected investors.

Further details of our Selling Shareholders are set out in Section 4.3.2.

Our Offer for Sale is subject to the terms and conditions of this Prospectus.

(c) Listing

Upon completion of our IPO, our Company's entire enlarged share capital of RM155,584,002 comprising 800,000,000 Shares shall be listed on the ACE Market.

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4.3.2 Selling Shareholders

Details of our Selling Shareholders are as follows:

Name / Residential address	Relationship with our Group	[(1)]Before IPO / As at LPD		Offer Shares offered			After IPO	
		No. of Shares	[(2)]%	No. of Shares	[(2)]%	[(3)]%	No. of Shares	[(3)]%
Chin Mee Leen / 1, Lorong Bestari 2 Taman Bestari, Luyang 88300 Kota Kinabalu Sabah	Promoter and substantial shareholder	522,369,500	81.6	36,729,000	5.7	4.6	485,640,500	60.7
Loke Theen Fatt / 1, Lorong Bestari 2 Taman Bestari, Luyang 88300 Kota Kinabalu Sabah	Promoter, substantial shareholder and Managing Director / Chief Executive Officer	[(4)]117,630,500	18.4	8,271,000	1.3	1.0	109,359,500	13.7

Notes:

(1) After completion of the Acquisitions but prior to our Public Issue.

(2) Based on our share capital of 640,000,000 Shares before our IPO.

(3) Based on our enlarged share capital of 800,000,000 Shares after our IPO.

(4) Including 1 Share which was transferred from Yap Kim Leng, a nominee shareholder, to Loke Theen Fatt.

Further details of our Selling Shareholders, who are also our Promoters, substantial shareholders and/or Managing Director / Chief Executive Officer can be found in Section 5.1.

4.3.3 Pink Form Allocations

We have allocated 40,000,000 Issue Shares under the Pink Form Allocations to Eligible Persons as follows:

Category	No. of Eligible Persons	Aggregate no. of Issue Shares allocated
Eligible Directors	3	2,050,000
Eligible employees	67	1,600,000
Persons who have contributed to the success of our Group	49	36,350,000
	119	**40,000,000**

Pink Form Allocations which are not accepted by certain Eligible Persons will be re-allocated to the other eligible Directors as set out in the table below and other eligible employees and persons who have contributed to the success of our Group at the discretion of our Board.

(a) Allocation to eligible Directors

The criteria for allocation to our eligible Directors are based on amongst others their anticipated contribution to our Group.

Loke Theen Fatt (our Managing Director / Chief Executive Officer), Stella Loke Pei Wen and Wilson Loke Choon Syn (both are our Executive Directors) have opted not to participate in the Pink Form Allocations as Loke Theen Fatt is already undertaking the Offer for Sale and both Stella Loke Pei Wen and Wilson Loke Choon Syn are his daughter and son, respectively. In addition, Lim Guik Moi (our Independent Non-Executive Director) has opted not to participate in the Pink Form Allocations.

Details of the proposed allocation to our other Directors are as follows:

Name	Designation	No. of Issue Shares allocated
Dato' Haji Hamzah Bin Haji Ghazalli	Independent Non-Executive Chairman	1,250,000
Datuk Tan Kok Liang	Independent Non-Executive Director	450,000
Chua Chai Hua	Independent Non-Executive Director	350,000
		2,050,000

(b) Allocation to our eligible employees

The criteria of allocation to our eligible employees (as approved by our Board) are based on, inter-alia, the following factors:

(i) Our employees must be an eligible and confirmed employee and on the payroll of our Group;

(ii) The number of shares allocated to our eligible employees are based on their seniority, position, length of service and respective contribution made to our Group as well as other factors deemed relevant to our Board; and

(iii) Full time employee of at least 18 years of age.

Included in the allocation to our eligible employees are the proposed allocations to our key senior management:

Name	Designation	No. of Issue Shares allocated
Abdullah Azlan Bin Khalid	Chief Operating Officer	1,000,000

Chaw Ken Vun (our Chief Financial Officer) has opted not to participate in the Pink Form Allocations. Loke Pei Lee (our Director of Management) has also opted out of the Pink Form Allocations as she is the child of our Promoters and substantial shareholders namely, Loke Theen Fatt and Chin Mee Leen, who are undertaking the Offer for Sale.

(c) Allocation to persons who have contributed to the success of our Group

Persons who have contributed to the success of our Group include business associates, contractors and suppliers, whom are not related parties to our Group.

The number of Issue Shares to be allotted to those persons who have contributed to the success of our Group are based on amongst others, the nature and terms of their business relationship with us, length of their relationship with us and the level of contribution and support to our Group.

4.3.4 Placement and underwriting arrangement

Our Underwriter will underwrite 80,000,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. The balance 80,000,000 Issue Shares and 45,000,000 Offer Shares available for application by Bumiputera investors approved by MITI and selected investors will not be underwritten and will be placed out by our Placement Agent.

Any of our Issue Shares not subscribed by the Malaysian Public or Pink Form Allocations shall be subject to the following clawback and reallocation provisions:

(a) If any Issue Shares allocated to the Malaysian Public are undersubscribed, the balance portion will be allocated for excess application by our Eligible Persons. Likewise, any Issue Shares which are not taken up by our Eligible Persons, will be allocated to the Malaysian Public.

(b) After (a) above, the remaining portion will be made available for application by way of private placement to selected investors to be identified.

(c) Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Underwriter based on the terms and conditions of the Underwriting Agreement.

The allocation of Issue Shares to identified Bumiputera investors shall be subject to the allocation as approved by MITI. Such Issue Shares shall be subject to the following clawback and reallocation provisions:

(a) Any unsubscribed Issue Shares allocated to Bumiputera investors approved by MITI shall firstly be reallocated to Malaysian institutional investors. If after the above reallocation, there are still Issue Shares not taken up, the said unsubscribed Issue Shares shall then be offered to Bumiputera public investors via public balloting.

(b) After (a) above, the remaining portion will be made available for:

(i) Malaysian Public, in the event of an oversubscription; or

(ii) application by way of private placement to selected investors to be identified,

the proportion of which will be determined by our Board and Placement Agent.

The clawback and reallocation shall not apply in the event of over-application of the Issue Shares allocated to the Malaysian Public, Pink Form Allocations and private placement to Bumiputera investors approved by MITI. Our Board will ensure that any excess IPO Shares will be allocated in a fair and equitable manner.

4.3.5 Minimum and over-subscription

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of IPO Shares will be the number of IPO Shares required to be held by public shareholders to comply with the public spread requirements as set out in the Listing Requirements or as approved by Bursa Securities.

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a manner approved by our Directors.

Under the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the ACE Market. In such an event, we will return in full, without interest, all monies paid in respect of all applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

As at LPD, save as disclosed in Section 4.3.3, to the extent known to our Company:

(a) there are no substantial shareholder(s), Directors or key senior management of our Company who have indicated to our Company that they intend to subscribe for the IPO Shares; and

(b) there are no person(s) who have indicated to our Company that they intend to subscribe for more than 5.0% of the IPO Shares.

4.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS

Upon completion of our IPO, our share capital would be as follows:

	No. of Shares	RM
Share capital		
As at the date of this Prospectus	**640,000,000**	**107,584,002**
To be issued under our Public Issue	160,000,000	48,000,000
Enlarged share capital upon our Listing	**800,000,000**	**155,584,002**

Our Offer for Sale will not have any effect on our share capital.

As at the date of this Prospectus, we have only one class of shares, being ordinary shares, all of which rank equally amongst one another.

Our Issue Shares will, upon allotment and issuance, rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of our Issue Shares.

Our Offer Shares rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares.

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and any surplus if our Company is liquidated in accordance with our Constitution.

Each of our shareholders shall be entitled to vote at any of our general meetings in person or by proxy or by other duly authorised representative. On poll, every shareholder present in person or by proxy or other duly authorised representative shall have one vote for each ordinary share held.

4.5 PURPOSES OF OUR IPO

The purposes of our IPO are as follows:

(a) To enable our Group to raise funds for the purposes specified in Section 4.9 herein;

(b) To gain recognition through our listing status to enhance our reputation in terms of marketing our development projects and retention of our employees;

(c) To provide an opportunity for the Malaysian Public, including our Eligible Persons to participate in our equity; and

(d) To enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as and when they arise.

4.6 BASIS OF ARRIVING AT OUR IPO PRICE

Our IPO Price was determined and agreed upon by us and M & A Securities, as our Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:

(a) Our pro forma NA per Share of RM0.2, calculated based on our pro forma NA after IPO and utilisation of proceeds as at 31 December 2023 of approximately RM165.8 million and enlarged share capital of 800,000,000 Shares upon Listing;

(b) The PE Multiple of our IPO Price of approximately 17.4 times based on our EPS of approximately 1.7 sen for FYE 2023, calculated based on our PAT for FYE 2023 of RM13.8 million and enlarged share capital of 800,000,000 Shares upon Listing;

(c) Our historical financial track record as follows:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Revenue	90,193	98,518	112,880	120,167
GP	28,224	29,121	30,807	35,587
Other income	2,328	4,187	2,919	1,773
PAT	12,595	15,620	10,482	13,822

(d) Our competitive strengths as set out in Section 7.7; and

(e) Our business strategies and future plans as set out in Section 7.17.

You should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our IPO Shares before deciding to invest in them. You are reminded to carefully consider the risk factors as set out in Section 9 before deciding to invest in our Shares.

4.7 TOTAL MARKET CAPITALISATION UPON LISTING

Based on our IPO Price and enlarged share capital of 800,000,000 Shares, our total market capitalisation upon Listing will be RM240,000,000.

4.8 DILUTION

Dilution is the amount by which our IPO Price exceeds our pro forma NA per Share immediately after our IPO. The following table illustrates such dilution on a per Share basis:

	RM
IPO Price	0.30
Pro forma NA per Share as at 31 December 2023 after Acquisitions and before IPO	0.19
Pro forma NA per Share as at 31 December 2023 after Acquisitions, IPO and utilisation of proceeds	0.21
Increase in pro forma NA per Share attributable to existing shareholders	0.02
(Decrease) in pro forma NA per Share to our new public investors	(0.09)
(Decrease) in pro forma NA per Share as a percentage of our IPO Price	(30.0%)

Further details of our pro forma NA per Share as at 31 December 2023 is set out in Section 14.

The following table shows the average effective cost per Share paid by our existing shareholders for our Shares since our incorporation up to LPD:

Name	(1)No. of Shares received	Total consideration	Average effective cost per Share
		RM	RM
Chin Mee Leen	522,369,500	87,810,313	0.1681
Loke Theen Fatt	117,630,500	19,773,689	0.1681
	640,000,000	**107,584,002**	

Note:

(1) Comprises Shares issued under the Acquisitions, 1 Share each held by Chin Mee Leen and Loke Theen Fatt and 1 Share transferred from Yap Kim Leng, a nominee shareholder, to Loke Theen Fatt.

Save as disclosed above, there has been no acquisitions or subscription of any of our Shares by our Directors or key senior management, substantial shareholders or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past 3 years up to LPD.

4.9 UTILISATION OF PROCEEDS

4.9.1 Public Issue

The estimated gross proceeds from our Public Issue of RM48.0 million will accrue entirely to us and are planned to be utilised in the following manner:

Utilisation of proceeds	Notes	RM'000	%	(1)Estimated timeframe for utilisation
Acquisition of land for development	(a)	18,000	37.5	Within 12 months
Upgrading existing / expansion of our casting yard / IBS facility for our building division	(b)	2,150	4.5	Within 24 months
Upgrade software and systems	(c)	350	0.7	Within 6 months
Working capital for project development	(d)	20,700	43.1	Within 12 months
Repayment of bank borrowings	(e)	3,000	6.3	Within 12 months
Estimated listing expenses	(f)	3,800	7.9	Within 1 month
Total		**48,000**	**100.0**	

Pending the deployment of the proceeds raised from our Public Issue as aforementioned, the funds will be placed in short-term deposits with financial institutions.

Note:

(1) From the date of our Listing.

(a) Acquisition of land for development

We have allocated RM18.0 million for acquisition of landbank in Sabah within the vicinity of our existing landbank for our development in Alamesra, Kota Kinabalu.

We have on 9 January 2023, entered into a conditional sale and purchase agreement with Millennium Amber Sdn Bhd (non-related party) for the acquisition of Alamesra Lands, which is earmarked for our Ayuria Place project in Alamesra, Kota Kinabalu as set out in Section 7.3.2.3, for a cash consideration of RM74.0 million. The details of the lands are as follows:

No.	Description of properties	Land size (acres)	Purchase price (RM'000)	Allocation (RM'000)
1.	Alamesra Lands	20.4	73,999	18,000
				18,000

In relation to the acquisition of landbank above, we engaged an independent valuer to conduct a valuation of the land, which yielded an indicative market value of RM86.9 million. We intend to develop high rise residential properties considering the well-developed infrastructure and amenities within the surrounding area as well as good accessibility within Kota Kinabalu.

We had subsequently proposed amendments to the initial development order for this project, which was approved by the Sabah Town and Regional Planning Department during the meeting held on 27 February 2023. Our Group had received the approval for the revised Development Order and Building Plan on 13 September 2023 and 9 November 2023 respectively, from 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 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 on 15 November 2023 completed the acquisition of Alamesra Lands. Further details of our plan to expand our business through the acquisition of landbank for our projects in Kota Kinabalu are set out in Section 7.17.1.

We intend to allocate RM18.0 million from the proceeds to repay the revolving credit of RM20.0 million that was secured from Hong Leong Islamic Bank Berhad by way of a letter of offer dated 7 August 2023 to fund the acquisition of the said lands in Alamesra, Kota Kinabalu. The balance purchase price of RM54.0 million was funded via term loan which our Group has secured a letter of offer from Hong Leong Islamic Bank Berhad for such purpose.

(b) Upgrading existing / expansion of our casting yard / IBS facility for our building division

Our Group has been adopting the precast concrete system IBS construction technique which comprises the off-site manufacturing of IBS components at our casting yards, after which the ready IBS components will then be transported to our project sites for assembly and installation. 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.

Our Group has 2 casting yards located in Tuaran (2 lines) and Kinarut (3 lines), Sabah, respectively to manufacture the 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.

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. We have been 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. Our casting yard in Kinarut, Sabah is temporarily not in operations as at LPD as the supply of IBS components to its allocated project sites has been completed. Please refer to Section 7.4.2 for further details on the manufacturing capacity of our IBS casting yards.

Our Group intends to recommence the operations of our casting yard in Kinarut, Sabah in June 2024 to cater for our external general building construction project which our Group secured from Jawala Corporation Sdn Bhd (the main contractor), as an IBS specialist sub-contractor for the construction of 'Pembinaan RKAT Tambahan Pelbagai Kelas di Kem Lok Kawi, Sabah' in February 2024, as well as to begin producing hollow core slabs, which will expand our Group's production capability as it supplements our existing range of IBS components.

In this regard, we have allocated RM2.15 million from the proceeds raised from our Public Issue to purchase the new IBS production line (including a batching and mixing plant to support the operations of our IBS production line) which we plan to install at our Kinarut casting yard. 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. 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. 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. The installation and implementation of the new IBS production line is estimated to take approximately 6 to 9 months.

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. Further details on the benefits of the adoption of hollow core slabs can be found in Section 7.13.3.

The new IBS production line is estimated to be able to achieve an annual manufacturing capacity of 16,100 m^3 in a year (i.e. derived based on the assumption that 24,180 m^3 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^3 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^3 of IBS component manufactured per sq ft, we will be able to achieve an estimated annual manufacturing capacity of 16,100 m^3).

The breakdown of the estimated purchase cost for each type of machinery and equipment for the new IBS production line (including a new batching and mixing plant), all of which will be acquired from local suppliers, are as follows:

No.	**Type of machinery and equipment**	**Description**	**Unit**	**RM'000**
1.	Batching and mixing plant	To batch and mix concrete	1	2,100
2.	Shuttle	To transport concrete from batching and mixing plant to distributor that feeds the casting machine	1	7,560
3.	Distributor	To serve as an intermediate concrete storage between shuttle and casting machine	1	
4.	Preparer	To maintain, clean and apply oil on the casting beds and to pull the prestressing strands on the bed	1	
5.	Prestressing	To conduct pre-tensioning before casting of concrete by placing high tensile steel tendons in a desired profile in which the concrete is to be cast	1	
6.	Extruder	To produce hollow core slabs	1	
7.	Saw	To cut the IBS components	1	
8.	Lifting beam	To lift the cut slabs from the beds using an overhead crane with two hoists	1	
9.	Driller	To drill water holes on both ends of the slabs to allow water drainage from the voids during installation on site	1	
10.	Wagon	To transport wagons for transporting precast products to the storage area, pulled by steel wire	1	
11.	Storage clamp	Lifts and stack slabs, either one by one or in bundles, by storage crane with two hoists	1	
			Total	**9,660**

The remaining RM7.5 million will be funded via our internally generated funds/bank borrowings.

We intend to utilise approximately 174,000 sq ft of our Kinarut casting yard to house the new IBS production line as well as the manufactured IBS components. As our casting yard in Kinarut has a total land area of approximately 653,000 sq ft, there will be sufficient space in our Kinarut casting yard to house the new IBS production line.

We have allocated 24 months from our Listing to implement this plan although the exact timing of such purchase will depend on the final quotation from the suppliers, which is estimated to be issued within 3 to 7 working days upon request.

(c) Upgrade software and systems

As at LPD, the software and systems that are currently used by our Group are as follows:

No.	Type of software and systems	Description	Unit
1.	Marketing and property management software	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. In addition, the software also includes function for our Group to carry out the operations of our property management activities.	1
2.	Project planning software	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.	1
3.	Modelling software	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.	1
4.	Virtual sales gallery	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. 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.	1

No.	Type of software and systems	Description	Unit
		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.	

We have allocated RM0.4 million of the proceeds raised from our Public Issue to upgrade our software and systems. We intend to upgrade to an integrated resource planning system to facilitate our business expansion. The integrated resource planning system will enable us to streamline our processes, eliminate redundant processes through automation, centralise our data and improve planning and reporting works. We have taken into consideration our scope of works for our on-going projects as well as our order books and tender books in determining the following software and systems to be purchased.

The details of the software and systems, all of which will be purchased from local supplier(s), are as follows:

No.	Type of software and systems	Description	Unit	RM'000
1.	ELiPLAN P7 precast production management system	Manages the precast production in one casting yard including support for the production management and storage management	1	100
2.	Unified human capital management system	Payroll and human resources system, ranging from capturing employees' information, calculation of salaries and documentation	1	100
3.	Financial accounting system	Digitalises the financial accounting system, including contract claims, purchasing, sales and trading / back charging	1	150
				350

(d) Working capital for project development

A total of RM20.7 million of the proceeds raised from our Public Issue will be used to supplement our general working capital requirements for The Logg's project, which include construction costs (building and infrastructure cost), consultants' and professional fees, and local authority fees for our on-going projects. The Logg's project commenced in July 2019 and has an estimated GDC (excluding land cost) of RM686.2 million, as detailed below. The proposed allocations of the proceeds are for the following components of GDC:

No.	Description	Amount RM'000
1.	Construction costs (including materials, infrastructure, and building works)	591,758
2.	Professional fees	31,352
3.	Local authority fees	8,688
4.	Topography survey / Soil investigation report / Subdivision and subsidiary titles	1,855
5.	Marketing expenses	37,635
6.	Management cost	10,027
7.	Other fees[(1)]	4,888
		686,203

Note:

(1) Other fees include but are not limited to general administrative expenses such as staff-related costs, stamp duty and finance costs. The specific allocation of these fees has not been determined at this point and will depend on the funding needs at the time of utilisation.

The allocation of proceeds for our working capital requirements will reduce our dependency on external financing and allow us to undertake more projects concurrently. As at LPD, we have yet to determine the allocation to the specific GDC components as it will depend on the construction stage of the project at the point of utilisation.

(e) Repayment of bank borrowings

An amount of RM3.0 million is allocated to fully settle the existing term loan financing for the following assets. For illustrative purpose, the details of our borrowings in relation to these assets as at LPD are set out as follows, among which we have indicated which facilities that the RM3.0 million repayment will be made to:

Financial institution / Type of facility	Asset financed / Existing use	Interest rate per annum	Maturity date	Principal amount	Balance as at LPD	Amount to be repaid	Annual interest savings
		%		RM'000	RM'000	RM'000	RM'000
United Overseas Bank (Malaysia) Bhd / Term loan	3-storey shoplot, Lot 68 and 69, Taman Nelly /	6.8	January 2026	1,000	231	231	16

Financial institution / Type of facility	Asset financed / Existing use	Interest rate per annum	Maturity date	Principal amount	Balance as at LPD	Amount to be repaid	Annual interest savings
		%		RM'000	RM'000	RM'000	RM'000
	As at LPD, Lot 68, Taman Nelly is vacant and Lot 69, Taman Nelly is rented by Viktori Holdings Sdn Bhd for office use						
Sabah Development Bank Bhd / Term loan[(1)]	Avani Luyang @ The Logg / Ongoing development	7.3	November 2026	50,000	39,144	2,769	202
			Total	**51,000**	**39,375**	**3,000**	**218**

Note:

(1) Our Group secured the term loan from Sabah Development Bank Bhd by way of a letter of offer dated 27 July 2020.

If the balance of the abovementioned term loan as at the time of repayment is less than the amount allocated, the excess amount allocated will be used to repay the other term loans.

As at LPD, our outstanding banking facilities amounted to RM217.7 million. However, we expect to drawdown further other term loans and bridging loans to support our working capital requirements as our business continues to grow. Nonetheless, the expected annual interest savings from the repayment of the bank borrowings is approximately RM0.2 million based on the interest rate ranging from 6.8% to 7.3% per annum as tabulated above. However, the actual interest savings may vary depending on the then applicable interest rates. Our Group is not subject to any early settlement fee from the repayment of bank borrowings above.

(f) Estimated listing expenses

An amount of RM3.8 million is allocated to meet the estimated cost of our Listing. The following summarises the estimated expenses incidental to our Listing to be borne by us:

Description	Estimated cost
	RM'000
Professional fees[(1)]	2,560
Underwriting, placement and brokerage fees	581
Fees payable to the authorities	111
Printing, advertising fees and contingencies[(2)]	548
	3,800

Notes:

(1) Include advisory / professional fees for, amongst others, our Adviser, solicitors, reporting accountants, IMR, internal control reviewer, Independent Valuer, Share Registrar and Issuing House.

(2) Other incidental or related expenses in connection with our IPO.

Any variations from the amounts budgeted above, save for item (d), shall be adjusted towards or against, as the case may be, the proceeds allocated for our general working capital requirements. Where applicable and required under Rule 8.24 of the Listing Requirements, we will seek shareholders' approval for any material variation to the intended utilisation of proceeds. Any further shortfall shall be funded from our internally-generated funds or bank borrowings, at a proportion to be determined at the point of funding.

4.9.2 Offer for Sale

The Offer for Sale is expected to raise gross proceeds of approximately RM13.5 million which will accrue entirely to our Selling Shareholders and we will not receive any of the proceeds.

Our Selling Shareholders shall bear all of the expenses relating to the Offer Shares, the aggregate of which is estimated to be approximately RM0.3 million.

4.10 BROKERAGE FEES, PLACEMENT FEES AND UNDERWRITING COMMISSION

4.10.1 Brokerage fees

Brokerage is payable in respect of the Issue Shares at the rate of 1.0% of our IPO Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysia Investment Banking Association or Issuing House.

4.10.2 Placement fees

Our Placement Agent will place out a total of 80,000,000 Issue Shares and 45,000,000 Offer Shares to Bumiputera investors approved by MITI and selected investors.

We will pay our Placement Agent a placement fee of 2.5% of our IPO Price multiplied by the number of Issue Shares placed out by our Placement Agent.

The placement fee of 2.5% of the value of those Offer Shares placed out by our Placement Agent will be borne entirely by our Selling Shareholders.

4.10.3 Underwriting commission

Our Underwriter has agreed to underwrite 80,000,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We will pay our Underwriter an underwriting commission of 2.5% of our IPO Price multiplied by the number of Shares underwritten.

4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with M & A Securities, to underwrite 80,000,000 Issue Shares ("**Underwritten Shares**") as set out in Section 4.3.4.

The salient terms in the Underwriting Agreement are as follows:

4.11.1 Conditions precedent

(a) The obligations of the Underwriter under the Underwriting Agreement shall be conditional upon the following ("**Conditions Precedent**"):

(i) the acceptance of the listing proposal from Bursa Securities and the lodgement of registrable prospectus with the Companies Commission of Malaysia respectively together with copies of all documents required under Section 154 of the Act prior to the issuance of this Prospectus to the public;

(ii) the issuance of the Prospectus (including all procedures, requirements, letters and documents) required under Section 154 of the Act to the public within 3 months from the date hereof or such extension as consented by the Underwriter;

(iii) there having been, as at any time hereafter up to and including the last date for acceptance and receipt of the Application ("**Closing Date**"), no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of our Group (which in the reasonable opinion of the Underwriter is or will be material in the context of the issue of the Issue Shares) from that set forth in this Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to an extent which is or will be material in any of the representations, warranties and undertakings contained the Underwriting Agreement, if they are repeated on and as of the Closing Date;

(iv) the issue, offering and subscription of the Issue Shares in accordance with the provisions hereof and this Prospectus not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);

(v) all necessary approvals and consents required in relation to the Public Issue including but not limited to governmental approvals having been obtained and are in full force and effect;

(vi) the Underwriter having been satisfied that arrangements have been made by our Company to ensure payment of the expenses referred to in the Underwriting Agreement;

(vii) the delivery to the Underwriter prior to the date of registration of the Prospectus of (i) a copy certified as a true copy by an authorised officer of our Company of all the resolutions of the Directors of our Company and the shareholders in general meeting approving this Underwriting Agreement, this Prospectus, the Public Issue and authorising the execution of this Underwriting Agreement and the issuance of the Prospectus; (ii) a certificate dated the date of the Prospectus signed by duly authorised officers of our Company stating that, after having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in Section 4.11.1(a)(iii) above;

(viii) the delivery to the Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the Board as the Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of this Underwriting Agreement that will adversely affect the performance or financial position of our Group nor the occurrence of any event rendering, untrue or incorrect, to a material extent any representations and/or warranties contained in the Underwriting Agreement as though they have been given and/or made on such date; and

(ix) the Underwriter being satisfied that our Company will, following completion of the Public Issue be admitted to the Official List of Bursa Securities and its issued share capital listed and quoted on the ACE Market without undue delay.

(b) In the event any of the conditions precedent are not satisfied by the Closing Date, the Underwriter shall be entitled to terminate the Underwriting Agreement by notice given to our Company not later than 3 market days after the Closing Date and upon such termination our Company and the Underwriter shall be released and discharged from their obligations save for our Company's obligations pursuant to the Underwriting Agreement and none of the parties shall have a claim against the other save for antecedent breaches by our Company and claims arising therefrom. Each party shall in such event return all monies paid to the other under the Underwriting Agreement within 72 hours of the receipt of such notice (except for monies paid by our Company for the payment of the expenses as provided in the Underwriting Agreement).

4.11.2 Termination

(a) Notwithstanding anything contained in the Underwriting Agreement, the Underwriter may by notice in writing to our Company given at any time on or before the allotment and issuance of the Issue Shares, terminate and cancel and withdraw its commitment to underwrite the underwritten Shares if:

(i) there is any breach by our Company of any of the representations, warranties or undertakings, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to our Company, or by the Closing Date, whichever is earlier, or withholding of information of a material nature from the Underwriter, which is required to be disclosed pursuant to the Underwriting Agreement which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse change on the business or operations of our Group, the success of our IPO, or the distribution or sale of the Shares issued or offered under our IPO; or

(ii) there is withholding of information of a material nature from the Underwriter which is required to be disclosed pursuant to the Underwriting Agreement which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to our Company, which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group and the success of our IPO, or the distribution or sale of the Shares issued or offered under our IPO; or

(iii) there shall have occurred, happened or come into effect in the opinion of the Underwriter any material and/or adverse change to the business or financial condition of our Group due to or arising from our Company's default, negligence, fraud and/or omission; or

(iv) there shall have occurred, or happened any material and/or adverse change to the business or financial condition of our Company or our Group which in the reasonable opinion of the Underwriter is through no fault of our Company and/or our Group; or

(v) any commencement of legal proceedings or action against any member of our Group or any of our directors, which in the opinion of the Underwriter, would have or is reasonably likely to have a material adverse effect or make it impracticable to market our IPO or to enforce contacts to allot and/or transfer the Shares; or

(vi) any material statements contained in this Prospectus has become or been discovered to be untrue, inaccurate or misleading in any respect, or matters have arisen or have been discovered which would, if any of this Prospectus were to be issued at that time, constitute a material omission therefrom as of the LPD of this Prospectus; or

(vii) there shall have occurred, or happened any material adverse effect on the business or financial condition of our Group which is not attributable to our Company and/or our Group; or

(viii) the closing date of the application of our IPO Shares does not occur within three (3) months from the date of the Underwriting Agreement, subject to the extension of Closing Date which is approved by the Underwriter; or

(ix) the consents, approvals, authorisations or other orders required by our Company under the laws of Malaysia for or in connection with our IPO have not been obtained; or

(x) the Listing does not take place by 22 June 2024 or such other extended date as may be agreed in writing by the Underwriter; or

(xi) there shall have occurred, happened or come into effect any of the following circumstances:

(aa) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or

(bb) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of our Company and/or the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war, diseases, epidemics, pandemics, the imposition of lockdowns or similar measures to control the spread of any epidemic or pandemic or accidents); which, (in the reasonable opinion of the Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of our Group and the success of the IPO, or the distribution or sale of our IPO Shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or (cc) the FTSE Bursa Malaysia KLCI Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:

(1) on or after the date of the Underwriting Agreement; and
(2) prior to the allotment of the Issue Shares,

lower than 90.0% of the level of the Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to such date and remains at or below that level for at least 3 Market Days; or

(dd) in the event of national disorder, outbreak of war or the declaration of a state of national emergency; or

(xii) there is failure on the part of our Company to perform any of their respective obligations herein contained, which in the reasonable opinion of Underwriter would have or can reasonably be expected to result in a material adverse effect on the business or operations of our Group, the success of our IPO, or the distribution or sale of our IPO Shares, and such failure is not rectified by our Company within three (3) Market Days from our Company's receipt of the Underwriter's written notice requesting rectification of such non-performance; or;

(xiii) any matter which arose immediately before the date of this Prospectus would have constituted a material and adverse omission in the context of our IPO; or

(xiv) any event, act or omission which gives or is likely to give rise to any liability which will have a material and adverse effect on our Company pursuant to the indemnities contained under the Underwriting Agreement.

(b) Upon such notice(s) being given, the Underwriter shall be released and discharged of its obligations without prejudice to its rights whereby the Underwriting Agreement shall be of no further force or effect and no party shall be under any liability to any other in respect of the Underwriting Agreement, except that our Company shall remain liable in respect of its obligations and liabilities for the payment of the costs and expenses already incurred prior to or in connection with such termination, for the payment of any taxes, duties or levies or such outstanding fees, and for any antecedent breach, and its undertaking to indemnify the Underwriter.

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4.12 TRADING AND SETTLEMENT IN SECONDARY MARKET

Our Shares will be admitted to the Official List of the ACE Market and an official quotation will commence after, among others, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and Depository Rules. We will not issue any share certificates to successful applicants.

Upon our Listing, transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS Account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares will trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the second Market Day following the transaction date.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters' and substantial shareholders' shareholdings

The shareholdings of our Promoters and substantial shareholders in our Company before and after our IPO are set out below:

		[1]Before IPO				[2]After IPO			
		Direct		Indirect		Direct		Indirect	
Name	Nationality	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters and substantial shareholders									
Chin Mee Leen	Malaysian	522,369,500	81.6	[4]117,630,500	18.4	485,640,500	60.7	[4]109,359,500	13.7
Loke Theen Fatt	Malaysian	[3]117,630,500	18.4	[4]522,369,500	81.6	109,359,500	13.7	[4]485,640,500	60.7
Promoters									
Stella Loke Pei Wen	Malaysian	-	-	-	-	-	-	-	-
Wilson Loke Choon Syn	Malaysian	-	-	-	-	-	-	-	-
Loke Pei Lee	Malaysian	-	-	-	-	-	-	-	-

Notes:

(1) Based on our share capital of 640,000,000 Shares before our IPO.

(2) Based on our enlarged share capital of 800,000,000 Shares after our IPO.

(3) Including 1 Share which was transferred from Yap Kim Leng, a nominee shareholder, to Loke Theen Fatt.

(4) Deemed interested by virtue of his/her spouse's shareholdings in our Company.

Our Promoters and substantial shareholders do not have different voting rights from other shareholders of our Group.

5.1.2 Profiles of Promoters and/or substantial shareholders

The profiles of our Promoters and substantial shareholders are as follows:

(a) Chin Mee Leen

Chin Mee Leen, a Malaysian female, aged 66, is our Promoter and substantial shareholder.

She completed her Sijil Pelajaran Malaysia in Sekolah Menengah Datuk Mansor, Negeri Sembilan in 1977. With the working experience that she had accumulated over the years, she pursued further studies on a part-time basis and obtained her Master of Business Administration (not currently accredited by Malaysia Qualification Agency) from The National Australian Institute of Science and Technology, Australia in 2001.

In 1978, she began her career at a property development company in Negeri Sembilan where she was involved in clerical and administrative works. She left the company in 1980 and joined Future City Development (Sabah) Sdn Bhd as Accounts Executive where she was involved in carrying out accounting tasks. She left the company in 1984 and took a brief break.

In 1985, she joined our Group through our subsidiary, namely KTISB as Director where she was responsible for overseeing the overall business operations which included finance, administrative, compliance, human resource and sales and marketing functions of the company. In 1986, she became our shareholder when she acquired 50.0% equity interest in KTISB from Siaw Voon Chiat (non-related party). Over the years, she gradually reduced her involvement and relinquished her duties within our Company to Stella Loke Pei Wen (our Executive Director) on matters pertaining to sales and marketing in 2014, to Loke Pei Lee (Director of Management) on matters pertaining to administrative and human resource in 2014 and to Chaw Ken Vun (our Chief Financial Officer) on matters pertaining to finance in 2016. Since her gradual relinquishing of her executive roles in our Group from 2014 onwards, she has undertaken primarily an advisory role in our operations, by providing strategic advice for overall operational management as well as in staff payroll, board resolutions and letters pertaining to administrative matters.

She is presently a director of our subsidiaries, namely Dataran Jayamakmur, KTISB, Landmark Property, KTID, KTI Industrial and KTI Hotel & Resort. Her directorship in all our subsidiaries is non-executive in nature as she is not involved in the daily operations of our subsidiaries, which she has relinquished to other key senior management over the years. She carries out her fiduciary duties as director in our subsidiaries. As a Promoter and substantial shareholder, her involvement in our Company is only on an advisory level. Additionally, after the completion of our Listing, she will be retiring from our Group, and will relinquish her directorships and involvement in our Group thereon.

She presently holds directorship in a private limited company outside our Group.

(b) Loke Theen Fatt

Loke Theen Fatt, a Malaysian male, aged 65, is our Promoter, substantial shareholder and Managing Director / Chief Executive Officer. He was appointed to our Board on 10 March 2016. He is responsible for the overall day-to-day management and formulation of our Group' business plans and strategies, overseeing project development activities, providing strategic guidance and direction on the operations of our Group.

He completed his Sijil Pelajaran Malaysia in Sekolah Menengah Datuk Mansor, Negeri Sembilan in 1976. With the working experience that he had accumulated over the years, he pursued further studies on a part-time basis and obtained a Doctor of Philosophy in Management (not currently accredited by Malaysia Qualification Agency) from The National Australian Institute of Science and Technology, Australia in 2001.

In 1978, he began his career at a property development company in Bahau, Negeri Sembilan where he was involved in supervising site construction works. In 1979, he was transferred to Sabah as Site Manager where he was responsible for carrying out the appointment of contractors and supervising construction progress. In the same year, he was promoted to Office Manager and was subsequently appointed as Executive Director where he was involved in business development activities such as identifying suitable land for acquisition, overseeing project development, and sales and marketing. In 1982, he left the company.

In 1982, he joined Future City Development (Sabah) Sdn Bhd, a company previously involved in property development activities that co-founded by Loke Theen Fatt (25.0% upon incorporation, Lim Chong Lock (25.0% upon incorporation), Lim Soon Chye (25.0% upon incorporation) and Liew Nam Fatt (25.0% upon incorporation) in 1979. He was holding a non-executive role until he was appointed as Manager. During his tenure, he was involved in financial and administrative matters of the company as well as business development such as sourcing of prospective land for development, overseeing project development activities, sales and marketing, as well as overseeing construction activities.

He left Future City Development (Sabah) Sdn Bhd and joined our Group, through KTISB, as Manager in 1984. In the early years, he was primarily involved in business development, and sales and marketing as our Group was involved in the provision of construction services. Over the years, he managed and led the expansion of the business into property development whereby he was involved in the sourcing of prospective land for development in Sabah, managing project development activities and application for approvals from local authorities, coordinating and supervising construction works and managing sales and marketing activities. He also led the collaboration with LPPB since 2010 to provide design and build construction services to develop residential projects in Sabah. In 1990, he was appointed as Chief Executive Officer where he assumed his current responsibilities and subsequently in February 2013, he became our Group's shareholder when he acquired 11.3% equity interest in KTISB from Lok Kau Lin (non-related party).

On 1 August 2022, he was redesignated as Managing Director / Chief Executive Officer.

He presently holds directorships in a number of private limited companies. Kindly refer to Section 5.2.3(b) for his involvement in other business activities outside our Group.

(c) Stella Loke Pei Wen

Stella Loke Pei Wen, a Malaysian female, aged 38, is our Promoter and Executive Director. She was appointed to our Board on 1 August 2022. She is responsible for overseeing sales and marketing for our Group including setting sales targets for the sales team, monitoring sales performance and customer retention, implementing sales and marketing strategies, project branding and keeping abreast with market supply and demand.

She graduated with a Bachelor of Commerce (Accounting) from The University of Adelaide, Australia in 2008.

In 2010, she began her career as Junior Auditor at KPMG Kota Kinabalu where she was involved in audit works.

She left KPMG Kota Kinabalu and joined our Group as Accounts Executive in 2011 where she was involved in accounting matters, focusing on tasks pertaining to accounts payable.

In 2013, she was promoted to Assistant Sales Manager where she assisted in sales activities, managing sales team allocations in accordance to project requirements.

In 2014, she was promoted as Director of Sales and Marketing where she assumed her current responsibilities.

Presently, she does not hold directorship in any private and public limited companies outside our Group.

(d) Wilson Loke Choon Syn

Wilson Loke Choon Syn, a Malaysian male, aged 35, is our Promoter and Executive Director. He was appointed to our Board on 1 August 2022. He is responsible for sourcing of prospective land for development, carrying out market feasibility studies, overseeing project concept development and budgeting, project management as well as overseeing the IBS operations of our Group.

He graduated with a Bachelor of Applied Finance from the University of South Australia, Australia in 2011.

In 2012, he joined our Group as Assistant Project Manager where he assisted in overseeing project development activities and coordinating construction works, assisted in managing the IBS operations of our Group and supervising the adoption of IBS construction technique at project sites.

In 2014, he was promoted to Director of Projects where he assumed his current responsibilities. He also initiated the refurbishment and replacement of existing machinery in our casting yards in Kinarut and Tuaran, as well as the set up of a batching plant in both casting yards to enhance operational efficiencies. He is also actively involved in managing our Group's venture into the hotel industry where he is presently managing the development concept and construction of our Group's hotel namely Avani Luyang @ The Logg, leading plannings with the hotel operator that has been engaged to manage the hotel upon commencement of operations, as well as sales and marketing activities related to the hotel.

He is a director in a private limited company outside our Group. Kindly refer to Section 5.2.3(c) for his involvement in other business activities outside our Group.

(e) Loke Pei Lee

Loke Pei Lee, a Malaysian female, aged 40, is our Promoter and Director of Management. She is responsible for overseeing the corporate management aspects of our Group, with a focus on human resources and administration.

She graduated with a Bachelor of Commerce (Marketing) from The University of Adelaide, Australia in 2012.

In 2012, she began her career with our Group as Assistant Marketing Manager where she assisted in the sales and marketing activities as well as handling the administrative tasks pertaining to the sub-sale of properties developed by our Group such as managing the compilation and filing of loan documents, dealing with solicitors, end-financiers and end buyers on the sales and purchase agreement, handling of paperwork for the delivery of vacant possession to end buyers, customer relations, ensure timely generation of progress billing to end buyers, monitoring and ensuring progress payments are collected in a timely manner.

In 2014, she was appointed as Director of Management where she assumed her current responsibilities.

She presently holds directorships in a number of private limited companies.

Kindly refer to Section 5.3.4(b) for her involvement in other business activities outside our Group.

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5.1.3 Changes in Promoters' and substantial shareholders' shareholdings

The changes in our Promoters and substantial shareholders' respective shareholdings for the last 4 financial years up to LPD is as follows:

	As at 31 December 2020				As at 31 December 2021				As at 31 December 2022			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Promoters and substantial shareholders												
Loke Theen Fatt	1	33.3	(1)1	33.3	1	33.3	(1)1	33.3	1	33.3	(1)1	33.3
Chin Mee Leen	1	33.3	(1)1	33.3	1	33.3	(1)1	33.3	1	33.3	(1)1	33.3
Promoters												
Stella Loke Pei Wen	-	-	-	-	-	-	-	-	-	-	-	-
Wilson Loke Choon Syn	-	-	-	-	-	-	-	-	-	-	-	-
Loke Pei Lee	-	-	-	-	-	-	-	-	-	-	-	-

	As at 31 December 2023				As at LPD			
	Direct		Indirect		Direct		Indirect	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Promoters and substantial shareholders								
Loke Theen Fatt	1	33.3	(1)1	33.3	(2)117,630,500	18.4	(1)522,369,500	81.6
Chin Mee Leen	1	33.3	(1)1	33.3	522,369,500	81.6	(1)117,630,500	18.4
Promoters								
Stella Loke Pei Wen	-	-	-	-	-	-	-	-
Wilson Loke Choon Syn	-	-	-	-	-	-	-	-
Loke Pei Lee	-	-	-	-	-	-	-	-

Notes:

(1) Deemed interested by virtue of his/her spouse's shareholding in our Company.

(2) Including 1 Share which was transferred from Yap Kim Leng, a nominee shareholder, to Loke Theen Fatt.

5.1.4 Persons exercising control over the corporation

Save for our Promoters as set out in Section 5.1.1, there is no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company. There are no arrangement which may, at a subsequent date, result in a change in control of our Company.

5.1.5 Amounts or benefits paid or intended to be paid or given to our Promoters or substantial shareholders

Save for the issuance of our Shares as disclosed in Section 6.1, the aggregate remuneration and benefits paid or proposed to be paid for services rendered to our Group in all capacities as disclosed in Section 5.2.4 and 5.3.5 and the dividends declared and paid as disclosed in Section 12.17, there are no other amounts or benefits that have been paid or intended to be paid to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus.

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5.2 DIRECTORS

Our Board takes note of the recommendations under the MCCG released in April 2021 and intends to have our Group adhere to its recommendations. Specifically, on Practice Note 5.9, where it is recommended that our Board comprise 30.0% female members. As at the date of this Prospectus, our Board comprises 2 females out of 7 members, which represents 28.6% of our Board, and is a departure from Practice Note 5.9. We undertake to secure the appointment of an additional female Director within a year after Listing to meet the recommendation of 30.0% female Board members. Save for Practice Note 5.9, the composition of our Board presently adheres to the other recommendations of the MCCG.

5.2.1 Directors' shareholdings

The shareholdings of our Directors in our Company before and after our IPO assuming that our Directors will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

		(1)Before IPO				(2)After IPO			
		Direct		Indirect		Direct		Indirect	
Name	Designation / Nationality	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Haji Hamzah Bin Haji Ghazalli	Independent Non-Executive Chairman / Malaysian	-	-	-	-	(3)1,250,000	0.15	-	-
Loke Theen Fatt	Managing Director / Chief Executive Officer / Malaysian	(4)117,630,500	18.4	(3)522,369,500	81.6	109,359,500	13.7	(5)485,640,500	60.7
Stella Loke Pei Wen	Executive Director / Malaysian	-	-	-	-	-	-	-	-
Wilson Loke Choon Syn	Executive Director / Malaysian	-	-	-	-	-	-	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

		[1]Before IPO				[2]After IPO			
		Direct		Indirect		Direct		Indirect	
Name	Designation / Nationality	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Datuk Tan Kok Liang	Independent Non-Executive Director / Malaysian	-	-	-	-	[3]450,000	<0.1	-	-
Lim Guik Moi	Independent Non-Executive Director / Malaysian	-	-	-	-	-	-	-	-
Chua Chai Hua	Independent Non-Executive Director / Malaysian	-	-	-	-	[3]350,000	<0.1	-	-

Notes:

(1) Based on our share capital of 640,000,000 Shares before our IPO.

(2) Based on our enlarged share capital of 800,000,000 Shares after our IPO.

(3) Assuming that our Directors will fully subscribe for their respective entitlements under the Pink Form Allocations.

(4) Including 1 Share which was transferred from Yap Kim Leng, a nominee shareholder, to Loke Theen Fatt.

(5) Deemed interested by virtue of his/her spouse's shareholdings in our Company.

5.2.2 Profiles of Directors

Save for the profiles of our Promoters, namely Loke Theen Fatt, Wilson Loke Choon Syn and Stella Loke Pei Wen, which are disclosed in Section 5.1.2, the profiles of our other Directors are as follows:

(a) Dato' Haji Hamzah Bin Haji Ghazalli

Dato' Haji Hamzah Bin Haji Ghazalli, a Malaysian male, aged 75, is our Independent Non-Executive Chairman. He was appointed to our Board on 1 August 2022.

In 1969, he obtained his Sijil Tinggi Pelajaran Malaysia from King George V School, Negeri Sembilan. In 1973, he graduated with a Bachelor of Arts from University of Malaya. He pursued further studies and obtained his Master of Arts from University of Ohio, USA in 1982.

In 1973, he was appointed as Administrative and Diplomatic Service Officer of the Government of Malaysia. During his 32 years of career, he held the following positions:

- In 1973, he held the position of Assistant Director of the Ministry of Culture, Youth and Sports Malaysia where he assisted in general administration, human resource and finance functions of the ministry.

- In 1977, he was promoted to Principal Assistant Director where he was involved in the finance functions and development of public amenities such as multipurpose complexes, sports facilities and training institutions.

- In 1978, he was transferred to the Department of Survey and Mapping as Principal Assistant Director, and was subsequently transferred to the Public Services Department as Principal Assistant Director in 1980. During this period, he was responsible for carrying out tasks pertaining to finance, human resource and administration. In 1981, he took a study break to pursue further studies in the University of Ohio, USA, where he completed his studies in 1982 and returned to Malaysia to resume his duties.

- In 1988, he was appointed as Deputy President of the Seremban Municipal Council, where he was involved in managing and overseeing the overall development, operations and administrative functions of the council.

- In 1992, he was redesignated as District Officer of Jelebu District Office and President of Jelebu District Council, Negeri Sembilan. During his tenure, he was involved in managing the development and allocation of resources (i.e. land and financial) in relation to the infrastructure development of the district as well as district administrative functions and local government functions.

- In 1996, he was appointed as Deputy Director General of the Federal Land and Mines Department as well as Commissioner of Land and Mines of the Ministry of Land and Cooperative Department. During his tenure, he was in charge of implementing the computerisation of the land registration system across Malaysia, as well as overseeing the development and administrative functions of federal lands.

- In 2003, he was appointed as State Secretary of the Negeri Sembilan State Secretary's Office where he was involved in managing and monitoring the implementation of state policies and overseeing state administrative functions.

In 2005, he retired from serving with the Government.

After his retirement in 2005, he has held directorships in several public listed companies in Malaysia. Between 2005 and 2008, he was a Non-Independent Non-Executive Director of Putera Capital Berhad (a company previously listed on Main Market of Bursa Securities and delisted on 12 June 2009). Between 2005 and 2010, he was an Independent Non-Executive Director of Halifax Capital Berhad (formerly known as Setron (Malaysia) Berhad, a company previously listed on Main Market of Bursa Securities and delisted on 25 July 2008). Between 2007 and 2012, he was an Independent Non-Executive Director of Zecon Berhad (formerly known as Zecon Engineering Berhad, a company listed on Main Market of Bursa Securities).

Kindly refer to Section 5.2.3(a) for his present involvement in business activities outside our Group.

(b) Datuk Tan Kok Liang

Datuk Tan Kok Liang, a Malaysian male, aged 62, is our Independent Non-Executive Director. He was appointed to our Board on 1 August 2022.

In 1989, he obtained his Examination Certificate from the Malaysian Association of Certified Public Accountants. He has been a Member of the Malaysian Association of Certified Public Accountants (now known as the Malaysian Institute of Certified Public Accountants) since 1990; a Member of the Malaysian Institute of Taxation (now known as the Chartered Tax Institute of Malaysia) since 1994 and a Fellow since 2000; a Member of the Malaysian Institute of Accountants since 1991 and subsequently a Chartered Accountant since 2001; and a Professional Member of the Institute of Internal Auditors Malaysia since 2015.

In 2016, he obtained his Master in Tourism Management from the University Toulouse – Jean Jaurès, France. Further, he obtained his Certificate as a Certified Hotel Administrator from American Hotel and Lodging Association, USA in 2018. In 2017, he was appointed as President of the Malaysian Association of Tour and Travel Agents, and he completed his tenure in 2023. He is currently the Deputy Chairman of the Sabah Tourism Board (since February 2024) and is also the President of the Malaysia Tourism Federation (since August 2023).

In 1982, he began his career with Coopers & Lybrand (now known as PricewaterhouseCoopers) as an Audit Trainee. While attached to Coopers & Lybrand, he pursued his professional certification with the Malaysian Association of Certified Public Accountants, in which he completed his examination and obtained his qualification in 1989. During his tenure with Coopers & Lybrand, he was involved in business assurance assignments and related tasks. He was Audit Senior when he left the firm in 1988.

In 1988, he joined Ernst & Whinney (now known as Ernst & Young) as Audit Assistant where he was involved in business assurance assignments and related tasks. He was a Senior when he left Ernst & Whinney in 1990.

In 1990, he joined Discovery Tours (Sabah) Sdn Bhd in Sabah as Senior Manager, where he was involved in managing the accounting, finance, human resource and administrative operations of the company.

In 1993, he started his own practice when he set up Tan & Associates, an audit firm, to provide business assurance, audit and accounting services where he remains presently involved as Partner.

In 1998, he incorporated Tan & Associates Tax Services Sdn Bhd, to provide tax advisory and tax management services where he remains presently involved as Director.

In 2005, he set up McMillian Woods Koa & Tan, an audit firm, to provide business assurance, audit, accounting and consulting services where he remains presently involved as Partner.

In 2023, he incorporated Kota Kinabalu Hopon Hopoff Sdn Bhd to provide tour buses services for tourists, where he remains presently involved as Director.

Kindly refer to Section 5.2.3(d) for his involvement in business activities outside our Group.

(c) Lim Guik Moi

Lim Guik Moi, a Malaysian female, aged 64, is our Independent Non-Executive Director. She was appointed to our Board on 1 August 2022.

In 1979, she obtained her Sijil Tinggi Persekolahan Malaysia from Sabah College, Kota Kinabalu. In 1990, she obtained her professional qualification from the Malaysian Association of Certified Public Accountants. She has been a Member of the Malaysian Association of Certified Public Accountants (now known as the Malaysian Institute of Certified Public Accountants) since 1990; a Member of the Malaysian Institute of Accountants since 1991 and a Chartered Accountant since 2001.

In 1980, she joined KPMG (formerly known as Peat Marwick Mitchell & Co) Kota Kinabalu as Audit Trainee where she undertook a 4-year articleship to train in the field of audit and accounting to obtain her professional qualification from the Malaysian Association of Certified Public Accountants. Upon completing her articleship, she was promoted to Audit Senior where she was involved in audit works.

In February 1987, she left KPMG (formerly known as Peat Marwick Mitchell & Co) Kota Kinabalu and joined a commercial company as Personal Assistant to the company's director where she was responsible in assisting the director in the administrative functions of the overall business activities of the company.

In November 1987, she rejoined KPMG (formerly known as Peat Marwick Mitchell & Co) Kota Kinabalu as Audit Senior where she was involved in audit and other related assignments. In 1991, she was transferred to KPMG Peat Marwick Pittsburgh, USA as Audit Senior, where she was responsible for leading a team of auditors to perform audit works.

In 1993, she returned to KPMG (formerly known as Peat Marwick Mitchell & Co) Kota Kinabalu as Audit Manager. In 1997, she was promoted to Audit Director and subsequently to Audit Partner in 2011.

In 2015, she left KPMG Kota Kinabalu and started her own practice when she set up SLGM, an audit firm, to provide audit and accounting services where she remains presently as Partner.

Kindly refer to Section 5.2.3(e) for her involvement in business activities outside our Group.

(d) Chua Chai Hua

Chua Chai Hua, a Malaysian male, aged 67, is our Independent Non-Executive Director. He was appointed to our Board on 1 August 2022.

He graduated with a Polytechnic Diploma in Accountancy from Newcastle Upon Tyne Polytechnic (now known as Northumbria University), United Kingdom in 1978. In 1981, he obtained his Diploma in Management Studies from Derby Lonsdale College of Higher Education (now known as University of Derby), United Kingdom. In 1982, he obtained his Master of Business Administration from The University of Aston, United Kingdom.

In 1982, he began his career with Hoanbing (M) Sdn Bhd as Accountant where he was responsible for performing accounting, financial planning and tax management tasks of the company.

In 1984, he left Hoanbing (M) Sdn Bhd and joined Malaysia Borneo Finance Corporation (M) Berhad as Management Trainee where he was placed on a 6-month training programme to familiarise with the credit management functions of the company. Upon completing his management trainee program, he was assigned as Credit Officer where he was responsible for preparing loan proposals for the company's branch offices in Malacca, Negeri Sembilan and Sarawak. In 1985, he was posted to the branch office in Kuching and was promoted to Officer-In-Charge and subsequently to Branch Manager where he was involved in the assessment and approval of various types of loans products, as well as to oversee the management and business performance of the branch office.

In 1991, he left Malaysia Borneo Finance Corporation (M) Berhad and joined Oriental Bank Berhad as Branch Manager where he was based at the Kota Kinabalu branch office. He was responsible for overseeing the overall operation and management, including managing the business performance and approval of loans of the branch office. In 1995, he was appointed as Area Manager where he was overseeing the management and business performance of all branch offices in Sabah. In 1999, he was transferred to Johor Bahru branch office as Area Manager where he oversaw the management and business performance of all branch offices in Johor and Malacca.

In 1999, he left Oriental Bank Berhad and joined Overseas Union Bank (Malaysia) Berhad (now known as United Overseas Bank (Malaysia) Berhad) as Vice President and Manager of Kuching and Sandakan Branches where he was responsible for managing the operations and business performance of the branch offices in Kuching and Sandakan. In 2002, he was redesignated as Branch Manager of Kuching Branch where he focused on the overall management of the branch office in Kuching. In 2004, he was transferred to the Kota Kinabalu Branch as Vice-President and Manager where he performed similar responsibilities for the branch offices in Sandakan and Kota Kinabalu. In 2011, he was transferred to the East Malaysia Area Centre in Kota Kinabalu and was promoted to Senior Vice President - Area Manager, East Malaysia. He was involved in overseeing the operations of all branch offices in East Malaysia as well as in business development strategies to ensure sustainable growth of the business within the East Malaysia region. In 2013, he was promoted to Executive Director - Area Manager, East Malaysia, a position he held until his retirement in January 2020.

Kindly refer to Section 5.2.3(f) for his involvement in business activities outside our Group.

5.2.3 Principal business performed outside our Group

Save as disclosed below, none of our Directors has any other principal directorship and/or principal business activities performed outside our Group in the past 5 years up to LPD:

(a) Dato' Haji Hamzah Bin Haji Ghazalli

Company	Principal activities	Position held	Date of appointment	Date of resignation / cessation	% of shareholdings held	
					Direct	Indirect
Present involvement						
PCB Engineering Sdn Bhd	Dormant. Previously involved in the construction and management of water and sewerage treatment plant	Non-Executive Director	10 November 2006	-	-	-
Zecon Construction Services Sdn Bhd (subsidiary of Zecon Berhad, a company listed on Main Market of Bursa Securities)	Water infrastructure related services	Non-Executive Director	14 January 2016	-	-	-
Good Quantum Sdn Bhd	Dormant with no intended activity	Shareholder	-	-	20.0	-
Past involvement						
Nil						

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

(b) Loke Theen Fatt

Company	Principal activities	Position held	Date of appointment	Date of resignation / cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Present involvement						
Cerajuta Sdn Bhd[(1)]	Property development	Non-Executive Director / Shareholder	29 November 2006	-	51.0	-
Future City Development (Sabah) Sdn Bhd	Dormant with intended activity of agricultural development. Previously involved in property development and provision of construction services (ceased property development and construction operations in 1984)	Non-Executive Director / Shareholder	10 October 1979	-	9.2	[(2)]9.2
Past involvement						
Pembangunan Buildharta Sdn Bhd (formerly known as Pembangunan K.T.I Sdn Bhd)	Property investment holding	Non-Executive Director	1 July 2006	22 February 2021	-	-
Urban Supreme Sdn Bhd	Dissolved on 15 July 2019	Non-Executive Director / Shareholder	21 September 2012	15 July 2019	50.0	-

Notes:

(1) Please refer to Section 11 for details of the potential conflict of interest and mitigating factors.

(2) Deemed interested by virtue of his spouse's shareholdings in Loke Theen Fatt Realty Sdn Bhd.

(c) Wilson Loke Choon Syn

Company	Principal activities	Position held	Date of appointment	Date of resignation / cessation	% of shareholdings held Direct	Indirect
Present involvement						
Cerajuta Sdn Bhd[1]	Property development	Non-Executive Director	27 November 2012	-	-	-
Kota Kinabalu Dental Sdn Bhd	Dental services	Shareholder	-	-	30.0	-
Mamam Eatery Sdn Bhd	Restaurants	Shareholder	-	-	26.8	-
Borneo Vision Holiday Sdn Bhd	Tour operator	Shareholder	-	-	5.0	-
Past involvement						
Nil						

Note:

(1) Please refer to Section 11 for details of the potential conflict of interest and mitigating factors.

(d) Datuk Tan Kok Liang

Company	Principal activities	Position held	Date of appointment	Date of resignation / cessation	% of shareholdings held Direct	Indirect
Present involvement						
Hernancres & Tan Consultancy (Sabah) Sdn Bhd	Accounting, bookkeeping, auditing, and tax consultancy	Shareholder	-	-	20.0	-

Company	Principal activities	Position held	Date of appointment	Date of resignation / cessation	% of shareholdings held	
					Direct	Indirect
Kota Kinabalu Hopon Hopoff Sdn Bhd	Tour operator	Non-Executive Director / Shareholder	8 August 2023	-	25.0	-
Borneo Nature Lodge Sdn Bhd	Resort operator	Non-Executive Director / Shareholder	1 November 2007	-	-	(1)12.0
Borneo Trails Tours & Travel Sdn Bhd	Tour operator	Non-Executive Director / Shareholder	28 February 2006	-	50.0	-
Tan & Associates Tax Services Sdn Bhd	Tax agent, consultants and advisers	Executive Director / Shareholder	14 May 1998	-	50.0	-
Past involvement						
Matta Assets Sdn Bhd	Investment and realty holding	Non-Executive Director	17 July 2017	15 July 2023	-	-
Micem Sdn Bhd	Provide event management services	Non-Executive Director	17 July 2017	15 July 2023	-	-
Matta Academy Sdn Bhd	Providing training and conducting courses in relation to the travel and tourism industry	Non-Executive Director	17 July 2017	15 July 2023	-	-
Matta Properties Sdn Bhd	Property investment	Non-Executive Director	17 July 2017	15 July 2023	-	-

Company	Principal activities	Position held	Date of appointment	Date of resignation / cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Gaya Ecotourism Sdn Bhd	Hotels and resort hotels; tour operator activities	Non-Executive Director	9 October 2019	4 June 2020	-	-
Sri Pelancongan Sabah Sdn Bhd	Sales of handicraft, organising sports-tourism events	Non-Executive Director	25 June 2019	7 October 2021	-	-
Matta Technologies Sdn Bhd	Travel agency activities	Non-Executive Director	15 May 2018	27 November 2020	-	-

Note:

(1) Deemed interested by virtue of his shareholdings in Borneo Trails Tours & Travel Sdn Bhd pursuant to Section 8(4) of the Act.

(e) Lim Guik Moi

Company	Principal activities	Position held	Date of appointment	Date of resignation / cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Present involvement						
Nil						
Past involvement						
Nansiga Holidays & Tours Sdn Bhd (formerly known as Jadi Holidays Sdn Bhd)	Eco-tourism; inbound and outbound travel	Shareholder	-	Ceased to be shareholder on 15 February 2023	30.0	-

(f) Chua Chai Hua

Company	Principal activities	Position held	Date of appointment	Date of resignation / cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Present involvement						
Damai Golf & Country Club Berhad	Ownership and management of a golf course and other related activities	Shareholder	-	-	<0.1	-
Past involvement						
Nil						

As at LPD, the directorships of our Directors in other companies are in compliance with Rule 15.06 of the Listing Requirements as our Directors do not hold more than 5 directorships in public listed companies on Bursa Securities.

Save as disclosed in Section 11, the involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our business. The involvement of our Executive Directors in those business activities outside our Group does not preclude them from allocating or committing their time and effort to our Group as they do not hold executive roles and are not involved in the day-to-day operations of these companies as these companies are dormant as at LPD and have no intention for the companies to undertake any other business activities moving forward. Therefore, their involvement in these companies does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

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5.2.4 Directors' and Promoters' remuneration and benefits

The remuneration of our Directors and Promoters including fees, salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Nominating and Remuneration Committee and subsequently, be approved by our Board. The Director's fees and any benefits payable to Directors shall be subject to annual approval by our shareholders pursuant to an ordinary resolution passed at a general meeting in accordance with our Constitution. Please refer to Section 16.3 for further details.

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors and Promoters for services rendered in all capacities to our Group for FYE 2021 to 2024 are as follows:

	Directors' fees	Salaries	Bonuses	Other emolument	Benefits-in-kind	Total
			RM'000			
FYE 2021 (Paid)						
Directors and Promoters						
Loke Theen Fatt	-	373	-	75	34	482
Wilson Loke Choon Syn	-	178	-	23	21	222
Stella Loke Pei Wen	-	184	-	23	11	218
Promoters						
Chin Mee Leen(2)	-	249	-	48	-	297
Loke Pei Lee	-	186	-	23	15	224
FYE 2022 (Paid)						
Promoters and/or Directors						
Dato' Haji Hamzah Bin Haji Ghazalli	-	-	-	-	-	-
Loke Theen Fatt	-	540	-	118	39	697
Stella Loke Pei Wen	-	186	15	26	13	240
Wilson Loke Choon Syn	-	186	15	26	24	251
Datuk Tan Kok Liang	-	-	-	-	-	-
Lim Guik Moi	-	-	-	-	-	-
Chua Chai Hua	-	-	-	-	-	-

	Directors' fees	Salaries	Bonuses	Other emolument	Benefits-in-kind	Total
	RM'000					
Promoters						
Chin Mee Leen(2)	-	360	-	71	-	431
Loke Pei Lee	-	186	15	26	17	244
FYE 2023 (Paid)						
Promoters and/or Directors						
Dato' Haji Hamzah Bin Haji Ghazalli	-	-	-	-	-	-
Loke Theen Fatt	-	756	-	153	39	948
Stella Loke Pei Wen	-	180	133	23	13	349
Wilson Loke Choon Syn	-	180	133	27	37	377
Datuk Tan Kok Liang	-	-	-	-	-	-
Lim Guik Moi	-	-	-	-	-	-
Chua Chai Hua	-	-	-	-	-	-
Promoters						
Chin Mee Leen(2)	-	504	-	97	-	601
Loke Pei Lee	-	180	133	24	12	349
FYE 2024 (Proposed)						
Promoters and/or Directors						
Dato' Haji Hamzah Bin Haji Ghazalli	(1)60	-	-	-	-	60
Loke Theen Fatt	-	876	-	177	39	1,092
Stella Loke Pei Wen	-	300	133	38	13	484
Wilson Loke Choon Syn	-	300	133	38	37	508
Datuk Tan Kok Liang	(1)36	-	-	-	-	36
Lim Guik Moi	(1)36	-	-	-	-	36
Chua Chai Hua	(1)36	-	-	-	-	36

	Directors' fees	Salaries	Bonuses	Other emolument	Benefits-in-kind	Total
			RM'000			
Promoters						
Chin Mee Leen(2)	-	126	-	24	-	150
Loke Pei Lee	-	300	133	36	12	481

Notes:

(1) The Independent Non-Executive Directors' fees will be determined upon the date of our Listing. Such Directors' fees will be subject to shareholders' approval at a general meeting pursuant to Section 230 of the Act.

(2) The remunerations and benefits paid and proposed to be paid to Chin Mee Leen (our Promoter and substantial shareholder) despite her non-executive role in our Group are in view of her past contributions to the success of our Group as well as her being a guarantor for some of the banking facilities undertaken by our Group as at LPD. Despite her non-executive role in our Group, there has been an increasing trend in the remuneration and benefits paid to Chin Mee Leen for FYE 2020 to 2023 as she has been providing strategic advice for overall operational management as well as in staff payroll, board resolutions and letters pertaining to administrative matters. The increase is also in view of her impending departure from our Group in 2024 after completion of our Listing, and will be her final compensation received from our Group.

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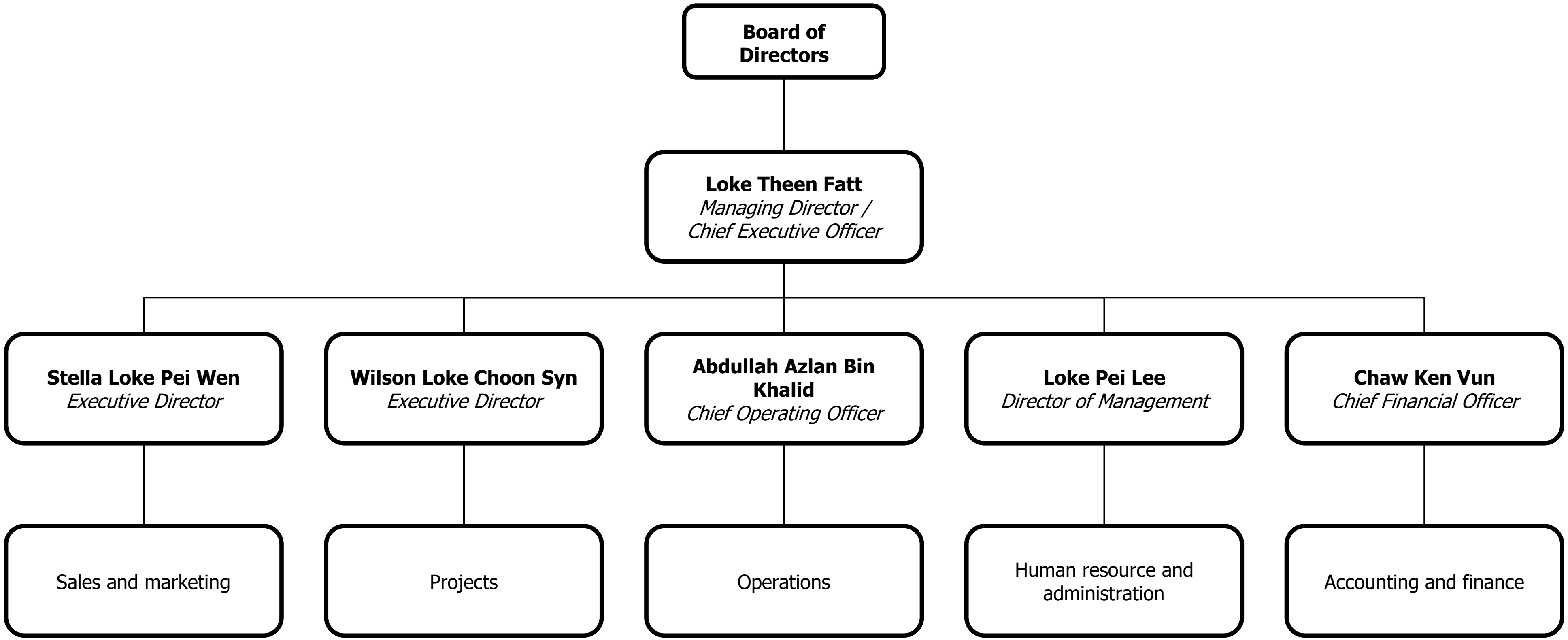
5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

5.3 KEY SENIOR MANAGEMENT

5.3.1 Management structure

The management reporting structure of our Group is as follows:



5.3.2 Key senior management shareholdings

The shareholdings of our key senior management in our Company before and after IPO, save for Loke Theen Fatt, Stella Loke Pei Wen, Wilson Loke Choon Syn and Loke Pei Lee, which are disclosed in Sections 5.1.1 and 5.2.1, are set out below:

		[1]Before IPO				[2] After IPO			
		Direct		Indirect		Direct		Indirect	
Name	**Designation / Nationality**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Abdullah Azlan Bin Khalid	Chief Operating Officer / Malaysian	-	-	-	-	[3]1,000,000	0.1	-	-
Chaw Ken Vun	Chief Financial Officer / Malaysian	-	-	-	-	-	-	-	-
Loke Pei Lee	Director of Management / Malaysian	-	-	-	-	-	-	-	-

Notes:

(1) Based on our share capital of 640,000,000 Shares before our IPO.

(2) Based on our enlarged share capital of 800,000,000 Shares after our IPO.

(3) Assuming that he will fully subscribe for his entitlements under the Pink Form Allocations.

5.3.3 Profiles of key senior management

Save for the profiles of our Executive Directors and Promoters which are disclosed in Section 5.1.2, the profiles of the other key senior management of our Group are as follows:

(a) Abdullah Azlan Bin Khalid

Abdullah Azlan Bin Khalid, a Malaysian male, aged 62, is our Chief Operating Officer. He is responsible for managing the overall construction operations of our Group.

He obtained his Diploma in Building from Institut Teknologi MARA in 1984. In 1987, he graduated with a Bachelor of Science in Construction Management from the University of Nebraska, USA. In 2021, he received his Professional Diploma in International Arbitration from the joint Academic Board of Brickfields Asia College and the Malaysian Institute of Arbitrators. In 2021, he was admitted as a Member of the Malaysian Institute of Property and Facility Managers.

In 1984, he began his career as Quantity Surveying Technical Assistant at Urus Bangunan Sdn Bhd where he assisted in the evaluation of construction contracts, providing cost and material estimates, processing of tenders received from contractors, liaising with contractors and governmental bodies, and monitoring construction costs. He left the company in 1985 to pursue further studies at the University of Nebraska, USA.

Upon returning from USA in 1987, he joined WTW Property Services Sdn Bhd as Property Executive where he was involved in providing real estate consultancy services.

He left WTW Property Services Sdn Bhd and joined Utusan Melayu (Malaysia) Berhad (a company then listed on the Main Market of Bursa Securities) in 1989, as Property Officer and was subsequently promoted to Acting Head of Property Division. He was responsible in leading the operations of the company's property department and overseeing construction activities.

He left Utusan Melayu (Malaysia) Berhad and joined Mayban Finance Berhad in September 1990 as Officer. He subsequently re-joined WTW Property Services Sdn Bhd in December 1990 as Building Manager where he was responsible for managing and supervising the general building security and maintenance of Menara MPPJ (now known as Menara MBPJ - Majlis Bandaraya Petaling Jaya).

He left WTW Property Services Sdn Bhd and joined Abdul Razak Holding in Brunei in 1992 as Property Manager where he managed the development of the company's portfolio of properties and hotels, as well as managing the operations of the company.

He left Abdul Razak Holding and joined CB Richard Ellis (Malaysia) Sdn Bhd in 2011 as Senior Vice President, Property Management Services where he was responsible for managing the overall operations of the property management division. In 2013, he was promoted to Associate Director where he was given the responsibility to manage a portfolio of property assets.

He left CB Richard Ellis (Malaysia) Sdn Bhd and joined Sawla International in Saudi Arabia in 2013 as Associate Partner, Real Estate Advisory Service where he oversaw the business operations of the real estate advisory division. In 2014, he left Sawla International to set up Azlan Asetkonsult, a sole proprietorship, to provide real estate advisory services in which the sole proprietorship has been terminated on 30 June 2023.

In 2015, he joined our Group as Senior Property Development and Marketing Manager where he was responsible for managing property development activities which included property development planning and budgeting, project management, and sales and marketing activities. In 2017, he was promoted to Acting Chief Operating Officer where he assisted our Chief Executive Officer in managing the general operations of our Group.

In 2018, he was promoted as our Chief Operating Officer where he assumed his current responsibilities.

Kindly refer to Section 5.3.4(a) for his involvement in other business activities outside our Group.

(b) Chaw Ken Vun

Chaw Ken Vun, a Malaysian male, aged 52, is our Chief Financial Officer. He is responsible for overseeing and managing the overall finance and accounting functions of our Group, which include accounting and taxation, preparing financial budgets, and providing financial advice to the management for decision making purposes.

In 2015, he graduated with a Bachelor of Business (Major in Accounting) from Edith Cowan University, Australia. In 1996, he was admitted as an Associate of Certified Practising Accountant (CPA) Australia and has been a Certified Practising Accountant since 2001. He has been a Chartered Accountant of the Malaysian Institute of Accountants since 2002.

In 1996, he joined KPMG Kota Kinabalu as Audit Assistant where he was involved in audit works. In year 2000, he was promoted to Audit Senior.

He left KPMG Kota Kinabalu and joined our Group in 2002 as Accountant where he was responsible for the accounting functions of our Group. He left in April 2005 and took a brief break.

In December 2005, he joined Otentik Sdn Bhd (presently known as Hap Seng Building Materials Sdn Bhd), a wholly-owned subsidiary of Hap Seng Consolidated Berhad (a company listed on the Main Market of Bursa Securities) as Accountant and subsequently promoted to Accounts Manager in 2007. During his tenure, he was responsible for the accounting functions of the quarry, building materials and trading divisions of the company. In 2008, he was transferred to Hap Seng Building Materials Holdings Sdn Bhd, and was promoted to Senior Account Manager where his responsibilities expanded to include managing capital expenditure and conducting costing analysis. In 2009, he was promoted to Financial Controller where he was involved in managing the overall finance and accounting functions of the company and its related entities.

He left Hap Seng Building Materials Holdings Sdn Bhd and re-joined our Group in 2010 as Accountant where he was involved in managing the finance, accounting, internal control and credit control functions of our Group.

He left our Group and re-joined Hap Seng Building Materials Holdings Sdn Bhd in 2011 as Commercial Manager (East Malaysia) where he was responsible for managing the operations, capital expenditure, budgeting and costing analysis of the quarry, building materials and trading divisions of the company. In 2014, he was promoted to Regional Sales Manager (Sabah) where he was involved in managing the company's sales and marketing activities in Sabah.

He left Hap Seng Building Materials Holdings Sdn Bhd and re-joined our Group in 2016 as Chief Financial Officer where he assumed his current responsibilities.

Presently, he does not hold directorships in any private and public limited companies.

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5.3.4 Principal business performed outside our Group

Save as disclosed in Section 5.2.3 and below, none of our key senior management has any other principal directorship and/or principal business activities performed outside our Group as at LPD:

(a) Abdullah Azlan Bin Khalid

Company	Principal activities	Position held	Date of appointment	Date of resignation / cessation	% of shareholdings held	
					Direct	Indirect
Present involvement						
Nil						
Past involvement						
Azlan Asetkonsult	Sole proprietorship – involved in real estate advisory services. Terminated on 30 June 2023	Sole Proprietor	14 May 2014	30 June 2023	-	-
Kelisa Baiduri Sdn Bhd	Dissolved on 15 June 2020	Non-Executive Director / Shareholder	27 August 2002	15 June 2020	33.3	-
Koolkon Ventures Sdn Bhd	Property investment and land agents; General trading; Investment holdings	Non-Executive Director	29 September 2016	22 April 2022	-	-

(b) Loke Pei Lee

Company	Principal activities	Position held	Date of appointment	Date of resignation / cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Present involvement						
Pembangunan Buildharta Sdn Bhd (formerly known as Pembangunan K.T.I Sdn Bhd)[1]	Property investment holding	Non-Executive Director / Shareholder	22 February 2021	-	24.6	-
Past involvement						
Nil						

Note:

(1) Please refer to Section 11 for details of the potential conflict of interest and mitigating factors.

The involvement of our key senior management in those business activities outside our Group does not give rise to any conflict of interest situation with our business. Their involvement in those business activities does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

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5.3.5 Key senior management remuneration and benefits

The remuneration of our key senior management including salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Nominating and Remuneration Committee and subsequently, be approved by our Board.

The aggregate remuneration and material benefits-in-kind (in bands of RM50,000) paid and proposed to be paid to our key senior management (save for our Directors which are disclosed in Section 5.2.4) for services rendered in all capacities to our Group for FYE 2021 to 2024 are as follows:

	[1]Remuneration band			
	FYE 2021 (Paid)	FYE 2022 (Paid)	FYE 2023 (Paid)	FYE 2024 (Proposed)
	RM'000			
Abdullah Azlan Bin Khalid	200 – 250	250 – 300	300 – 350	300 – 350
Chaw Ken Vun	200 – 250	250 – 300	300 – 350	300 – 350
Loke Pei Lee	200 – 250	200 – 250	300 – 350	[2]450 – 500

Notes:

(1) The remuneration for key senior management includes salaries, bonuses, allowances and other emoluments.

(2) Loke Pei Lee's proposed remuneration and benefits for FYE 2024 are higher in aggregate than the other key senior management as she is also a director of our subsidiaries, namely KTID, KTISB, Landmark Property and KTI Industrial.

Loke Pei Lee, as well as Stella Loke Pei Wen and Wilson Loke Choon Syn, have since 20 September 2012 been involved as fiduciary directors of our subsidiaries in addition to their roles in the business operations of our Company. Their appointments as directors of our subsidiaries are part of succession planning by Loke Theen Fatt and Chin Mee Leen.

5.4 BOARD PRACTICE

5.4.1 Board

Our Board has adopted the following responsibilities for effective discharge of its functions:

(a) together with management, promoting good corporate governance culture within our Group which reinforces ethical, prudent and professional behaviour;

(b) reviewing and setting a strategic plan for our Group to ensure that the strategic plan of our Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;

(c) reviewing, challenging and deciding on management's proposals for our Group, and monitoring its implementation by management;

(d) overseeing the conduct of our Group's business to ensure it is properly managed, including supervising and assessing corporate behaviour and conduct of the business of our Group;

(e) identifying the principal risks and ensuring implementation of appropriate internal controls and mitigation measures to achieve a proper balance between risks incurred and potential returns to the shareholders;

(f) setting the risk appetite within which our Board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risk;

(g) reviewing the information and risk management and internal control system and the effectiveness of the management;

(h) ensuring senior management has the necessary skills and experience, and there are measures for orderly succession planning for our Company's Board and key senior management which are reviewed on an annual basis, and to ensure that there are appropriate policies for training, appointment and performance monitoring of key senior management;

(i) developing and implementing an investor relations programme or shareholders' communications policy for our Group to enable effective communication with stakeholders;

(j) reviewing and approving financial statements;

(k) reviewing and approving our Company's annual report;

(l) ensuring the integrity of our Company's financial and non-financial reporting; and

(m) undertaking a formal and objective annual evaluation to determine the effectiveness of our Board, our board committees and each individual Director.

In accordance with our Constitution, at the first AGM of our Company, all our Directors shall retire from the office and be eligible for re-election and an election of Directors shall take place each year at the AGM of our Company, where one-third of our Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to one-third shall retire from office. This is provided always that all Directors shall retire from office once at least in each 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

As at LPD, the details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in office are as follows:

Name	**Date of appointment as Director**	**Date of expiration of the current term in office**	**Tenure up to LPD**
Dato' Haji Hamzah Bin Haji Ghazalli	1 August 2022	At the 2024 AGM of our Company	Less than 2 years
Loke Theen Fatt	10 March 2016	At the 2024 AGM of our Company	Less than 9 years
Stella Loke Pei Wen	1 August 2022	At the 2025 AGM of our Company	Less than 2 years
Wilson Loke Choon Syn	1 August 2022	At the 2026 AGM of our Company	Less than 2 years

Name	Date of appointment as Director	Date of expiration of the current term in office	Tenure up to LPD
Datuk Tan Kok Liang	1 August 2022	At the 2025 AGM of our Company	Less than 2 years
Lim Guik Moi	1 August 2022	At the 2026 AGM of our Company	Less than 2 years
Chua Chai Hua	1 August 2022	At the 2026 AGM of our Company	Less than 2 years

The members of our Board are set out in Section 5.2.

5.4.2 Audit and Risk Management Committee

The main function of our Audit and Risk Management Committee is to assist our Board in fulfilling its responsibility on the oversight of the integrity of our Group's accounting and financial reporting matters. Our Audit and Risk Management Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

(a) review the quarterly results and the year-end financial statements of our Group, before submission to our Board for approval;

(b) ask probing questions to ascertain whether the financial statements are consistent with operational and other information known, where there are significant matters requiring judgement;

(c) consider and recommend to our Board on the appointment or re-appointment of external auditors and to fix their fees (audit and non-audit), after assessing their independence and capabilities as well as the effectiveness of the external audit process;

(d) review the following and report the same to our Board:

  (i) letter of resignation from our external auditors or suggestions for their dismissal, including a copy of any written representations or statement of circumstances in relation with the resignation made by our external auditors, if applicable; and

  (ii) whether there is reason (supported by grounds) to believe that our external auditors is not suitable for re-appointment;

(e) assess the suitability, objectivity and independence of our external auditors on an annual basis based on the policies and procedures that have been established and the annual performance evaluation of the external auditors undertaken by the Audit and Risk Management Committee;

(f) review the following with the external auditors and report the same to our Board:

  (i) audit plan, its scope and nature;
  (ii) audit report;
  (iii) evaluation of the system of internal controls;
  (iv) the assistance given by our employees to the external auditors, including any difficulties or disputes with management encountered during audit; and
  (v) external auditors' management letter and management's response thereto;

(g) review the adequacy of the scope, competency and resources of our internal audit function, and that it has the necessary authority to carry out its work;

(h) review the findings of our internal auditor's reports, investigations undertaken and whether or not appropriate actions are taken by our management, based on the recommendations of our internal auditors;

(i) establish an adequate and effective risk management and internal control framework, which includes identifying the principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;

(j) review the enterprise risk management framework, policies and process, including identifying, managing, monitoring and mitigating the significant risks of our Group, and recommend for approval by our Board;

(k) monitor, review and report to our Board any related party transactions, recurrent related party transactions and conflict of interest situation that arose, persist or may arise within our Company or Group, including any transaction, procedures or course of conduct that raises question on management integrity, and the measures taken to resolve, eliminate or mitigate such conflicts;

(l) review the adequacy and appropriateness of our Anti-Bribery and Anti-Corruption Policy, and Whistleblowing Policy, when necessary; and

(m) carry out any other functions that may be mutually agreed upon by our Audit and Risk Management Committee and our Board.

The recommendations of our Audit and Risk Management Committee are subject to the approval of our Board.

The members of our Audit and Risk Management Committee as at LPD are as follows:

Name	Designation	Directorship
Lim Guik Moi	Chairperson	Independent Non-Executive Director
Datuk Tan Kok Liang	Member	Independent Non-Executive Director
Chua Chai Hua	Member	Independent Non-Executive Director

Our Nominating and Remuneration Committee will review the composition, performance and effectiveness of our Audit and Risk Management Committee annually.

5.4.3 Nominating and Remuneration Committee

The duties and responsibilities as stated in the terms of reference of our Nominating and Remuneration Committee include the following:

(a) Nomination

(i) identify, consider and recommend to our Board suitable candidates for appointment as Directors. Our Nominating and Remuneration Committee shall not solely rely on recommendations from our existing Board members, management or major shareholders, but will also utilise independent sources to identify suitably qualified candidates;

(ii) facilitate achievement of our Board gender diversity policies and targets;

(iii) develop and implement the fit and proper policy for the appointment and re-election of Directors of our Group that addresses the board quality and integrity;

(iv) review and recommend to our Board the re-election of Directors who retired by rotation pursuant to our Company's Constitution and re-appointment of Directors who retired pursuant to relevant sections of the Act, subject to the conduct of the fit and proper assessment;

(v) develop and review the performance criteria to evaluate the performance of our Board, board committees and individual Directors;

(vi) assess annually the effectiveness of our Board as a whole, our board committees and the contribution of each individual Director as well as our Managing Director / Chief Executive Officer having regard to time commitment, character, experience, integrity, the required mix of skills, experience and other qualities, including core competencies which Non-Executive Directors should bring to our Board and thereafter, recommend its findings to our Board;

(vii) review annually the performance of our Board and key senior management in addressing our Company's material sustainability risks and opportunities;

(viii) review and assess the independence of Independent Directors annually;

(ix) review the term of office and performance of our Audit and Risk Management Committee and each of its members annually to determine whether our Audit and Risk Management Committee and its members have carried out their duties in accordance with their terms of reference;

(x) facilitate Board induction programme for newly appointed Directors and identify suitable educational and training programmes for continuous development of Directors to ensure the Directors keep abreast with development in the industry, regulatory changes and board business trends;

(xi) review our Board and key senior management succession plans and overseeing the development of a diverse pipeline for our Board and key senior management succession; and

(xii) carry out such other duties or functions as may be delegated by our Board from time to time or required by the regulatory authority.

(b) Remuneration

(i) review our Group's policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Directors and key senior management, and recommend to our Board for approval;

(ii) review remuneration packages of Directors and key senior management, having regard to our Group's operating results, individual performance and comparable market statistics and recommend to our Board for approval;

(iii) ensure fees and benefits payable to Directors, and any compensation for loss of employment of Executive Directors are approved by shareholders at general meetings;

(iv) review and recommend to our Board, the remuneration packages of Non-Executive Directors for shareholders' approval at our AGM in accordance with the Act and ensure that remuneration and incentives for Independent Directors should not conflict with their obligation in bringing objectivity and independent judgment on matters discussed;

(v) provide clarification to shareholders during general meetings on matters pertaining to remuneration of Directors and key senior management as well as the overall remuneration framework of our Company; and

(vi) to carry out other responsibilities, functions or assignments as may be agreed by our Board from time to time.

The recommendations of our Nominating and Remuneration Committee are subject to the approval of our Board.

The members of our Nominating and Remuneration Committee as at LPD are as follows:

Name	Designation	Directorship
Datuk Tan Kok Liang	Chairperson	Independent Non-Executive Director
Lim Guik Moi	Member	Independent Non-Executive Director
Chua Chai Hua	Member	Independent Non-Executive Director

5.5 RELATIONSHIPS AND/OR ASSOCIATIONS

Save as disclosed below, there are no family relationships (as defined under Section 197 of the Act) or association between or amongst our Promoters, substantial shareholders, Directors and key senior management:

(a) Loke Theen Fatt and Chin Mee Leen are husband and wife; and

(b) Stella Loke Pei Wen, Wilson Loke Choon Syn and Loke Pei Lee are siblings and are children of Loke Theen Fatt and Chin Mee Leen.

5.6 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at LPD, there are no existing or proposed service agreements entered into between our Company with any Directors; or between any companies within our Group with any key senior management which provide for benefits upon termination of employment.

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5.7 DECLARATION FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

As at LPD, none of our Promoters, Directors or key senior management is or has been involved in any of the following (whether in or outside Malaysia):

(a) in the last 10 years, a petition under any bankruptcy or insolvency law filed (and not struck out) against him or any partnership in which he was a partner or any corporation of which he was a Director or a member of key senior management;

(b) disqualified from acting as a Director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(c) in the last 10 years, charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

(d) in the last 10 years, any judgment that was entered against him, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;

(e) in the last 10 years, was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;

(f) being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;

(g) in the last 10 years has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and

(h) has any unsatisfied judgment against him.

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6. INFORMATION ON OUR GROUP

6.1 INFORMATION ON OUR COMPANY

Our Company was incorporated in Malaysia under the Companies Act 1965 on 10 March 2016 as a public limited company under the name of KTI Property Berhad and is deemed registered under the Act. Subsequently on 14 July 2022, our Company changed its name to KTI Landmark Berhad.

Our Company is principally an investment holding company. There has been no material change in the manner in which we conduct our business or activities since our incorporation and up to LPD. 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 7.1 for detailed information of our Group's history.

As at LPD, our issued share capital is RM107,584,002 comprising 640,000,000 Shares. The movements in our share capital since the date of our incorporation are set out below:

Date of allotment	No. of Shares allotted	Consideration / Types of issue	Cumulative share capital
			RM
10 March 2016	2	RM2 / Subscribers' shares	2
27 December 2018	1	RM1 / Cash	3
6 February 2024	639,999,997	RM107,583,999 / Consideration for the Acquisitions	107,584,002

As at LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

Upon completion of our IPO, our enlarged share capital will increase to RM155,584,002 comprising 800,000,000 Shares.

6.2 DETAILS OF THE ACQUISITIONS

In preparation for our Listing, we have undertaken the Acquisitions. On 19 June 2023, we entered into the following agreements:

(a) a conditional share sale agreement with Chin Mee Leen and Loke Theen Fatt to acquire the entire equity interest in KTID, comprising 1,000,000 ordinary shares for a purchase consideration of RM55.7 million which was satisfied by the issuance and allotment of 331,467,997 new Shares to Chin Mee Leen and Loke Theen Fatt at an issue price of RM0.1681 each, credited as fully paid up; and

(b) a conditional share sale agreement with Chin Mee Leen and Loke Theen Fatt to acquire the entire equity interest in KTISB, comprising 1,000,000 ordinary shares for a purchase consideration of RM51.9 million which was satisfied by the issuance and allotment of 308,532,000 new Shares to Chin Mee Leen and Loke Theen Fatt at an issue price of RM0.1681 each, credited as fully paid up.

6. INFORMATION ON OUR GROUP *(Cont'd)*

Details of the Acquisitions and the number of Shares issued to the vendors under the Acquisitions are as follows:

(i) Acquisition of KTID

Vendors of KTID	Shareholdings in KTID: No. of shares acquired	Shareholdings in KTID: % of share capital	Purchase consideration	No. of Shares issued
			RM	
Chin Mee Leen	750,000	75.0	41,789,828	248,600,999
Loke Theen Fatt	250,000	25.0	13,929,942	82,866,998
	1,000,000	**100.0**	**55,719,770**	**331,467,997**

The purchase consideration for the Acquisition of KTID of RM55.7 million was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of KTID as at 31 December 2022 of RM55.7 million, after adjusting for the dividends declared and paid up to LPD of RM15.0 million and the dividends of RM15.0 million to be declared prior to the completion of our Listing.

(ii) Acquisition of KTISB

Vendors of KTISB	Shareholdings in KTISB: No. of shares acquired	Shareholdings in KTISB: % of share capital	Purchase consideration	No. of Shares issued
			RM	
Chin Mee Leen	887,326	88.7	46,020,485	273,768,500
Loke Theen Fatt	112,674	11.3	5,843,744	34,763,500
	1,000,000	**100.0**	**51,864,229**	**308,532,000**

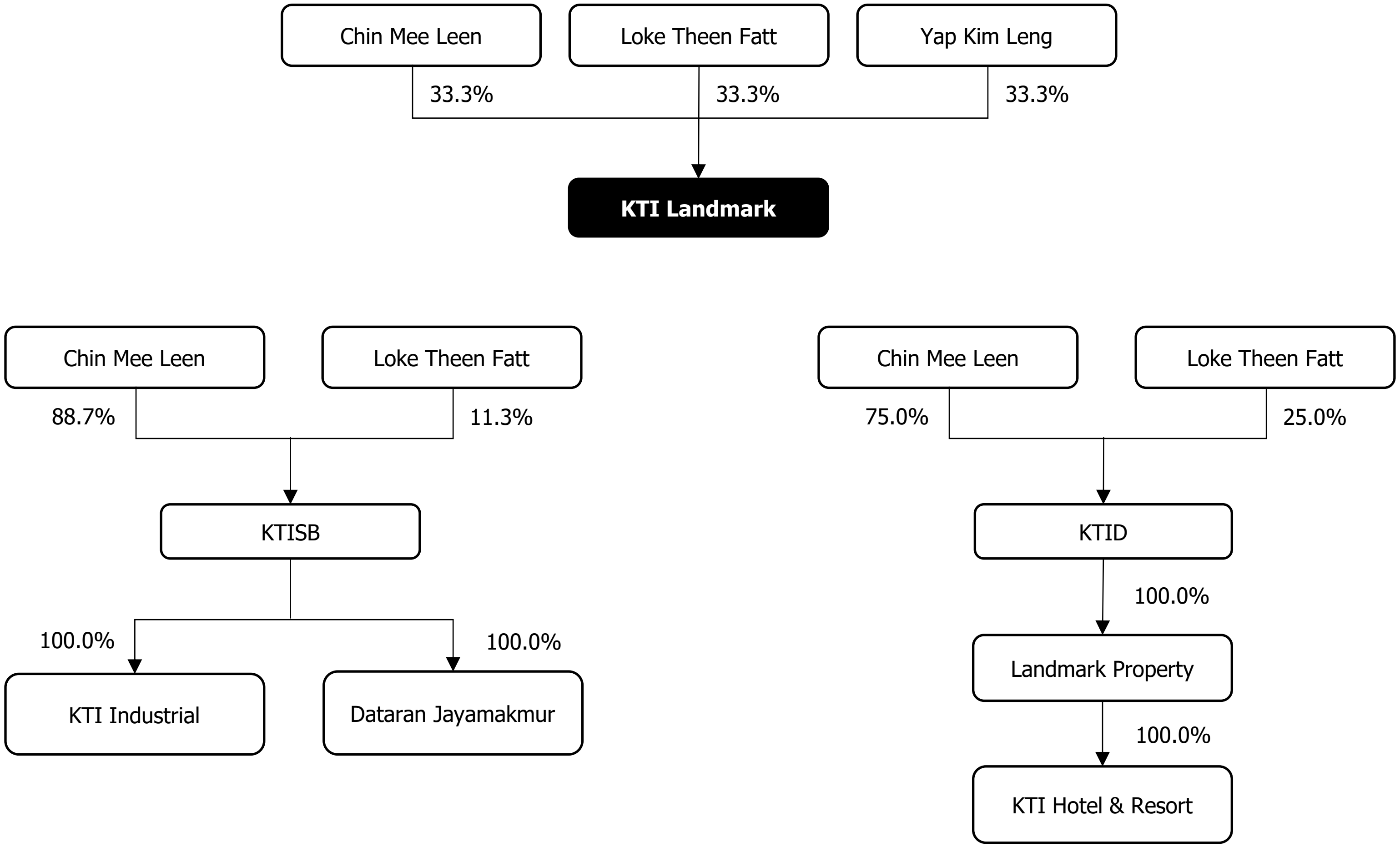
The purchase consideration for the Acquisition of KTISB of RM51.9 million was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of KTISB as at 31 December 2022 of RM51.9 million.

The Acquisitions were completed on 2 April 2024. Thereafter, KTID and KTISB became our wholly-owned direct subsidiaries. Accordingly, KTI Industrial and Dataran Jayamakmur became our wholly-owned subsidiaries through KTISB; Landmark Property became our wholly-owned subsidiary through KTID; and KTI Hotel & Resort became our wholly-owned subsidiary through Landmark Property.

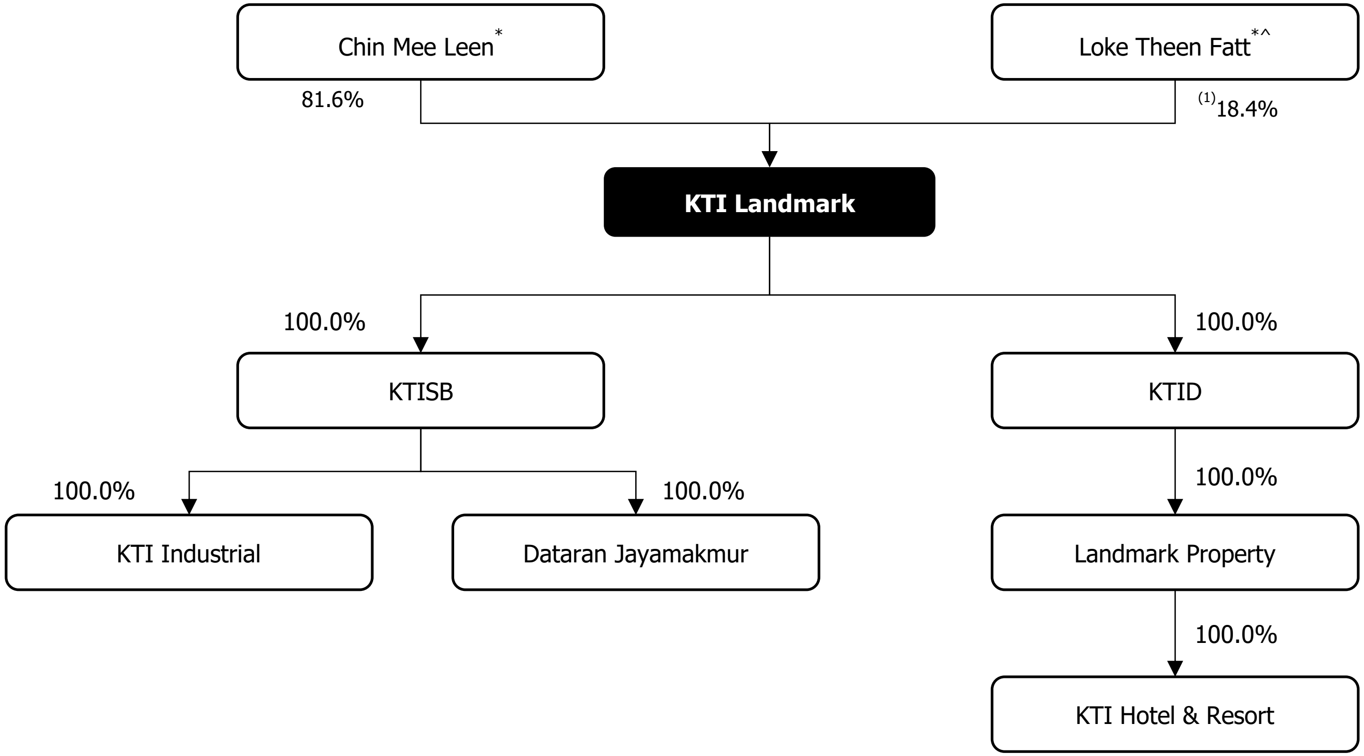
The new Shares issued under the Acquisitions rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of issuance of the new Shares.

6.3 GROUP STRUCTURE

Before Acquisitions



After Acquisitions but before our IPO



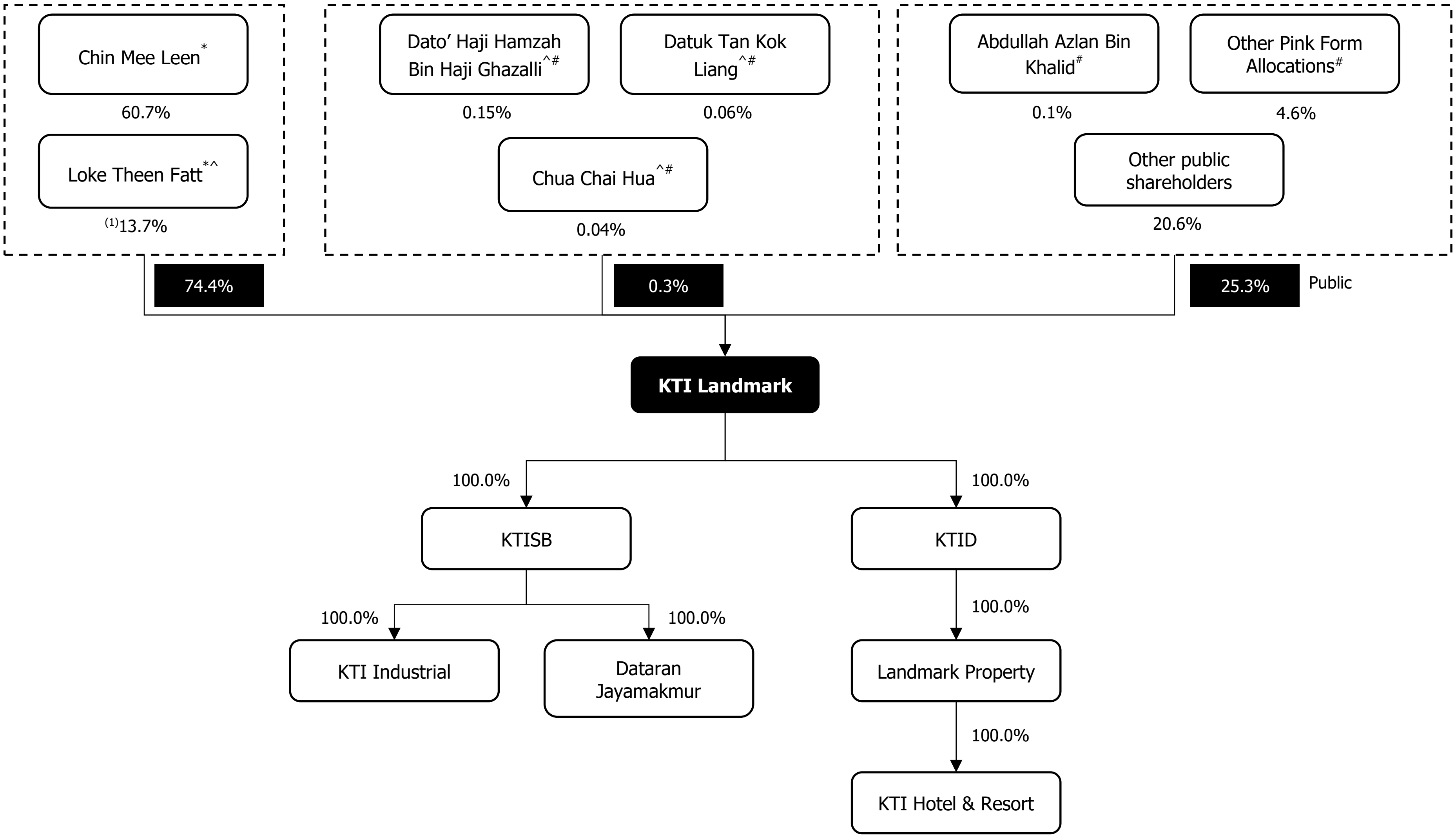
Notes:

* Relates to our Promoters.

^ Relates to our Directors.

(1) Including 1 Share which was transferred from Yap Kim Leng, a nominee shareholder, to Loke Theen Fatt.

After Acquisitions and our IPO



Notes:

* Relates to our Promoters.

^ Relates to our Directors.

Assuming full subscription of Pink Form Allocations by all our Eligible Persons.

(1) Including 1 Share which was transferred from Yap Kim Leng, a nominee shareholder, to Loke Theen Fatt.

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6. INFORMATION ON OUR GROUP *(Cont'd)*

6.4 SUBSIDIARIES AND ASSOCIATED COMPANIES

Details of our subsidiaries as at LPD are summarised as follows:

Company / Registration Number	Date / Place of incorporation	Issued share capital	Effective equity interest	Principal activities / Principal place of business
		RM'000	%	
Held by KTI Landmark				
KTID / 199401000292 (285970-K)	5 January 1994 / Malaysia	1,000	100.0	Property development, carrying out construction work under contract and investment holding / Malaysia
KTISB / 198401013371 (125931-U)	27 August 1984 / Malaysia	1,000	100.0	Property development, carrying out construction work under contract, manufacturing of IBS and investment holding / Malaysia
Held through KTID				
Landmark Property / 198101012707 (78837-V)	7 December 1981 / Malaysia	2,000	100.0	Property development / Malaysia
Held through KTISB				
Dataran Jayamakmur / 200201007977 (575640-T)	1 April 2002 / Malaysia	1,000	100.0	Property development / Malaysia
KTI Industrial / 199301017923 (272661-P)	9 August 1993 / Malaysia	500	100.0	Dormant. Intended for property development / Malaysia
Held through Landmark Property				
KTI Hotel & Resort / 201601023531 (1194470-V)	14 July 2016 / Malaysia	20,000	100.0	Property investment and hotel owner / operator / Malaysia

Details of the share capital of our subsidiaries are set out in Section 16.2.

As at LPD, we do not have any associated company.

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6.5 MATERIAL CONTRACTS

Save as disclosed below, there were no contracts which are or may be material (not being contracts entered into in the ordinary course of business) entered into by our Group for FYE 2020 to 2023 and up to LPD:

(a) a conditional share sale agreement between our Company, Loke Theen Fatt and Chin Mee Leen dated 19 June 2023 to acquire the entire equity interest in KTID, comprising 1,000,000 ordinary shares for a purchase consideration of RM55.7 million which was satisfied by the issuance and allotment of 331,467,997 new Shares to Loke Theen Fatt and Chin Mee Leen at an issue price of RM0.1681 each, and completed on 2 April 2024;

(b) a conditional share sale agreement between our Company, Loke Theen Fatt and Chin Mee Leen dated 19 June 2023 to acquire the entire equity interest in KTISB, comprising 1,000,000 ordinary shares for a purchase consideration of RM51.9 million which was satisfied by the issuance and allotment of 308,532,000 new Shares to Loke Theen Fatt and Chin Mee Leen at an issue price of RM0.1681 each, and completed on 2 April 2024;

(c) a sale and purchase agreement dated 9 January 2023 entered into between KTID (as purchaser) and Millennium Amber Sdn Bhd (as vendor) (supplemented by an agreement dated 9 January 2023) for the acquisition of Alamesra Lands for a cash consideration of RM74.0 million, which was completed on 15 November 2023;

(d) a sale and purchase agreement dated 23 June 2023 entered into between KTID (as vendor) and Wilson Loke Choon Syn (as purchaser) for the disposal of 1 piece of vacant land measuring approximately 3,213 sq ft at Lot No. 82, Taman Lavender for a total cash consideration of RM0.3 million, which was completed on 30 June 2023;

(e) a sale and purchase agreement dated 23 June 2023 entered into between KTID (as vendor) and Wilson Loke Choon Syn (as purchaser) for the disposal of 1 piece of vacant land measuring approximately 3,207 sq ft at Lot No. 83, Taman Lavender for a total cash consideration of RM0.3 million, which was completed on 30 June 2023;

(f) a sale and purchase agreement dated 22 December 2023 entered into between KTID (as vendor) and Yap Kim Leng (as purchaser), a then related party at the point of entering to the transaction, before his subscriber shares were transferred to Loke Theen Fatt, for the disposal of a detached house plot forming part of 4 adjoining detached house plots measuring approximately 9,963 sq ft erected thereon at Lot 202, Taman Lavender, Off Jalan Lintas, 88300 Kota Kinabalu, Sabah for a total cash consideration of RM2.2 million, which was completed on 29 December 2023;

(g) a sale and purchase agreement dated 22 December 2023 entered into between KTID (as vendor) and Lee Hon Liong (as purchaser), a non-related party for the disposal of a detached house plot forming part of 4 adjoining detached house plots measuring approximately 19,985 sq ft erected thereon at Lot 203, Taman Lavender, Off Jalan Lintas, 88300 Kota Kinabalu, Sabah for a total cash consideration of RM4.0 million, which was completed on 29 December 2023;

(h) Hotel management agreement entered into between KTISB and MHG dated 12 June 2018 for KTISB to engage MHG to operate and manage Avani Luyang @ The Logg under the brand name of "AVANI" for a term of 20 years from the opening date i.e. the date on which Avani Luyang @ The Logg is fully opened to the public pursuant to the terms and conditions in the agreement; and

(i) Underwriting agreement dated 16 April 2024 between our Company and M & A Securities for the underwriting of 80,000,000 Issue Shares for an underwriting commission of 2.5% of the IPO Price multiplied by the number of Issue Shares underwritten.

Additionally, our Group is not materially dependent on any commercial or financial contracts for our business and profitability as at LPD.

6.6 PUBLIC TAKE-OVERS

During the last financial year and the current financial year up to LPD, there were:

(a) No public take-over offers by third parties in respect of our Shares; and

(b) No public take-over offers by our Company in respect of other companies' shares.

6.7 PREVIOUS MATERIAL CORPORATE PROPOSAL

On 14 February 2004, General Soil Engineering Holdings Berhad ("**Gensoil**") had submitted an application to the SC in relation its proposed restructuring scheme via a proposed reverse take-over by a newly incorporated company ("**NewCo**"), which involved the proposed acquisitions of KTISB and Dataran Jayamakmur ("**Proposed Restructuring Scheme**").

Gensoil was an investment and property holding company listed on the then Second Board of Kuala Lumpur Stock Exchange ("**KLSE**") (presently known as ACE Market), which was subsequently de-listed on 27 April 2005. The company, through its subsidiaries, operated in property development, construction works, and foundation engineering services. It was intended that upon completion of the Proposed Restructuring Scheme, Gensoil, KTISB and Dataran Jayamakmur would be wholly-owned subsidiaries of the NewCo. Subsequently, the listing status of Gensoil on the Second Board of KLSE would be transferred to the NewCo.

The Proposed Restructuring Scheme was rejected by the SC vide its letter dated 26 October 2004.

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6.8 MAJOR APPROVALS AND LICENCES

As at LPD, there are no other major approvals, major licences and permits issued to our Group in order for us to carry out our operations other than those disclosed below:

<table>
<tr><th>No.</th><th>Licencee / Issuing authority / Registration no.</th><th>Date of issue / Date of expiry</th><th>Nature of approval / Licences</th><th colspan="2">Equity and/or major conditions imposed</th><th>Compliance status</th></tr>
<tr><td>(a)</td><td>Landmark Property / CIDB / Certification No.: 0120170208-SB184714</td><td>29 March 2022 / 10 April 2025[(1)]</td><td>Certificate of registration in respect of Grade 7 for categories of:

Grade / Category / Specialist
G7 / B / B04
G7 / CE / CE21
G7 / ME / M15

Category / Description
B / Construction building
CE / Civil engineering construction
ME / Mechanical and electrical</td><td>(i)</td><td>The certificate is non-transferable;</td><td>Complied</td></tr>
<tr><td></td><td></td><td></td><td></td><td>(ii)</td><td>The contractor shall not participate in any tender or perform any construction work after the expiry of this certificate until it is renewed;</td><td>Noted</td></tr>
<tr><td></td><td></td><td></td><td></td><td>(iii)</td><td>The contractor shall not undertake to build any construction project that exceeds the value of construction work specified under the registered grade and shall be prohibited from carrying out any construction project outside its registration category;</td><td>Complied</td></tr>
<tr><td></td><td></td><td></td><td></td><td>(iv)</td><td>The contractor shall submit the information regarding any construction work or contract within a period of 14 days after being awarded or before work has begun whichever is earlier;</td><td>Complied</td></tr>
</table>

No.	Licencee / Issuing authority / Registration no.	Date of issue / Date of expiry	Nature of approval / Licences	Equity and/or major conditions imposed	Compliance status
			Specialist / **Description** B04 – Building construction works – construction works of any building and plant CE21 – Civil engineering construction – construction works, maintenance and repair of any civil engineering construction M15 – Miscellaneous mechanical Tender value / construction work value (RM): Unlimited	(v) The contractor shall apply for renewal registration within 60 days prior to the expiry date specified in the certificate; and	Noted
				(vi) The contractor shall appoint skilled construction workers and site supervisors accredited and certified by CIDB.	Complied
(b)	KTISB / CIDB / Certification No.: 1990310-SB051266	1 February 2022 / 30 January 2025(1)	Certificate of registration in respect of Grade 7 for categories of:	(i) The certificate is non-transferable;	Complied
			Grade / **Category** / **Specialist** G7 / B / B01 B04 G7 / CE / CE01 CE21 G7 / ME / M15	(ii) The contractor shall not participate in any tender or perform any construction work after the expiry of this certificate until it is renewed;	Noted
			Category / **Description** B – Construction building CE – Civil engineering construction ME – Mechanical and electrical	(iii) The contractor shall not undertake to build any construction project that exceeds the value of construction work specified under the registered grade and shall be prohibited from carrying out any construction project outside its registration category;	Complied

No.	Licencee / Issuing authority / Registration no.	Date of issue / Date of expiry	Nature of approval / Licences	Equity and/or major conditions imposed	Compliance status
			Specialist / **Description** B01 – IBS: Prefab concrete system B04 – Building construction works – construction works of any building and plant CE01 – Road & pavement construction CE21 – Civil engineering construction – construction works, maintenance and repair of any civil engineering construction M15 – Miscellaneous mechanical Tender value / construction work value (RM): Unlimited	(iv) The contractor shall submit the information regarding any construction work or contract within a period of 14 days after being awarded or before work has begun whichever is earlier;	Complied
				(v) The contractor shall apply for renewal registration within 60 days prior to the expiry date specified in the certificate; and	Noted
				(vi) The contractor shall appoint skilled construction workers and site supervisors accredited and certified by CIDB.	Complied
(c)	KTISB / CIDB / Certification No.: 1990310-SB051266	8 February 2022 / 30 January 2025(2)	Certificate of Government Procurement in respect of G7 for categories of: **Grade** / **Category** G7 – B G7 – CE G7 – ME	(i) This certificate shall not be used as a license for commencing or undertaking any construction works. This certificate can only be used for government procurement works or other government agency procurement works;	Complied
				(ii) This certificate should be provided together with Certificate of registration when the company tenders for government contracts;	Complied

6. INFORMATION ON OUR GROUP *(Cont'd)*

No.	Licencee / Issuing authority / Registration no.	Date of issue / Date of expiry	Nature of approval / Licences	Equity and/or major conditions imposed	Compliance status
			Category / **Description** B – Construction building CE – Civil engineering construction ME – Mechanical and electrical	(iii) This certificate should be renewed together with the Certificate of registration issued by CIDB;	Noted
				(iv) The company or certificate holder shall not lend, lease, transfer, allow or cause this certificate to be used by other persons not named in this certificate for the purpose of obtaining government procurement works; and	Complied
				(v) The contractor shall not be involved in tender or any construction works after the expiry of this certificate and until such time this certificate has been renewed.	Noted
(d)	KTISB / MITI / A024640	7 October 2022[(3)] / Valid until revoked	Manufacturing licence for the manufacturing of IBS components (wall, slab, beam, column and staircase)	(i) The sale of the shares in KTISB must be notified to MITI and the MIDA;	Complied
			Licensed premise: Taman Seri Lemawang, KM 4, Jalan Tuaran – Kota Belud, 89208 Tuaran, Sabah	(ii) KTISB must train Malaysians to promote the transfer of technology and expertise at all levels of positions;	Noted
				(iii) KTISB must have Capital Investment Per Employee of at least RM140,000.00; and	Complied

No.	Licencee / Issuing authority / Registration no.	Date of issue / Date of expiry	Nature of approval / Licences	Equity and/or major conditions imposed	Compliance status
				(iv) Total full-time workforce of KTISB must comprise at least 80.0% Malaysians by 31 December 2024. Employment of foreign workers including outsourced workers is subject to prevailing policies.	Complied
(e)	KTISB / CIDB / Certification No.: 1220901SB0815	12 September 2023 / 11 September 2024[(4)]	Certification for building materials which have received the standard compliance declaration ("**PPS**") can be used in construction projects Licensed premise: Taman Seri Lemawang, KM 4, Jalan Tuaran – Kota Belud, 89208 Tuaran, Sabah **Category** / **Type / Size** / **Brand** / **Standard**: Ready mix concrete / Ready mix concrete; Ready-mixed concrete G35NM / Nil / MS EN 206:2016, CIS 21:2018	(i) This certificate cannot be transferred;	Complied
				(ii) This certificate must be renewed no later than 60 days before it's expiry;	Noted
				(iii) From time to time, CIDB is entitled to impose any instruction regarding the building materials and standards registered in the PPS; and	Noted
				(iv) CIDB is entitled to, at any time carry out inspection on any party dealing with any of the building materials listed in the fourth schedule.	Noted

No.	Licencee / Issuing authority / Registration no.	Date of issue / Date of expiry	Nature of approval / Licences	Equity and/or major conditions imposed	Compliance status
(f)	KTISB / CIDB / IBS025/04424	12 April 2024 / 20 October 2024(4)	IBS-IMPACT certificate for precast wall element pursuant to the CIDB Act Licensed premise: Taman Seri Lemawang, KM 4, Jalan Tuaran – Kota Belud, 89208 Tuaran, Sabah **Category** / **Reference standard** Manufacturer / CIS 24:2023 – BS EN 14992: 2007 + A1: 2012	This certificate is to be renewed within 60 days prior to the expiry.	Noted
(g)	KTISB / CIDB / IBS025/04624	12 April 2024 / 2 February 2025(4)	IBS-IMPACT certificate for precast floor plates pursuant to the CIDB Act Licensed premise: Taman Seri Lemawang, KM 4, Jalan Tuaran – Kota Belud, 89208 Tuaran, Sabah **Category** / **Reference standard** Manufacturer / CIS 24:2023 – BS EN 13747: 2005 + A2: 2010	This certificate is to be renewed within 60 days prior to the expiry.	Noted

No.	Licencee / Issuing authority / Registration no.	Date of issue / Date of expiry	Nature of approval / Licences	Equity and/or major conditions imposed	Compliance status
(h)	KTISB / CIDB / IBS025/04524	12 April 2024 / 2 February 2025(4)	IBS-IMPACT certificate for beam pursuant to the CIDB Act Licensed premise: Taman Seri Lemawang, KM 4, Jalan Tuaran – Kota Belud, 89208 Tuaran, Sabah **Category** / **Reference standard** Manufacturer / CIS 24:2023 – BS EN 13225: 2013	This certificate is to be renewed within 60 days prior to the expiry.	Noted
(i)	KTISB / CIDB / IBS025/04724	12 April 2024 / 9 March 2025(4)	IBS-IMPACT certificate for precast concrete stairs pursuant to the CIDB Act Licensed premise: Taman Seri Lemawang, KM 4, Jalan Tuaran – Kota Belud, 89208 Tuaran, Sabah **Category** / **Reference standard** Manufacturer / CIS 24:2023 – BS EN 14843: 2007	This certificate is to be renewed within 60 days prior to the expiry.	Noted
(j)	KTISB / Department of Labour Sabah / JTK.H.KK.600-4/1/45409/012784	14 July 2023 / 17 July 2024(5)	Licence to employ non-resident employee (39 Indonesians and 9 Philippines employees)	(i) This license is non-transferable and is only valid for the employment of a specified number of non-resident employees; and	Complied
				(ii) Application for the renewal of this licence must be submitted at least two months before the license period expires.	Complied

Notes:

(1) In the event these are not renewed by CIDB upon their respective expiry, it will have a material adverse impact on our Group as Landmark Property and KTISB would be unable to carry out the construction works for the respective ongoing projects. As such, our Group will apply for renewal registration within 60 days prior to the expiry date specified in the respective certificate. Our Group has not encountered any difficulty in renewing this licence in the past and the renewal process is administrative in nature. Our Group is of the view that the risk of the relevant authority rejecting the renewal application for this licence is remote.

(2) In the event this is not renewed by CIDB upon its expiry, it will not have a material adverse impact on our Group as our Group is not submitting any tenders for government procurement works as at LPD.

(3) The manufacturing licence is valid retrospectively from 28 July 2022.

(4) In the event these are not renewed by CIDB upon their respective expiry, it will not have a material adverse impact on our Group as our Group is in the midst of relocating the 2 IBS production lines in our Tuaran casting yard to a temporary casting yard located within our new project site at Alamesra, and the relocation is expected to complete in August 2024. Our Group will apply for the requisite IBS-IMPACT certificates for the new yard prior to commencement of its operations. Further details on the relocation of our existing IBS production lines are set out in Section 7.17.3.

(5) Our Group will submit the renewal application at least two months prior to the expiry date as per the requirement of the licence. In the event this is not renewed upon its expiry, it will not have a material adverse impact on our Group as we would be able to outsource the relevant works to subcontractors.

From 2012 to 2019, the IBS manufacturing operations in our casting yard in Kinarut were carried out without the relevant licences, the past non-compliances of which are set out in Section 6.11(a) and (b). However, as our casting yard in Kinarut is not in operations as at LPD, our Group will obtain the relevant license / approval / permits prior to the commencement of operations in the casting yard in Kinarut.

As at LPD, both KTISB and Landmark Property have obtained the Grade 7 certificate of registration issued by CIDB respectively as they are the only subsidiaries in our Group which carry out construction works, which allows Landmark Property and KTISB to participate in tenders for construction works of unlimited value.

As at LPD, our Group has obtained all the relevant approvals, licences and permits for our business operations.

6.9 TRADEMARKS

Save for the following, we do not own other trademarks as at LPD:

Applicant	Trademarks	Date of application / Trademark No.	Class / Description	Place of registration	Status	Validity period
KTI Landmark		17 January 2023 / TM2023001302	37(1)	Malaysia	Registered	17 January 2023 to 17 January 2033
KTI Landmark		17 January 2023 / TM2023001306	43(2)	Malaysia	Registered	17 January 2023 to 17 January 2033
KTI Landmark		17 January 2023 / TM2023001307	36(3)	Malaysia	Registered	17 January 2023 to 17 January 2033

6. INFORMATION ON OUR GROUP *(Cont'd)*

Notes:

(1) Building and construction services; building construction and repair; construction and maintenance services relating to civil engineering; construction and renovation of buildings; construction and renovation of buildings and other structures; construction and repair of buildings; construction and repair of buildings and other structures; construction and repair of houses; construction and repair of residential buildings and houses; construction management (supervision); construction of building interiors; construction of buildings; construction of buildings and other structures; construction of commercial buildings; construction of office buildings; construction of residential and commercial buildings; construction of residential buildings.

(2) Booking of hotel accommodation; café and cafeteria services; cafe, cafeteria and restaurant services; cocktail lounges; coffee and juice bar services; coffee house services; food kiosk services being services for providing food and drink; food preparation; hotel accommodation reservation services; hotel accommodation services; hotel and restaurant services; providing conference facilities; providing conference, exhibition and meeting facilities; providing convention facilities; providing facilities for conferences, exhibitions and meetings; providing food and drink.

(3) Property investment and management services; property management; property management services; providing advice relating to real estate investment; providing advice relating to the arranging of mortgages; providing information on real estate; providing real estate listings and real estate information via a website; providing real estate listings and real estate information via a website; providing real estate listings and real estate information via the internet; provision of information relating to real estate; real estate and housing management; real estate management services; real estate services relating to the purchase of real estate; real estate services relating to the sale of real estate; real - estate management; rental of buildings.

Our Group's business and profitability are not dependent on above trademarks as our Group has established a strong presence in the industry through our track record of projects. In the event our Group's trademarks are unable to be renewed upon expiry for any reasons whatsoever, our Group will not be materially affected as our Group may still be able to initiate a passing off action against any person using a mark which is similar or identical to our Group's trademarks pursuant to common law principles.

6.10 PROPERTY, PLANT AND EQUIPMENT

6.10.1 Properties owned by our Group

The properties mentioned below are from the remaining units from our completed projects, ongoing projects as well as land held for development. Save as disclosed below, the completed units are currently vacant. Our strategy for investment properties is to dispose them in the secondary market or to deploy them for our own use such as for staff accommodation, if suitable. The timing for the disposal of these properties will depend on the market value of the investment properties, impact of real properties gain tax and whether we are able to identify suitable purchasers for these properties. Pending the disposal of such properties, we may rent those properties out to suitable tenants.

The summary of the material properties owned by our Group as at LPD are set out below:

No.	Postal address / Title No.	Description of property / Existing use / Expiry of lease (if any) / Category of land use (if any)	Beneficial Owner / Registered Owner	Land area / Built-up area	Date of purchase / Date of CCC	Encumbrance	Audited NBV as at 31 December 2023
				sq ft			RM'000
(a)	Lot 201, Taman Lavender Off Jalan Lintas 88300 Kota Kinabalu Sabah Title no.: CL015654743	A detached house plot forming part of 4 adjoining detached house plots / Vacant / Leasehold of 99 years expiring on 31 December 2103 (Approximately 79¾ years as at LPD) / For the purpose of erecting thereon for use as such one dwelling house	KTID	22,390 / Not applicable	Not applicable [9] / Not applicable [10]	Nil	596
(b)	Lot 204, Taman Lavender Off Jalan Lintas 88300 Kota Kinabalu Sabah Title no.: CL015654770	A detached house plot forming part of 4 adjoining detached house plots/ Vacant / Leasehold of 99 years expiring on 31 December 2103 (Approximately 79¾ years as at LPD) / For the purpose of erecting thereon for use as such one dwelling house	KTID	9,599 / Not applicable	Not applicable [9] / Not applicable [10]	Nil	255

6. INFORMATION ON OUR GROUP *(Cont'd)*

No.	Postal address / Title No.	Description of property / Existing use / Expiry of lease (if any) / Category of land use (if any)	Beneficial Owner / Registered Owner	Land area / Built-up area	Date of purchase / Date of CCC	Encumbrance	Audited NBV as at 31 December 2023
				sq ft			RM'000
(c)	Lot 223 (Building No. 32A) Lorong Nelly 9/2 Taman Nelly 9 (Sub-Phase 1) Kampung Nountun Inanam 88844 Kota Kinabalu Sabah Title no.: CL015646867[1]	Double-storey office / showroom with double volume storage space / Storage of documents / Leasehold of 99 years expiring on 31 December 2107 (Approximately 83¾ years as at LPD) / For the purpose of erecting thereon for use as such one 2-storey showroom	KTID / Edward S Jaip[1]	65,787 / 48,583	Nil[9] / 7 March 2018	Nil[4]	1,169
(d)	Lot No. 69 Lorong Buah Pala 3 Wisma LTF Taman Nelly 88450 Kota Kinabalu Sabah Title no.: CL015479204	1st and 2nd floor of a 3-storey corner shopoffice / Rented by Viktori Holdings Sdn Bhd for office use / Leasehold of 999 years expiring on 16 June 2925 (Approximately 901¼ years as at LPD) / For the purpose of erecting thereon for use as such one 3-storey shop house	KTISB, Chong Nyuk Oi[2], Kong En Leong[3], Kong En Phin[3]	1,587 / 3,174	2 June 2003 / March 1987	Charged to United Overseas Bank (Malaysia) Berhad	113
(e)	Lot No. 68 Lorong Buah Pala 3 Wisma LTF, Taman Nelly 88450 Kota Kinabalu Sabah Title no.: CL015479197	A corner 3-storey shopoffice / Vacant / Leasehold of 999 years expiring on 16 June 2925 (Approximately 901¼ years as at LPD) / For the purpose of erecting thereon for use as such one 3-storey shop house	KTISB	1,174 / 3,702	16 December 1997 / March 1987	Charged to United Overseas Bank (Malaysia) Bhd	169

6. INFORMATION ON OUR GROUP *(Cont'd)*

No.	Postal address / Title No.	Description of property / Existing use / Expiry of lease (if any) / Category of land use (if any)	Beneficial Owner / Registered Owner	Land area / Built-up area	Date of purchase / Date of CCC	Encumbrance	Audited NBV as at 31 December 2023
				sq ft			RM'000
(f)	Lot 222, Taman Nelly 9 Phase 4 Shoplot Lorong Nelly Plaza Jalan Nountun, Kolombong 88444 Kota Kinabalu Sabah Title no.: CL015682130	A corner 4-storey corporate office building / Our headquarters / Leasehold of 99 years expiring on 31 December 2107 (Approximately 83¾ years as at LPD) / For the purpose of erecting thereon for use as such one 4-storey shop office	Landmark Property	3,607 / 14,072	Not applicable [9] / 10 September 2012	Charged to Hong Leong Islamic Bank Berhad	1,155
(g)	D-2-26 / D-2-28 / D-2-08 / D-3-05 / D-3-12, Taman Nelly Phase 8D Jalan Nountun Kolombong 88450 Kota Kinabalu Sabah Title no.: CL015605419[11]	5 units of studio apartment in an establish locality / Rented out to non-related parties for residential use / Leasehold of 99 years expiring on 31 December 2101 (Approximately 77¾ years as at LPD) / 4-storey medium cost walk-up flats / shop	Edward S Jaip and Landmark Property	500,940 / 1,225	Not applicable [9] / 17 May 2013	Nil	438
(h)	Along Jalan Tuaran – Kota Belud 89208 Tuaran Sabah Title no.: CL045115919	Ongoing development of 9 phases 1A to 1I comprising 811 units of double storey terraced house known as "Taman Seri Lemawang" / Ongoing development / Leasehold of 999 years commencing from 12 February 1920 (Approximately 894 years as at LPD) / Nil	KTISB[5] / LPPB	2,279,495 / Not applicable	Not applicable [9] / Not applicable [10]	Charged to Hong Leong Islamic Bank Berhad	305

No.	Postal address / Title No.	Description of property / Existing use / Expiry of lease (if any) / Category of land use (if any)	Beneficial Owner / Registered Owner	Land area / Built-up area	Date of purchase / Date of CCC	Encumbrance	Audited NBV as at 31 December 2023
				sq ft			RM'000
(i)		Ongoing development of 3 phases comprising 480 units in 6 blocks of 5-storey apartment known as "Residensi Seri Akasia" / Ongoing development / Leasehold of 999 years commencing from 12 February 1920 (Approximately 894 years as at LPD) / Nil	KTISB(5) / LPPB	737,289 / Not applicable	Not applicable (9) / Not applicable (10)	Charged to Hong Leong Islamic Bank Berhad	16,316
(j)		Ongoing development of 3 blocks comprising 41 units of 2-storey shop houses known as "Plaza Lemawang 2" / Ongoing development / Leasehold of 999 years commencing from 12 February 1920 (Approximately 894 years as at LPD) / Nil	KTISB(5) / LPPB	204,265 / Not applicable	Not applicable (9) / Not applicable (10)	Charged to Hong Leong Islamic Bank Berhad	2,596
(k)		Vacant land for future and proposed developments along Jalan Tuaran, Sabah / Vacant / Leasehold of 999 years commencing from 12 February 1920 (Approximately 894 years as at LPD) / Nil	KTISB(5) / LPPB	3,566,257 / Not applicable	Not applicable (9) / Not applicable (10)	Charged to Hong Leong Islamic Bank Berhad	6,317

6. INFORMATION ON OUR GROUP *(Cont'd)*

No.	Postal address / Title No.	Description of property / Existing use / Expiry of lease (if any) / Category of land use (if any)	Beneficial Owner / Registered Owner	Land area / Built-up area	Date of purchase / Date of CCC	Encumbrance	Audited NBV as at 31 December 2023
				sq ft			RM'000
(l)	Fronting Jalan Penampang - Papar Lama Kampung Nagapas 89600 Papar Sabah Title no.: CL025346507	Ongoing development of 107 units of 2-storey terraced houses known as Taman Bukit Alamanda / Ongoing development / Leasehold of 99 years expiring on 31 December 2088 (Approximately 65¼ years as at LPD) / Nil	Landmark Property[6] / LPPB	1,734,123 / Not applicable	Nil [9] / Not applicable [10]	Charged to Hong Leong Islamic Bank Berhad	-
(m)	Lintas Commercial Area Luyang 88300 Kota Kinabalu Sabah Title no.: CL015721276	Ongoing mixed commercial / residential development known as The Logg comprising 1 block of 28 levels affordable homes (250 units), 2 levels of commercial lots, 9 levels of carparks cum 3 levels of offices, 1 level of basement carpark, 2 blocks of serviced suites (542 units) and 1 block of hotel suites (370 rooms) / Ongoing mixed development / Leasehold of 99 years expiring on 31 December 2115 with 91¾ years as at LPD / For the purpose of housing and commercial development	KTISB and KTI Hotel & Resort[7] / LPPB	190,357 / Not applicable	Nil [9] / Not applicable [10]	Charged to Hong Leong Bank Berhad, Sabah Development Bank Berhad and caveat by CIMB Bank Berhad	172,933

No.	Postal address / Title No.	Description of property / Existing use / Expiry of lease (if any) / Category of land use (if any)	Beneficial Owner / Registered Owner	Land area / Built-up area	Date of purchase / Date of CCC	Encumbrance	Audited NBV as at 31 December 2023
				sq ft			RM'000
(n)	Off Jalan Airport 90000 Sandakan Sabah Title no.: CL075428027	A land parcel proposed for a landed housing scheme for 310 units of double-storey terraced houses / Proposed development / Leasehold of 99 years expiring on 31 December 2037 (Approximately 12¾ years as at LPD) / For the purpose of erecting thereon for use as such one dwelling house	Landmark Property[8] / LPPB	876,427 / Not applicable	Nil [9] / Not applicable [10]	Nil	1,560
(o)	Alamesra, Off Jalan Sulaiman Coastal highway, Kota Kinabalu, Sabah Title no: One (1) residential lot under CL015719874 with infrastructure lot, CL015719909, CL015719892, CL015719918	A land parcel proposed for a landed housing scheme of 42 units of super link house, 4 units of double storey shophouses, 5 tower block comprise of 2,195 units in which comprise 439 units per block / Proposed development / Leasehold of 99 years expiring on 31 December 2098 (Approximately 74¾ years as at LPD) /	KTID[12] / CL015719874 – KTID, CL015719909, CL015719892, CL015719918 – Millennium Amber Sdn Bhd[12]	887,497 / Not applicable	9 January 2023 / Not applicable [10]	CL015719874 – Charged to Hong Leong Islamic Bank Berhad, CL015719909, CL015719892, CL015719918 – Caveat by Hong Leong Islamic Bank Berhad	86,042

6. INFORMATION ON OUR GROUP *(Cont'd)*

No.	Postal address / Title No.	Description of property / Existing use / Expiry of lease (if any) / Category of land use (if any)	Beneficial Owner / Registered Owner	Land area / Built-up area	Date of purchase / Date of CCC	Encumbrance	Audited NBV as at 31 December 2023
				sq ft			RM'000
		CL015719874 (for the purpose of undertaking the development of residential buildings in accordance with such plans and specifications as may be approved by the local authority under the Local Government Ordinance 1961, the City of Kota Kinabalu Enactment 1966 and the Town and Country Planning Ordinance Cap 141), CL015719909 (for the purpose of road reserve, CL015719892 (for the purpose of power point unit), CL015719918 (for the purpose of sewerage treatment plant reserve)					
						Total	289,964

6. INFORMATION ON OUR GROUP *(Cont'd)*

Notes:

(1) The title has been issued and registered under Edward S Jaip's name, the original registered land owner and a former staff of our Group, subsequent to the surrender of the original master title deeds of Taman Nelly 9 for amalgamation, conversion and subdivision. The master title deeds of such properties were held under native titles prior to 2009, which cannot be registered in the name of company prior to conversion into country leases. The Lands and Survey Department of Sabah had on 5 August 2009 issued its offer for conversion of the native title into country leases and the premium chargeable for such conversion was fully settled by our Group on 30 November 2009.

The owner's covenant in the title deed requires the construction of the building on the land to be completed before January 2015. However, the construction was only completed in 2018. In view of the above, our Group has applied to the Director of Lands and Surveys, who has then issued an approval (in the form of an offer) to amend such owner's covenant by extending the completion period to the year 2019.

The Lands and Surveys Department of Sabah has issued an offer dated 2 January 2024 to extend the time period for fulfillment of land covenant from January 2015 to January 2019 ("**Offer**"). KTI has paid the premium chargeable, amounting to RM171,000 in accordance with the Offer. The transfer of the title from the registered owner, Edward S Jaip to KTID has been lodged with the relevant land register together with the Offer and the registration process has been lodged on 9 May 2024 and will be completed within 1 to 2 months from the date of lodgment.

For avoidance of doubt, the abovementioned process is legally valid.

(2) On 4 July 2001, 1/6 portion of the land each was transferred to Chong Nyuk Oi and Kong Hien Chong (now deceased) (both of whom are non-related parties to our Group) by the previous owner, Loke Theen Fatt Realty Sdn Bhd.

(3) On 1 June 2007, 1/6 portion of the land under Kong Hien Chong's estate was transferred to Kong En Leong and Kong En Phin, both of whom are non-related parties to our Group, in equal portions.

(4) This property will be charged to Hong Leong Islamic Bank Berhad. The memorandum of charge in favour of Hong Leong Islamic Bank Berhad will be lodged together with the transfer in favour of KTID for registration after the premium in respect of the letter of offer on extension of time period for fulfillment of land covenant is paid.

(5) Pursuant to the agreement between LPPB and KTISB dated 21 December 2016 to develop a mixed development, KTISB is the beneficial owner of the land.

(6) Pursuant to the agreement between LPPB and KTISB dated 21 December 2016 to develop Taman Bukit Alamanda and the deed of novation cum assignment between KTISB and Landmark Property dated 16 January 2020 to novate all its rights, benefits, interest and obligations pursuant to the agreement, Landmark Property is the beneficial owner of the land.

(7) Pursuant to the agreement between LPPB and KTISB dated 22 April 2015 to develop The Logg and the trust deed between LPPB and KTISB dated 15 March 2019, KTISB has 60.0% beneficial ownership of the land. The beneficial ownership of a portion of the land (in respect of the hotel suite only) was subsequently transferred to KTI Hotel & Resort by way of a sale and purchase agreement dated 6 December 2021.

(8) Pursuant to the agreement between LPPB and Landmark Property dated 7 January 2019 to develop the proposed development, Landmark Property is the beneficial owner of the land.

(9) Date of purchase is not available / not applicable for properties our Group obtained as entitlement to the design and build contractor or property developer in a development project.

(10) Date of CCC is not available / not applicable for properties which are vacant lands or ongoing developments.

(11) The native title was approved to be converted to a country lease bearing title no. CL015605419 and was registered as a country lease on 22 June 2009.

(12) It is common in practice that the title deeds to the infrastructure lots of a development project will be issued in the name of original landowner and that the title deeds would typically carry a standard term restricting the transfer of such title deeds, save to the relevant authority. The intention of such restriction on transfer is that the infrastructure lots would eventually be transferred / handed over to the relevant local authority for management after the completion of the development project. Due to the restriction in the title deeds, it is a common and accepted practice for the original landowner to grant such power of attorney to the subsequent owner for the purposes of developing the infrastructure lots. The original landowner, Millennium Amber Sdn Bhd has granted to KTID the full rights and benefits of the infrastructure lots to KTID pursuant to a power of attorney dated 9 January 2023. Upon the completion of the development of the project, such title deeds will be surrendered to the local authority by KTID.

For avoidance of doubt, the due diligence working group confirms that abovementioned process is legally valid.

The properties owned by our Group are not in breach of any land use conditions and/or non-compliance with current requirements, land rules or building regulations / by-laws, which will have material adverse impact on our operations as at LPD.

6.10.2 Properties rented by our Group

The summary of the material properties rented by our Group as at LPD are set out below:

No.	Address	Landlord / Tenant	Description / Existing use	Land area / Built-up area sq ft	Period of tenancy / Rental per annum
(a)	Lot 221, Taman Nelly 9, Phase 4 Shoplot Jalan Nountun, Kolombong 88844 Kota Kinabalu Sabah	Chin Mee Leen[(1)] / Landmark Property	Ground floor and first floor of a 2-storey commercial shop lot / Our headquarters	1,560 / 2,500	1 January 2024 to 31 December 2024 / RM48,000
(b)	Lot 220, Taman Nelly 9, Phase 4 Shoplot Jalan Nountun, Kolombong 88844 Kota Kinabalu Sabah	Chin Soo Wah[(2)] / KTISB	Ground floor of a 2-storey commercial shop lot / Our headquarters	1,243 / 1,250	1 August 2022 to 31 July 2027 / RM36,000
(c)	Lot 5, Ground Floor Kolam Centre, Jalan Lintas 88300 Kota Kinabalu Sabah	Chin Mui Yen @ Grace and Chin Vui Yin / KTISB	Ground floor of a 2-storey commercial shop lot / Sales gallery	1,200 / 2,400	10 June 2023 to 9 June 2026 / RM63,600
(d)	Lot 64, Taman New Far East Jalan Lintas, Luyang 88300 Kota Kinabalu Sabah	Wong Cheng Nam @ Mohsin Wong / KTISB	One storey detached lot of commercial unit / The Logg site office	9,120 / 4,424	1 July 2022 to 31 July 2025 / RM57,600

6. INFORMATION ON OUR GROUP *(Cont'd)*

No.	Address	Landlord / Tenant	Description / Existing use	Land area / Built-up area sq ft	Period of tenancy / Rental per annum
(e)	A portion of master land (CL015693991) located in Alamesra Off Sulaman Coastal Highway 88300 Kota Kinabalu Sabah	Milemium Amber Sdn Bhd / KTIDSB	A portion of vacant land (CL015693991) measuring 4 acres / Intended to be used as batching and casting yard for Alamesra project	174,240 / Not applicable	1 December 2023 to 30 November 2029 / RM313,632

Notes:

(1) Chin Mee Leen is our Promoter and substantial shareholder. As at LPD, she holds 522,369,500 shares, representing 81.6% equity interest in our Company. As such, the rental of this property is deemed a related party transaction. Our Audit and Risk Management Committee has reviewed the above related party transaction and are of the view that the transaction is fair, reasonable and on normal commercial terms and not detrimental to the interest of the non-interested shareholders of our Group and is in the best interest to our Group. Please refer to Section 10.1 for further details on such related party transaction.

(2) Chin Soo Wah is the brother of Chin Mee Leen, who is our Promoter and substantial shareholder. As such, the rental of this property is deemed a related party transaction. Our Audit and Risk Management Committee has reviewed the above related party transaction and are of the view that the transaction is fair, reasonable and on normal commercial terms and not detrimental to the interest of the non-interested shareholders of our Group and is in the best interest to our Group. Please refer to Section 10.1 for further details on such related party transaction.

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6. INFORMATION ON OUR GROUP *(Cont'd)*

Apart from the above rented properties, our Group is occupying the following property pursuant to a temporary occupation licence issued by the Sabah Land and Survey Department as at LPD:

No.	Address	Issuing authority / Licensee	Description / Existing use	Land area / Built-up area	Licence validity / Rental per annum
				sq ft	
(a)	A portion of state land measuring an area of 6.07 hectares located at Kinarut, District of Papar as delineated in the survey plan No. P.02128793 annexed in the Temporary Occupation Licence	Sabah Land & Survey Department / KTISB	Vacant land / Nil	653,369 / Not applicable	7 July 2021 to 6 July 2024 / Not applicable[1]

Note:

[1] The premium amounting to approximately RM0.1 million was paid to the Sabah Land & Survey Department on 29 September 2021 for the issuance of the temporary occupation licence to KTISB in respect of this parcel of land.

The properties rented by our Group are not in breach of any other land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations / by-laws, which will have material adverse impact on our operations as at LPD.

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6.10.3 Material machinery

Details of our Group's material machinery are as follows:

Machinery and equipment	Function	No. of units	Average lifespan	Age	Audited NBV as at 31 December 2023
			years	years	RM'000
Modular wet mic concrete batching plant	Ready mix concrete production	2	12	3 to 9	462
Dahan tower crane	High rise lifting building materials	4	15	5 to 9	1,601
Gantry crane (10,000 kilogram)	Lifting wall panel, slab panel, staircase and others	5	15	9	296
Gantry crane (15,000 kilogram)	Lifting wall panel, slab panel, staircase and others	1	15	9	69
Gondola	Lifting passenger for painting and touch up of building	10	7	6	139
Passenger hoist	Passenger lift for construction	2	7	6	289
Mobile crane / rough terrain crane / crawler crane	Lifting wall panel, slab panel, staircase and others for installation	9	12	3 to 13	1,202
Compactor	Earth compaction	1	12	6	-
Shovel	Lifting sand, aggregates and earth	2	12	6 to 9	-
Concrete mixer truck	Transport of ready-mix concrete	11	7	1 to 8	322
Prime mover	Transport of wall panel, slab panel, staircase and others	2	7	9	-

6. INFORMATION ON OUR GROUP *(Cont'd)*

Machinery and equipment	Function	No. of units	Average lifespan	Age	Audited NBV as at 31 December 2023
			years	years	RM'000
Low loader trailer	Load of wall panel, slab panel, staircase and others	6	7	9	-
Hydraulic breaker	Breaking rock boulders	2	7	6	-
Concrete pump	Pumping ready mix concrete	1	5	6	-
Self loader and trucks	Transport of building materials	3	7	2 to 6	95
Excavator	Excavation of earth	9	10	1 to 12	623
Backhoe loader	Excavate and remove of earth for drain purposes	2	7	8	-
				Total	**5,098**

We conduct periodic inspections and maintenance of our machinery and undertake certain repair works when necessary. Our maintenance procedures include oiling, corrosion prevention and cleaning. The machinery that we own are commonly used in the construction industry and are generally available from the local and overseas market. Machinery which is fully depreciated would have surpassed its useful life. However, although certain machineries are fully depreciated, they still can operate effectively and efficiently. If the machinery is well maintained and can operate efficiently and effectively, it will not be disposed. Fully depreciated machineries are disposed when they cannot operate effectively, or are functionally obsolete.

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6.10.4 Material capital expenditures and divestitures

(a) Material capital expenditures

Save for the expenditures disclosed below, there were no other capital expenditures (including interests in other corporations) made by us for FYE 2020 to FYE 2023 and up to LPD:

	At cost				
	FYE 2020	FYE 2021	FYE 2022	FYE 2023	1 January 2024 up to LPD
Capital expenditures	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Leasehold lands and buildings	-	2,127	-	-	-
Freehold land	-	-	-	-	-
Furniture, fittings and office equipment	75	35	139	343	46
Information technology equipment	44	9	253	213	-
Motor vehicles	3	40	128	542	105
Plant and machineries	838	2,923	2,033	6,161	877
Renovation	-	-	49	434	-
Lease of premises	-	-	497	201	-
Lease of land	-	-	-	1,572	-
Construction in progress	-	12,960	12,500	23,097	2,437
	960	**18,094**	**15,599**	**32,563**	**3,465**

The above capital expenditures were primarily financed by a combination of bank borrowings and internally generated funds. Our capital expenditures, particularly for building equipment and machineries are mainly driven by the construction projects awarded to us during the relevant year as well as for replacement purposes. Our primary capital expenditures are associated with the acquisition of building equipment and machineries for use in our construction projects, such as tower cranes, scaffolding, moulding, excavators and other related construction equipment and machineries required by our projects.

The purchase of motor vehicles is for day-to-day use in our project sites.

FYE 2020

In FYE 2020, our capital expenditures mainly comprised:

(a) purchase of ready-mix concrete batching plant amounting to RM0.6 million and moulding amounting to RM0.3 million; and

(b) computer and office equipment amounting to RM0.1 million.

FYE 2021

In FYE 2021, our capital expenditures mainly comprised:

(a) purchase of 3 unit of cranes amounting to RM2.0 million, 4 units of mixer trucks amounting to RM0.6 million, steel bed and moulding amounting to RM0.5 million;

(b) reclassification of land cost for Avani Luyang @ The Logg of RM2.1 million; and

(c) capitalisation of work in progress in respect of the construction of Avani Luyang @ The Logg comprising legal and professional fees for MHG of RM1.0 million and construction work-in progress of RM11.9 million.

FYE 2022

In FYE 2022, our capital expenditures mainly comprised:

(a) purchase of tower crane of RM0.9 million, 2 units of mobile crane of RM0.3 million, 1 unit of excavator of RM0.1 million, 1 unit of lorry crane of RM0.1 million and scaffolding together with accessories of RM0.6 million; and

(b) capitalisation of construction work-in-progress of Avani Luyang @ The Logg of RM12.5 million.

FYE 2023

In FYE 2023, our capital expenditures mainly comprised:

(a) capitalisation of construction work-in-progress of Avani Luyang @ The Logg of RM23.1 million;

(b) purchase of 1 unit excavator of RM0.5 million, 1 unit of forklift of RM0.1 million, 3 units of motor vehicles of RM0.5 million, project site cabin of RM0.3 million, 1 unit of generator set of RM0.1 million, aluminium formwork of RM0.6 million, steel bed for wall panel of RM0.1 million, 1 set of podium lightrek formwork of RM1.7 million, 1 set of formwork system of RM0.9 million and scaffolding together with accessories of RM2.2 million; and

(c) the lease of a land of RM1.6 million for Alamesra site casting yard.

(b) Material capital divestitures

Save for the divestitures disclosed below, there were no other capital divestitures (including interests in other corporations) made by us for FYE 2020 to FYE 2023 and up to LPD:

	At cost				
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**	**1 January 2024 up to LPD**
Capital divestitures	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Motor vehicles	2	377	125	77	-
Plant and machineries	-	-	29	-	-
Furniture and fitting	-	-	27	-	-
Site equipment	-	-	-	22	-
	2	**377**	**181**	**99**	**-**

Over FYE 2020 to 2023, our capital divestitures are mainly for the disposal of 1 unit of motorcycle amounting to RM2,000 (FYE 2020), disposal of 1 unit of motor vehicle of amounting to RM0.4 million (FYE 2021), disposal of 1 unit of motor vehicle amounting to RM0.1 million (FYE 2022) and disposal of 2 units of motor vehicles and 1 unit of genset amount to RM0.1 million (FYE 2023).

The above capital divestitures were carried out in the ordinary course of business as part of our periodic review of our fixed asset register to identify and eliminate those assets which have been fully depreciated or no longer in use or obsolete or surpassed their useful lives.

As at LPD, other than the proposed utilisation of proceeds from our Public Issue for our capital expenditure as disclosed in Section 4.9.1, we do not have any material capital expenditures and divestitures currently in progress, within or outside Malaysia.

6.10.5 Material plans to construct, expand or improve our facilities

Save for the proposed utilisation of proceeds from our IPO vis-à-vis our proposed capital expenditure as set out in Section 4.9.1, our Group does not have any other immediate plans to construct, expand and improve our facilities as at LPD.

6.11 RELEVANT LAWS, REGULATIONS, RULES OR REQUIREMENTS

(a) CIDB Act

The CIDB Act and the regulations made thereunder govern the establishment of the CIDB and provide for its function in relation to the construction industry and all matters in connection therewith.

Section 25 of the CIDB Act prescribes that a contractor must register with the CIDB and hold a valid certificate of registration issued by the CIDB in order to carry out or complete, undertake to complete any construction works or hold himself as a contractor. Failure to comply with the above shall render a person liable to a fine of not less than RM10,000 but not more than RM100,000. As at LPD, our subsidiaries namely, KTISB and Landmark Property hold valid Grade 7 certificates of registration issued by CIDB (which allows them to participate in tenders for construction works of unlimited value), as they are the only subsidiaries in our Group which carry out construction works. Please refer to Section 6.8 for further details of these licences.

In addition, Section 33C of the CIDB Act provides that CIDB shall, in the manner determined by CIDB, certify the construction materials used in the construction industry and specified in the Fourth Schedule of the CIDB Act in accordance with the standards specified therein. Section 33D of the CIDB Act further provides that a person shall not deal or undertake to deal, whether directly or indirectly, with the construction materials specified in the Fourth Schedule unless the construction materials have been certified by CIDB. "Deal" is defined under the CIDB Act as "handle, use, manufacture, supply, market, transfer, sell or buy, whether wholesale or retail, import or export". Failure to comply with the above shall render a person liable to a fine of not less than RM10,000, but not more than RM500,000. This requirement came into force on 1 June 2015.

KTISB started to produce its ready-mixed concrete in Tuaran casting yard since 2020 and Kinarut casting yard (ceased operations since 2019) since 2016. For avoidance of doubt, our Group already commenced operations in Tuaran and Kinarut casting yard in 2017 and 2012 respectively for the manufacturing of IBS products. KTISB was issued with the Certificate of Standard Compliance by CIDB Sabah on 1 September 2022 for ready-mixed concrete. Prior thereto since 2020, KTISB did not hold a valid certificate of standard compliance for its ready-mixed concrete produced at Tuaran casting yard, whereby cement, aggregates, sand and water are mixed together in the required quantities to produce the ready-mixed concrete. In respect of the casting yard in Kinarut which has ceased operations since 2019, KTISB was issued with the Certificate of Standard Compliance by CIDB Sabah on 14 April 2022. Prior thereto since 2016, KTISB did not hold a valid Certificate of Standard Compliance for its ready-mixed concrete produced at the Kinarut casting yard.

KTISB was not aware of such requirement under the CIDB Act, however after being duly advised by the due diligence solicitors, KTISB obtained the Certificate of Standard Compliance for ready-mixed concrete for both its Tuaran and Kinarut casting yards.

As at LPD, KTISB has not received any notices, penalties or compounds from CIDB for producing the ready-mixed concrete at the Tuaran casting yard without the Certificate of Standard Compliance. Our Directors are of the view that that our Group's business operations and financial position would not be materially and adversely affected.

Pursuant to Section 4(m) of the CIDB Act, the functions of CIDB shall include regulating the implementation of IBS in the construction industry. Further, Section 37 of the CIDB Act provides that CIDB may make such regulations as may be expedient or necessary, and the regulations may be made for prescribing the conditions and requirements for the implementation of IBS in the construction industry. The IBS-IMPACT program involves an application process, assessment procedure, application approval and certification before being recognized as a manufacturer of IBS components registered with CIDB.

IBS-IMPACT was launched on 17 January 2019. Any person who deals or undertakes to deal with IBS products without the IBS-IMPACT certificates shall be liable under Section 33D of the CIDB Act to a fine of not less than RM10,000 but not more than RM500,000. Prior to the launch of IBS-IMPACT, in order to conduct IBS related manufacturing, the manufacturer must have an IBS manufacturer status. As KTISB held the requisite IBS manufacturer status before the launch of IBS-IMPACT, KTISB wrote to CIDB on 28 April 2020 and 17 June 2020 in respect of the renewal of its IBS manufacturer status as the expiry date of the IBS manufacturer status was 14 July 2020. KTISB did not receive a response from CIDB in respect of their renewal application. In view of the newly launched IBS-IMPACT which replaces the previous requirement for the IBS manufacturer status, KTISB also sought to prepare all the requisite supporting documents required for such application. As part of the new application process, physical inspection by the independent conformity assessment body on KTISB's construction materials is required for KTISB to obtain the main technical document required for the consideration of the Certificate of Standard Compliance, which are both required to support its application for IBS-IMPACT. However, due to the various MCO imposed by the Government to curb the spread of COVID-19, inspections for such applications could not be carried out in a timely manner, thus resulting in a delay in KTISB obtaining the requisite supporting document for such application.

KTISB furnished CIDB with the preliminary supporting documents for the IBS-IMPACT application on 11 May 2022 and received an interim IBS-IMPACT on 15 June 2022 (being a temporary certificate pending the issuance of the final IBS-IMPACT certificates, which was subject to additional supporting documents to be furnished to CIDB). KTISB was subsequently issued with the IBS-IMPACT certificates for precast wall element on 30 December 2022, precast floor plates and beam on 28 February 2023 and precast concrete stairs on 30 March 2023. CIDB has acknowledged a letter by KTISB dated 21 February 2023, confirming that no actions will be taken by CIDB against KTISB for the production of IBS products without a valid IBS-IMPACT certification. Moreover, CIDB acknowledged that the implementation of the IBS-IMPACT certification is recent, and the application process has been delayed due to the MCO. As at LPD, KTISB has obtained the IBS-IMPACT certificates for all types of IBS products manufactured by it.

As at LPD, KTISB has not received any notices, penalties or compounds from CIDB for manufacturing the IBS components without valid IBS-IMPACT certificates. Our Directors are of the view that that our Group's business operations and financial position would not be materially and adversely affected.

(b) Industrial Coordination Act 1975 ("ICA 1975")

The ICA 1975 provides for the co-ordination and orderly development of manufacturing activities in Malaysia, for the establishment of an Industrial Advisory Council and for other matters connected therewith or incidental thereto.

The ICA 1975 requires a person engaging in any manufacturing activity with the shareholders' funds of RM2.5 million and above or employing 75 or more full-time paid employees to obtain a manufacturing licence.

KTISB manufactures IBS products namely wall, slab, beam, column and staircase for its internal consumption to complement its construction activities, which supports its property development activities, at Tuaran casting yard. In this respect, this amounts to "manufacturing activity" under the ICA 1975.

Pursuant to Section 3(1) of the ICA 1975, no person shall engage in any manufacturing activity unless he is issued a licence in respect of such manufacturing activity. KTISB did not apply for a manufacturing licence for its manufacturing activities at Tuaran casting yard even though its shareholders' funds have exceeded RM2.5 million.

Any person who fails to comply with the requirements of Section 3(1) of the ICA 1975 is guilty of an offence and is liable on conviction to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 6 months and to a further fine not exceeding RM1,000 for every day during which such default continues.

Section 19 of the ICA 1975 provides that where an offence under the ICA 1975 or any rule made thereunder has been committed by a person or a manufacturer being a company, partnership or body of persons, any person who at the time of the commission of the offence was a director, manager or other officer serving in a managerial capacity or was a partner of the company, partnership or body of persons or purported to act in any such capacity shall be deemed to be guilty of that offence unless he proves that the offence was committed without his knowledge, consent and connivance and that he had exercised all necessary diligence to prevent the commission of the offence as he ought to have exercised having regard to the nature of his functions in that capacity and all the prevailing circumstances.

KTISB manufactures the IBS products in its Tuaran yard since 2017 and previously in its Kinarut casting yard (from 2012 to 2019) for internal consumption to complement its construction services, which support its property development businesses. These IBS products are precast concrete construction components, whereby cement, aggregates, sand and water are mixed together in the required quantities to produce ready-mixed concrete. The ready-mixed concrete is then poured into the formwork, and left to harden. KTISB was not aware that such activities carried out at both casting yards amounted to "manufacturing activities" under the ICA 1975, and such activities were carried out solely for its internal consumption without supplying any of the IBS products to any external customers. However, after being duly advised by the due diligence solicitors, KTISB submitted its application for a manufacturing licence to MITI for its manufacturing operations in the Tuaran casting yard and have received a conditional letter of approval on 28 July 2022 and subsequently the manufacturing licence was issued by MITI on 7 October 2022 (valid from 28 July 2022). In respect of the Kinarut casting yard which is not in operations as at the LPD (previously the IBS manufacturing operations was carried out from 2012 to 2019), KTISB will apply for a manufacturing licence prior to commencing manufacturing operations. As at LPD, KTISB has not received any notices, penalties or compounds from MITI for operating its manufacturing activities previously in Kinarut casting yard without a valid manufacturing licence.

As at LPD, KTISB has not received any notices, penalties or compounds from MITI for operating its manufacturing activities without a valid manufacturing licence prior to the issuance of its manufacturing licence. Our Directors are of the view that the risk of being charged, convicted, penalized and/or compounded retrospectively for the abovementioned provisions of the ICA 1975 is low as MITI has issued the manufacturing licence to KTISB. Moreover, MIDA has provided written acknowledgement vide its letter dated 19 August 2022, stating that KTISB is deemed to have complied with the requirements of obtaining a manufacturing license, insofar as to all manufacturing of IBS products which have been carried out at the Tuaran casting yard up to the point of issuance of the manufacturing license. As such, it is an indication that no action will be taken against KTISB in respect of the abovementioned default.

Moving forward, the management of KTISB will prepare a checklist and schedule of all its permits, licences and registrations including the manufacturing licence which will be put under the purview of Wilson Loke Choon Syn, our Executive Director for monitoring purposes and will be reported periodically to the Audit and Risk Management Committee. In addition, alerts for renewal will also be set in our digital device calendar to remind our management of any requisite renewals in advance.

(c) Local Government Ordinance 1961 ("LGO 1961"), Trades Licensing Ordinance 1949 of Sabah and the by-laws of the respective local councils and authorities

Under the LGO 1961, the relevant local authority may exercise and perform within such area all or any powers and duties conferred on them under the LGO 1961 or by any by-laws, rules or regulations passed pursuant to the LGO 1961. The powers include the issuance of licences and the imposition of any conditions and restrictions (if any) on the licences as they deem fit.

Pursuant to the Trades Licensing Ordinance 1948, a trading license shall be issued by the administrative officer or his assistant in charge of the district in which the premises to be licensed are situated, or if the business is not carried on in definite premises, in which the person carrying on the business usually resides or has his principal place of business or first lands in Sabah. Any person who contravenes the above shall be liable for each offence to a fine of four times the amount of the licence fee and to a further fine of RM10 for each day or part of a day subsequent to a conviction during which the contravention continues.

Under the respective by-laws of the Sabah local councils and authorities, no person shall exhibit or cause to be exhibited any advertisement without a license (other than those exempted under the by-law). By-law 3(1) of the Kota Kinabalu Municipal Council (Advertisement) By Laws 1983 provides that no person shall exhibit or cause to be exhibited any advertisement other than those exempted under by-law 9 without a licence issued by the council. By-law 18 provides that any person who contravenes any of the provisions of these by-laws or any condition in a licence shall be guilty of an offence and shall be liable to a fine not exceeding RM5,000 and in the case of a continuing offence, a fine not exceeding RM200 for everyday during which such offence is continued.

We require a trading license to carry out our business activities at our business premises. In the event we display our company name on the outer wall of our business premise, we would require an advertisement license. As at LPD, our subsidiaries hold valid trading licences and advertisement licence.

(d) HDE 1978

Under the Housing Development (Control and Licensing) Act 1966, no housing development in Peninsular Malaysia and the Federal Territory of Labuan shall be conducted except by a housing developer in possession of a license issued by the Controller of Housing. As the Housing Development (Control and Licensing) Act 1966 only applies in Peninsular Malaysia, it is not applicable to our Group and our Group is governed by the HDE 1978 instead.

Section 5 of the HDE 1978 provides that no housing development shall be engaged in, carried on or undertaken or caused to be undertaken except by a housing developer who is in possession of a licence issued under the HDE 1978. Any housing developer guilty of an offence shall on conviction be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding three years or to both. In addition, the licence issued to the housing developers under the HDE 1978 may also be suspended or revoked if the housing developer carries on its business in a manner detrimental to the interest of the purchasers or any member of the public or contravenes any of the provisions of the HDE 1978.

Notwithstanding Section 5 of the HDE 1978, Section 2 of the HDE 1978 provides that nothing in the HDE 1978 shall apply to any body or agency established and incorporated by statute and under the control of the Government or the government of any state.

LPPB is a statutory body established under the HDA 1981. One of the objectives of LPPB is to construct and build affordable housing in Sabah for the benefit of the people in Sabah. The main functions and duties of LPPB are, amongst others, to prepare and execute proposals, plans and projects for the development of towns, redevelopment and extension of existing towns and such areas as designated by the minister, to manage all lands, houses and buildings or other property vested in or belonging to LPPB. As such, LPPB is a statutory body and is exempted from the requirement of having a housing developer licence under the HDE 1978 to undertake the development of the projects.

Our Group will be required to obtain an APDL in respect of the development projects undertaken by us and will be subject to the provisions and regulations as may be made by the Ministry of Local Government and Housing Sabah pursuant to the HDE 1978. However, as at LPD, our subsidiaries are not required to obtain an APDL as we are primarily involved in property development activities with LPPB as a design and build contractor i.e. where our Group provides design and build construction services to LPPB as well as provide financing for the construction of all projects undertaken (by securing financing facilities from financial institutions and/or by utilising internally generated funds. A design and build contractor in projects with LPPB is not required to obtain an APDL pursuant to the HDE 1978.

(e) Occupational Safety and Health Act, 1994 ("OSHA")

The OSHA regulates the safety, health and welfare of persons at work, protecting others against the risks of safety or health in connection with the activities of persons at work.

Pursuant to Section 29 of the OSHA, an occupier of a place of work to which this section applies shall employ a competent person to act as a safety and health officer at the place of work. An occupier who contravenes the provisions of this section shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM5,000 or to a term of imprisonment not exceeding 6 months or to both. The employer of the class or description of industries that shall employ a safety and health officer can be found under Order 3 of the Occupational Safety and Health (Safety and Health Officer) Order 1997, which includes any building operation where the total contract price of the project exceeds RM20.0 million.

Pursuant to Section 30 of the OSHA, every employer shall establish a safety and health committee at the place of work if there are 40 or more persons employed at the place of work or the Director General of the Department of Occupational Safety and Health directs the establishment of such a committee at the place of work. A person who contravenes the provisions of this section shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM5,000 or to imprisonment for a term not exceeding 6 months or to both.

As at LPD, our Group is in compliance with the relevant provisions under the OSHA.

(f) Labour Ordinance (Sabah Cap. 67)

Section 118(1) of the Labour Ordinance (Sabah Cap. 67) provides that no person shall employ any non-resident employee unless he has obtained a Licence to Employ Non-Resident Employee. An employer who fails to comply with this section, or any person who forges, alters or tampers with a Licence to Employ Non-Resident Employee or any person in possession of a forged, altered or tampered Licence to Employ Non-Resident Employee, commits an offence and shall be liable on conviction to a fine not exceeding RM10,000 or to imprisonment for six months or to both.

Section 118(2) of the Labour Ordinance (Sabah Cap. 67) further provides that the power of the Director of the Labour Department of Sabah to issue a Licence to Employ Non-Resident Employee shall be subject to the laws on immigration applicable to Sabah and such licence shall be in such form and subject to such conditions as may be prescribed.

As at LPD, our subsidiary, namely KTISB holds a valid licence to employ non-resident employees. Save for KTISB, none of our other subsidiaries employ non-resident employees.

(g) Employment (Restriction) Act 1968 and Immigration Act 1959/63 ("Act 155") and all regulations made thereunder

Employment (Restriction) Act 1968 expressly prohibits a person from employing a non-citizen of Malaysia unless there has been issued in respect of that person a valid employment permit. Failure to obtain the valid employment permit shall be an offence which on conviction is punishable by a fine not exceeding RM5,000 or imprisonment for a term not exceeding 1 year or both.

The employment of foreign workers in Malaysia shall also be subject to Act 155 that regulates the immigration matters in Malaysia. Act 155 provides that no person other than a citizen shall enter Malaysia unless he is in possession of a valid entry permit, his name is endorsed upon the said valid entry permit and he is in the company of the holder of the said entry permit or he is in possession of a valid pass lawfully issued to him to enter Malaysia or exemption is granted to him pursuant to Act 155.

Section 55B(1) of Act 155 provides that a person who employs one or more persons, other than a citizen or a holder of an entry permit, who is not in possession of a valid pass shall be guilty of an offence, and shall on conviction, be liable to a fine of not less than RM10,000 but not more than RM50,000 or to a term of imprisonment not exceeding 12 months or to both for each such employee. Where, in the case of an offence under Section 55B(1) of Act 155, if it is proved to the satisfaction of the court that the person has at the same time employed more than 5 such employees that person shall, on conviction be liable to imprisonment for a term of not less than 6 months but not more than 5 years and shall also be liable to whipping of not more than 6 strokes.

As at LPD, all of our foreign employees are in possession of a valid work permit.

(h) Environment Quality Act, 1974 ("EQA")

The EQA sets out provisions in respect of prevention, abatement, control of pollution and enhancement of the environment. Section 34A of the EQA states that any person intending to carry out any prescribed activity shall appoint a qualified person to conduct an environmental impact assessment and to submit a report thereof to the Director General in the manner as the Director General of the Department of Environment ("**DG**") may prescribe and shall not carry out such activity until the report required to be submitted has been submitted and approved.

Any person who contravenes this section shall be guilty of an offence and shall be liable to a fine not exceeding RM500,000 or to imprisonment for a period not exceeding five years or to both and to a further fine of RM1,000 for every day that the offence is continued after a notice by the DG requiring him to comply with the act specified therein has been served upon him. In addition, the DG may issue a prohibition order or stop work order to the person carrying out the prescribed activities without the approval under Section 34A of the EQA.

In exercise of the powers conferred by Section 34A of the EQA, housing development covering an area of 50 hectares or more was prescribed as an activity which may have significant environmental impact pursuant to the Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 1987.

As at LPD, our Group is in compliance with the relevant provisions under the EQA.

(i) Factories and Machinery Act, 1967 ("FMA")

The FMA and the relevant regulations made thereunder, including the Factories and Machinery (Notification, Certificate of Fitness and Inspection) Regulations, 1970 provide for the control of factories with respect to matters relating to the safety, health and welfare of persons in the factories, the registration and inspection of machinery and other matters connected therewith. Our Group is required to obtain a valid certificates of fitness pursuant to the FMA for the operation of steam boiler, unfired pressure vessel or hoisting machine other than a hoisting machine driven by manual power. Any person who contravenes this provision shall be served with a notice in writing prohibiting the operation of such machinery or may render such machinery inoperative until such time as a valid certificate of fitness is issued. In addition, such person shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM150,000 or to imprisonment for a term not exceeding 3 years or to both.

As at LPD, our Group is in compliance with the relevant provisions under the FMA.

Save for the past non-compliances as disclosed in Section 6.11, there are no other non-compliances since inception of our Group of regulatory requirements and/or environmental issues which may materially affect our Group's operations arising from the utilisation of our assets. Our Group has not been issued with any penalties pursuant to the laws, regulations, rules or requirements as disclosed above.

6.12 ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES

(a) Environmental

Our Group is aware that our business has an impact, whether directly and indirectly, on the environment. As such, we strive to adopt environmentally sustainable practices to avoid or minimise environmental damage where possible. The following are some of the business activities we have carried out as part of our environmental sustainability and responsible practices:

(i) minimise environmental impact of products developed and services provided by our Group, through the adoption of IBS in our construction operations;

(ii) collaborate with government, private and educational bodies through knowledge transfer of our IBS technology for students and apprentices; and

(iii) re-use or re-purpose rejected casted materials and other scraps generated from our Group's IBS processing plant, thus minimising general waste sent to landfills.

(b) Social

The success of our business is dependent on our employees who assist in managing and growing our business. We are also dependent on other stakeholders, such as, providers of supporting materials and products, contracting and other services as well as our customers for the properties that we develop. Accordingly, we have a social obligation to care for them and where possible assist in their welfare, as part of stakeholder management, in our business operations. The initiatives undertaken by our Group include:

(i) enhancing development of our employees, through regular sponsors of skills training to support employees in fulfilling their roles and their personal development, as well as to comply with regulatory requirements;

(ii) built affordable housing in the design and development of property products since our inception in 1984. As leaders in providing affordable homes for all, our Group has designed and built liveable homes which are economical yet spacious and practical for different income groups;

(iii) built quality developments, which are affordable to the local community using IBS which achieved CIDB scores of up to 89.95% in our completed projects; and

(iv) implementing strict health and safety policies and procedures at the development site to protect the health and safety of our employees, contractors and the surrounding communities.

(c) Governance

Our Group recognises the importance in promoting good corporate governance to ensure long term sustainability of our business. Accordingly, we are committed to uphold the required standards of corporate governance and ethical conduct in accordance with the principles and best practices of corporate governance as set out in the MCCG.

6.13 EMPLOYEES

As at LPD, we have a total workforce of 208 employees, which consists of permanent and contractual employees. Local employees accounted for approximately 87.5% of total workforce while the remaining 12.5% were foreign workers. All of our foreign workers have valid working permits.

The breakdown of our employees as at 31 December 2023 and LPD are as follows:

	Permanent		**Contract/Temporary**		
Department	**Local**	**Foreign**	**Local**	**Foreign**	**Total employees**
As at 31 December 2023					
Director	4	-	-	-	4
Key senior management	2	-	1[(2)]	-	3
Corporate affairs	1	-	-	-	1
Project division	25	-	3	-	28
Contract and tenders and procurement divisions	12	-	-	-	12
Quality assurance, health, safety and environment divisions	7	-	1	-	8
Finance, accounting, human resource and administration divisions	22	-	-	-	22
Sales and marketing division	30	-	11	-	41
Surveying division	5	-	3	1	9
Machinery division	5	1	23	9	38
Construction site worker[(1)]	-	-	5	15	20
Total	**113**	**-**	**47**	**25**	**186**
As at LPD					
Director	4	-	-	-	4
Key senior management	2	-	1[(2)]	-	3
Corporate affairs	1	-	-	-	1
Project division	27	-	9	1	37
Contract and tenders and procurement divisions	12	-	-	-	12
Quality assurance, health, safety and environment divisions	8	-	3	-	11
Finance, accounting, human resource and administration divisions	23	-	-	-	23
Sales and marketing division	30	-	16	-	46
Surveying division	5	-	8	1	14
Machinery division	5	-	23	9	37
Construction site worker[(1)]	-	-	5	15	20
Total	**117**	**-**	**65**	**26**	**208**

Notes:

(1) Includes 15 employees as at 31 December 2023 and 15 employees as at LPD that were involved in the operations at our IBS casting yards to manufacture IBS components. During FYE 2020 to 2023 and up to LPD, our Group, being the main contractor of our projects, were primarily involved in project management and overseeing construction progress. As such, construction works, including the installation of IBS components, were mainly outsourced to our subcontractors. Please refer to Section 7.9 for our subcontracted services.

(2) Abdullah Azlan Bin Khalid's employment contract (effective from 1 May 2022 until 30 April 2025) is not a service agreement which provides for benefits upon termination of employment.

There were no significant changes in the number of employees of our Group for FYE 2023 and up to LPD.

None of our employees belong to any labour union and over FYE 2020 to 2023 and up to LPD, there is no labour dispute between our management and our employees. Additionally, over FYE 2020 to 2023 and up to LPD, there has not been any incident of work stoppage that has materially affected our operations.

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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:

Year	Event
1984	• 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. • 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.
1985	• Chin Mee Leen, our Promoter, joined our Group when she was appointed as Director on 6 June 1985.
1986	• 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. • We began providing general building construction services to the public sector. We secured our 1st project under the public sector for the construction of police staff quarters in Taman Nelly, Kolombong, Sabah, which was completed in 1988.
1993	• We began providing general building construction services to the private sector. Amongst the initial construction projects secured were as follows: (a) construction of a mosque in Ranau, Sabah (i.e. GDV of RM1.0 million and the construction was completed in 1995); (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 (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).
1994	• 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.

Year	Event
	• 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.
1998	• 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.
1999	• 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: (a) 174 units of single-storey detached houses; (b) 101 units of double-storey semi-detached houses; (c) 145 units of double-storey terraced houses; and (d) 6 units of double-storey shops. The project had a combined GDV of RM30.5 million. The development was completed progressively over the period between 2002 and 2004.
	• 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.
2000	• 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.
2002	• 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.
2007	• 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: (a) 92 units of double-storey terraced houses; (b) 64 units of 4-storey apartments; and (c) 280 units of studio apartments. 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.
2010	• Entered into our first collaboration with LPPB to provide design and build construction services to develop a residential project in Taman Wawasan, Beaufort, Sabah. 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.

Year	Event
2012	• 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. 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. • 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. • 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.
2013	• 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.
2015	• 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. 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.
2017	• Commenced operations of a casting yard in Tuaran.
2019	• 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: (a) 833 units of double-storey houses; (b) 800 units of five-storey apartments; (c) 16 units of double-storey shophouses; and (d) 1 unit of double-storey detached shop.

Year	Event
	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	• 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: (a) 2 blocks of 28-storey condominiums; (b) 1 block of 28-storey apartment; (c) 1 block of 38-storey 4-star hotel, namely Avani Luyang @ The Logg, with 370 rooms; (d) 2 levels of retail space; and (e) 3 levels of purpose-built offices comprising 12 units of offices. 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).

7.2 KEY ACHIEVEMENTS

As at LPD, we have received the following awards:

Year	Award	Category	Project	Awarding body	Objective
KTISB					
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

Year	Award	Category	Project	Awarding body	Objective
2023	Shareda Excellence Award 2023	Sabah IBS Residential Masterpiece	Not applicable	Sabah Housing and Real Estate Developers Association (SHAREDA)	Recognition of excellent contribution in the Property Industry
Landmark Property					
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 2023, 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.

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 2 parcels of remaining detached lots from previous developments as set out in Section 6.10.1(a) to (b), 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 Section 7.17.1.

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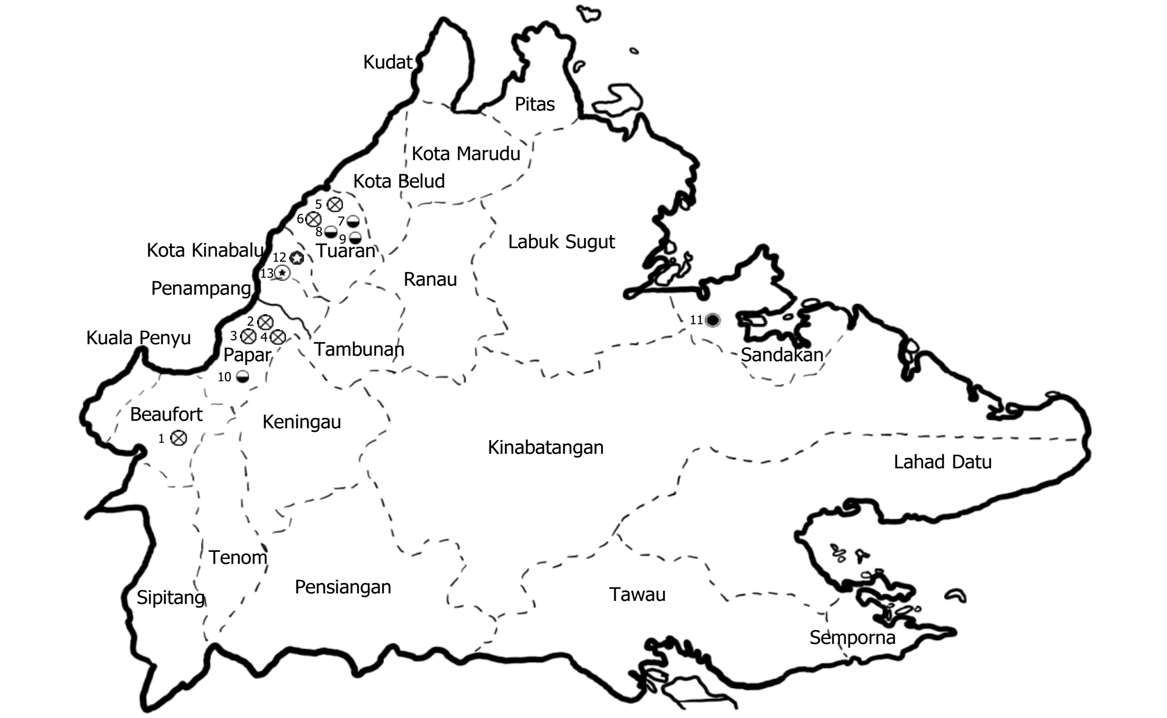
7. BUSINESS OVERVIEW *(Cont'd)*

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:



Map Legend	
Design and build construction projects with LPPB	
Completed projects	1. Taman Wawasan Phase 3A, 3B, 4A and 4B (Residential) 2. Taman La Gloxinia Phase 1, 2A, 2C, 3A and 3B (Residential) 3. Gloxinia Avenue Phase 2B (Commercial) 4. Puncak Gloxinia Phase 1 and Phase 2 (Residential – PPAM) 5. Taman Seri Lemawang Phase 1A, 1B, 1C, 1D, 1E, 1F and 1G (Residential) 6. Plaza Seri Lemawang (Commercial)
On-going projects	7. Taman Seri Lemawang Phase 1H and 1I (Residential) 8. Residensi Seri Akasia Block A, B, C, D, E and F (Residential) 9. Plaza Lemawang 2 (Commercial) 10. Taman Bukit Alamanda (Residential)
Future projects	11. Sandakan Phase 1, 2, and 3 (Residential)
Our Group's own property development projects	
On-going mixed development	12. The Logg, Luyang (Mixed development)
Future project	13. Ayuria Place, Alamesra (Mixed development)

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.

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	**Our Group'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.	• 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.

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;

- 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 2023, we did not undertake any general building construction projects and there was no revenue derived from this segment. However, we had in February 2024 secured a general building construction project from Jawala Corporation Sdn Bhd (the main contractor), as an IBS specialist sub-contractor for the construction of 'Pembinaan RKAT Tambahan Pelbagai Kelas di Kem Lok Kawi, Sabah' in which we had commenced construction works in March 2024.

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, tilling 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.

7.3.1.3 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:

Name of project	Type of project	Total site area	Description	Commencement date(1) / Completion date(2)	Total units launched	Total units sold	% sold	GDV
		acres						RM'million
Taman Wawasan Phase 3 (Phase 3A and 3B)	Residential	13.0	Double-storey terrace houses: • 122 intermediate double-storey terrace units (846 sq ft); and • 22 corner double-storey terrace units (846 sq ft)	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: • 88 intermediate double-storey terrace units (756 sq ft to 846 sq ft) • 20 corner double-storey terrace units (756 sq ft to 846 sq ft)	February 2012 / March 2014	108	108	100.0	15.5
				Total	**252**	**252**	**100.0**	**34.2**

Name of project	Type of project	Total site area	Description	Commencement date[1] / Completion date[2]	Total units launched	Total units sold	% sold	GDV
		acres						RM'million
Taman La Gloxinia Phase 1	Residential	29.8	Double-storey terrace houses: • 105 intermediate double-storey terrace units (1,000 sq ft); • 22 intermediate corner double-storey terrace units (1,200 sq ft); and • 8 corner double-storey terrace units (1,200 sq ft)	February 2012 / October 2014	135	135	100.0	34.4
Taman La Gloxinia Phase 2A and 2C	Residential		Double-storey terrace houses: • 146 intermediate double-storey terrace units (1,000 sq ft); • 26 intermediate corner double-storey terrace units (1,200 sq ft); and • 11 corner double-storey terrace units (1,200 sq ft)	February 2013 / June 2015 and December 2016	183	183	100.0	49.2

7. BUSINESS OVERVIEW *(Cont'd)*

Name of project	Type of project	Total site area	Description	Commencement date[(1)] / Completion date[(2)]	Total units launched	Total units sold	% sold	GDV
		acres						RM'million
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 La Gloxinia Phase 3A and 3B	Residential		Double-storey terrace houses: • 120 intermediate double-storey terrace units (1,000 sq ft); • 16 intermediate corner double-storey terrace units (1,200 sq ft); and • 18 corner double-storey terrace units (1,200 sq ft)	May 2013 / February 2016	154	154	100.0	42.6
				Total	**492**	**492**	**100.0**	**139.8**
Puncak Gloxinia Phase 1 (Block A, B and C)	Residential-PPAM	16.7	3 blocks comprising: • 18 floors of civil servants housing units (1,000 sq ft to 1,325 sq ft)	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: • 18 floors of civil servants housing units (925 sq ft to 1,100 sq ft)	October 2017 / June 2020	648	648	100.0	194.7
				Total	**1,296**	**1,296**	**100.0**	**418.5**

7. BUSINESS OVERVIEW *(Cont'd)*

Name of project	Type of project	Total site area	Description	Commencement date(1) / Completion date(2)	Total units launched	Total units sold	% sold	GDV
		acres						RM'million
Taman Seri Lemawang Phase 1A	Residential	4.2	Double-storey terrace houses: • 76 intermediate double-storey terrace units (900 sq ft); • 4 intermediate corner double-storey terrace units (998 sq ft); and • 8 corner double-storey terrace units (998 sq ft)	February 2019 / January 2022	88	88	100.0	23.1
Taman Seri Lemawang Phase 1B	Residential	4.4	Double-storey terrace houses: • 75 intermediate double-storey terrace units (900 sq ft); • 6 intermediate corner double-storey terrace units (998 sq ft); and • 8 corner double-storey terrace units (998 sq ft)	August 2019 / January 2022	89	89	100.0	24.0
Taman Seri Lemawang Phase 1C	Residential	4.4	Double-storey terrace houses: • 78 intermediate double-storey terrace units (900 sq ft);	February 2020 / September 2022	94	94	100.0	25.9

Name of project	Type of project	Total site area	Description	Commencement date(1) / Completion date(2)	Total units launched	Total units sold	% sold	GDV
		acres						RM'million
			• 8 intermediate corner double-storey terrace units (998 sq ft); and • 8 corner double-storey terrace units (998 sq ft)					
Taman Seri Lemawang Phase 1D	Residential	4.7	Double-storey terrace houses: • 96 intermediate double-storey terrace units (900 sq ft); • 8 intermediate corner double-storey terrace units (998 sq ft); and • 10 corner double-storey terrace units (998 sq ft)	August 2020 / March 2023	114	114	100.0	32.3
Taman Seri Lemawang Phase 1E	Residential	4.7	Double-storey terrace houses: • 82 intermediate double-storey terrace units (900 sq ft); • 10 intermediate corner double-storey terrace units (998 sq ft); and	April 2022 / March 2024	98	97	99.0	31.1

Name of project	Type of project	Total site area acres	Description	Commencement date(1) / Completion date(2)	Total units launched	Total units sold	% sold	GDV RM'million
			• 6 corner double-storey terrace units (998 sq ft)					
Taman Seri Lemawang Phase 1F	Residential	2.6	Double-storey terrace houses: • 48 intermediate double-storey terrace units (900 sq ft); • 4 intermediate corner double-storey terrace units (998 sq ft); and • 6 corner double-storey terrace units (998 sq ft)	January 2021 / October 2023	58	58	100.0	16.7
Taman Seri Lemawang Phase 1G	Residential	5.5	Double-storey terrace houses: • 100 intermediate double-storey terrace units (900 sq ft); • 8 intermediate corner double-storey terrace units (998 sq ft); and • 8 corner double-storey terrace units (998 sq ft)	February 2021 / October 2023	116	116	100.0	32.3

Name of project	Type of project	Total site area	Description	Commencement date[(1)] / Completion date[(2)]	Total units launched	Total units sold	% sold	GDV
		acres						RM'million
Plaza Seri Lemawang	Commercial	3.7	Double-storey shoplots comprising: • 16 units of double-storey shoplots (2,500 sq ft); and • 1 unit of double-storey detached shoplot (4,396 sq ft)	June 2021 / December 2022	17	17	100.0	11.4
				Total	**674**	**673**	**99.9**	**196.8**

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.

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(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	Description	Commencement date(1) / Expected completion date(2)	% of completion	Total units launched	Total units sold	% sold	Estimated GDV
		acres							RM'million
Taman Seri Lemawang Phase 1H	Residential	5.4	Double-storey terrace houses: • 100 intermediate double-storey terrace units (900 sq ft); • 8 intermediate corner double-storey terrace units (998 sq ft); and • 8 corner double-storey terrace units (998 sq ft)	November 2021 / May 2024	95.0	116	116	100.0	32.7
Taman Seri Lemawang Phase 1I	Residential	2.9	Double-storey terrace houses: • 32 intermediate double-storey terrace units (900 sq ft); • 3 intermediate corner double-storey terrace units (998 sq ft); and	January 2022 / May 2024	95.0	38	38	100.0	11.2

7. BUSINESS OVERVIEW *(Cont'd)*

Name of project	Type of project	Total site area	Description	Commencement date(1) / Expected completion date(2)	% of completion	Total units launched	Total units sold	% sold	Estimated GDV
		acres							RM'million
			• 3 corner double-storey terrace units (998 sq ft)						
					Total	**154**	**154**	**100**	**43.9**
Residensi Seri Akasia Block A and B	Residential	1.6	Low-rise apartment units: • 2 blocks comprising 5 floors of apartment units (800 sq ft)	October 2021 / May 2024	92.6	160	158	98.8	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) / June 2024 (Block C) and December 2024 (Block D)	87.0 (Block C) and 59.0 (Block D)	160	135	84.4	30.8

Name of project	Type of project	Total site area	Description	Commencement date[1] / Expected completion date[2]	% of completion	Total units launched	Total units sold	% sold	Estimated GDV
		acres							RM'million
Residensi Seri Akasia Block E and F	Residential	1.0	Low-rise apartment units: • 2 blocks comprising 5 floors of apartment units (800 sq ft)	October 2023 / June 2025	66.0 (Block E) and 63.0 (Block F)	160	8	5	35.8
Plaza Lemawang 2	Commercial	4.7	41 units of double-storey shoplots (2,100 sq ft to 2,600 sq ft)	October 2023 / June 2025	21.0	41	3	7.3	29.1
					Total	**521**	**304**	**58.3**	**125.9**
Taman Bukit Alamanda	Residential	7.1	Double-storey terrace houses: • 85 intermediate double-storey terrace units (900 sq ft); • 8 intermediate corner double-storey terrace units (998 sq ft); and • 14 corner double-storey terrace units (998 sq ft)	November 2021 / September 2024	95.0	107	107	100.0	35.7
					Total	**107**	**107**	**100.0**	**35.7**

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.

(c) Future projects

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

Location of future project	Type of project	Total site area	Description	Expected commencement date(1)	Total units	Estimated GDV
		acres				RM'million
Sandakan Phase 1(2)	Residential	20.1	Double-storey terrace houses: • 83 intermediate double-storey terrace units (998 sq ft); • 6 intermediate corner double-storey terrace units (1,096 sq ft); and • 10 corner double-storey terrace units (1,096 sq ft)	July 2024	99	33.3
Sandakan Phase 2(2)	Residential		Double-storey terrace houses: • 60 intermediate double-storey terrace units (998 and 1,090 sq ft); • 8 intermediate corner double-storey terrace units (1,096 and 1,197 sq ft); and • 10 corner double-storey terrace units (1,096 and 1,197 sq ft)	September 2025	78	27.2

Location of future project	Type of project	Total site area	Description	Expected commencement date(1)	Total units	Estimated GDV
		acres				RM'million
Sandakan Phase 3(2)	Residential		Double-storey terrace houses: • 107 intermediate double-storey terrace units (1,090 sq ft); • 14 intermediate corner double-storey terrace units (1,197 sq ft); and • 12 corner double-storey terrace units (1,197 sq ft)	September 2026	133	47.4
				Total	**310**	**107.9**

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.

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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:

Name of project	Parties involved in the project	Description	Commencement date(1) / Completion date(2)	GDV (RM million)
Taman Ehsan	• Our Group is the project and land owner	• Commercial project; • Total site area of 10.0 acres; • 3 units of double-storey shoplots (2,100 sq ft) launched; and • 100.0% sold	August 1998 / August 2000	1.0
Taman Orkid – Phase 1, 2 and 3	• Our Group is the project and land owner	• Residential and commercial project; • Total site area of 36.5 acres; • 245 units of double-storey terrace houses and semi-detached houses (714 sq ft to 2,406 sq ft) launched; • 175 units of single and double-storey detached houses (3,360 sq ft to 7,372 sq ft) launched; • 6 units of double-storey shoplots (1,225 sq ft to 1,250 sq ft) launched; and • 100.0% sold	January 2000 / September 2004	31.0

Name of project	Parties involved in the project	Description	Commencement date(1) / Completion date(2)	GDV (RM million)
Taman Bunga Matahari	• Our Group is the project and land owner	• Residential and commercial project; • Total site area of 11.9 acres; • 52 units of single-storey terrace houses and semi-detached houses (2,110 sq ft to 6,370 sq ft) launched; • 2 blocks of low-rise apartment comprising 94 apartment units (700 sq ft) and 5 units of shoplots (1,500 sq ft) launched; and • 100.0% sold	May 2000 / May 2003	12.0
Taman Kepayan Phase 3	• Our Group is the project and land owner	• Residential project; • Total site area of 0.1 acres; • 8 units of double-storey semi-detached houses (1,100 sq ft) launched; and • 100.0% sold	August 2003 / October 2004	2.4
Taman Nelly 9 – Phase 1, 2, 3 and 4	• Our Group is the project owner • Edward S Jaip is the land owner	• Residential and commercial project; • Total site area of 24.3 acres; • 198 units of single-storey terrace houses and linked houses (960 sq ft) launched; • 10 units of double-storey and 4-storey shoplots (2,500 sq ft to 10,000 sq ft) launched; and • 100.0% sold	March 2003 / March 2006 (Residential) and September 2012 (Commercial)	40.9
Taman Lavender	• Our Group is the project and land owner	• Residential project; • Total site area of 11.4 acres; • 99 units of double-storey terrace houses and semi-detached houses (2,079 sq ft to 2,993 sq ft) launched; and • 100.0% sold	March 2005 / May 2012	38.7
Taman Nelly – Phase 8A, 8B, 8C and 8D	• Our Group is the project owner for Phase 8A, 8B and 8C • Edward S Jaip is the land owner for Phase 8A, 8B and 8C	• Residential project; • Total site area of 12.8 acres; • 1 block of low-rise apartment comprising 64 apartment units (833 sq ft) launched; • 6 blocks of low-rise studio apartment comprising 280 studio units (242 sq ft and 257 sq ft) launched;	October 2004 / May 2013	51.8

Name of project	Parties involved in the project	Description	Commencement date(1) / Completion date(2)	GDV (RM million)
	• Edward S Jaip and Sumber Mas Sdn Bhd is the landowner for Phase 8D	• 92 units of double-storey terrace houses (1,170 sq ft to 2,275 sq ft) launched; and • 98.6% sold		
Taman Kota Phase 2A	• Our Group is the project owner • Future City Sdn Bhd is the land owner	• Residential project; • Total site area of 24.9 acres; • 65 units of single-storey terrace houses (1,000 sq ft) launched; and • 100.0% sold	August 2009 / January 2012	13.6
Kota Plaza 1 and Plaza 2	• Our Group is the project owner for Kota Plaza 1 and Plaza 2 • Our Group is the land owner for Kota Plaza 1 • Future City Sdn Bhd is the land owner for Kota Plaza 2	• Commercial project; • Total site area of 4.5 acres; • 26 units of double-storey and 3-storey shoplots (1,794 to 2,710 sq ft) launched; and • 100.0% sold	October 2011 / May 2013	16.2
			Total	**207.6**

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 2 on-going property development project, namely The Logg in Luyang which is a joint venture development with LPPB; and Ayuria Place in Alamesra which is our Group's own project.

(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:

Our Group's obligations	Status as at LPD
• 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 ("**said Lands**").	Completed

Our Group's obligations	Status as at LPD
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); 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;	
• preparing and submitting all the relevant plans to LPPB for approval prior to submission to the relevant authorities;	Completed
• 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;	Completed
• overseeing the appointment of architects, engineers, consultants, surveyors, solicitors, subcontractors and others in respect of the project;	Completed
• 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;	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
• applying for and obtaining the OC/CFO from the relevant authority in respect of the property units comprised in the development upon completion;	The application for OC/CFO is expected to be submitted in December 2025
• 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;	Completed

Our Group's obligations	Status as at LPD
• overseeing the administration, management, completion and marketing of the project;	On-going
• paying LPPB its entitlement at the time and manner as stipulated in the agreement;	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 RM20.7 million to LPPB, leaving a remaining balance of RM12.0 million
• providing sales report as and when required by LPPB; and	To be provided upon request by LPPB
• Completing the construction of The Logg.	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:

LPPB's obligations	Status as at LPD
• 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;	Completed. Such letter of offer was dated 7 September 2017 and the payment of premium was made on 12 October 2017
• 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;	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

LPPB's obligations	Status as at LPD
• 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;	Completed
• 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;	Completed
• 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	Consent was given through joint venture agreement dated 22 April 2015
• 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.	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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(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^{n}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;

- 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^{n}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	**Eligibility criteria**
• 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.	• 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^{n}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.

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)

	RM'000
Term financing	120,000
Internally generated funds	50,200

(ii) Shorea^{n}Astoria, Parkhill and commercial building (GDC of RM450.0 million)

	RM'000
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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As at LPD, our Group has completed 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 is as set out 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: • 1 block of 28-storey condominiums (681 sq ft to 1,313 sq ft); and • 1 floor of common facilities	40.0	271	83	30.6	433.0
		Astoria condominiums: • 1 block of 28-storey condominiums (681 sq ft to 1,313 sq ft); and • 1 floor of common facilities		271	8[(1)]	3.0[(1)]	
		Parkhill apartment: • 1 block of 28-storey apartment (620 sq ft to 850 sq ft); and • 1 floor of common facilities		250	226	90.4	111.4
		2 levels of retail space: • 45 units of retail outlets; • 12 kiosks; and • 4 outdoor alfresco units		Not applicable[(2)]	Not applicable[(2)]	Not applicable[(2)]	200.0

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
		3 levels of purpose-built offices comprising 32 units of offices		32	8	25.0	31.8
		Hotel (Level 13 - Level 35): • 1 block of 38-storey 4-star hotel; and • 370 hotel rooms		Not applicable(3)	Not applicable(3)	Not applicable(3)	247.0
			Total	**824**	**325**	**39.4**	**1,023.2**

Notes:

(1) The official launching of units for sale for Astoria is expected to commence in the fourth quarter of 2024. However, as at LPD, we have pre-sold 8 units.

(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 plans to launch an experiential home ownership package to both The Logg – Shorea^{n}Astoria buyers. The package offers unit maintenance subscription for 12 months after the vacant possession date and the launch of the experiential home ownership is in collaboration with a property management service company. 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)*

As at LPD, further details on our Group's Ayuria Place project in Alamesra are as shown below:

Name of project	Type of project	Total site area	Description	Commencement date[(1)] / Expected completion date[(2)]	% of completion	Total units launched	Total units sold	% sold	Estimated GDV
		acres							RM'million
Ayuria Place	Commercial	20.4[(3)]	The Village: • 4 units of double storey shoplots	September 2023 / December 2024	74.0	Not applicable [(4)]	Not applicable [(4)]	Not applicable [(4)]	4.8
	Residential		Araya Gardens: • 42 units of double-storey superlink terrace (2,754 sq ft to 2,813 sq ft)	September 2023 / December 2025	24.0	42	-[(5)]	-[(5)]	51.6
	Residential		Kayana Heights (Phase 1): • 2 blocks of 39-storey apartment units (650 sq ft to 900 sq ft)	January 2024 / September 2027	8.0	866	-[(5)]	-[(5)]	315.0
					Total	**908**	**-**	**-**	**371.4**

Notes:

(1) Commencement date is derived based on the commencement date of construction works.

(2) Expected completion date are derived based on the expected date of issuance of OC/CFO, upon the completion of construction works.

(3) Comprises the total site area of Ayuria Place.

(4) Not applicable as the shoplots are not for sale.

(5) The units will be launched for sale in April 2024.

7.3.2.3 Future project

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

Name of project	Type of project	Total site area (acres)	Description	Expected commencement date(1) / Expected completion date(2)	Total units	Estimated GDV RM' million
Ayuria Place	Residential	20.4(3)	Kayana Heights (Phase 2): • 3 blocks of 39-storey apartment units (650 sq ft to 1,000 sq ft)	December 2025 / September 2028	1,269	491.7
				Total	**1,269**	**491.7**

Notes:

(1) Expected commencement date is derived based on the expected commencement date of construction works.

(2) Expected completion date is derived based on the expected date of issuance of OC/CFO, upon the completion of construction works.

(3) Comprises the total site area of Ayuria Place.

Our Ayuria Place 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.

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 2 parcels of remaining detached lots from previous developments as set out in Section 6.10.1(a) to (b), 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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7.3.3 Business model

Our business model can be summarised as follows:

Principal activities	Design and build construction services(1)		Property development
	• Supported by our in-house construction services which are complemented by our in-house manufacturing of IBS components. • Our Group has obtained the Grade 7 contractor certificate, Certificate of Government Procurement ("**SPKK**") and Certificate of Registration ("**PKK**") with CIDB.		
Our suppliers	• <u>Subcontractors</u> Provision of construction works • <u>Third party suppliers</u> Supply of construction materials		
Type of development	Residential property	Commercial property	Mixed development
Geographical market	Sabah, Malaysia		
Our customers	Individual end buyers (1)		Individual end buyers or companies who generally purchase one or a small number of units

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.

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.

We have been 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, we have relocated the batching plant in our Tuaran casting yard and are in the midst of relocating the 2 IBS production lines to a temporary casting yard located within our new project site at Alamesra. We expect to complete the relocation of the 2 IBS production lines in August 2024 as our project in Alamesra had commenced construction (i.e. piling works) in September 2023. Further details on the relocation of our existing IBS production lines are as set out in Section 7.17.3.

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. Our casting yard in Kinarut has 3 IBS production lines to manufacture IBS components. We expect to recommence the operations at our Kinarut casting yard in June 2024 to cater for our external general building construction project which our Group secured from Jawala Corporation Sdn Bhd (the main contractor), as an IBS specialist sub-contractor for the construction of 'Pembinaan RKAT Tambahan Pelbagai Kelas di Kem Lok Kawi, Sabah' in February 2024. Further, our Group also intend to produce hollow core slabs at our Kinarut casting yard, 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.

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;

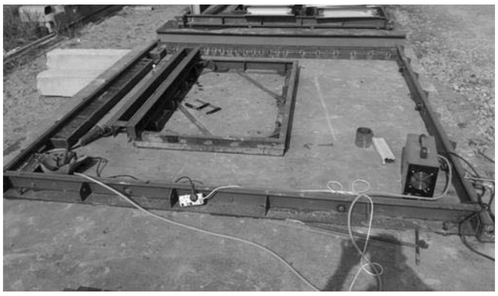
- fewer workers are required at construction site as workers are only required to position and assemble the IBS components, thus contributing towards reduced costs and improved work site safety; and

- 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

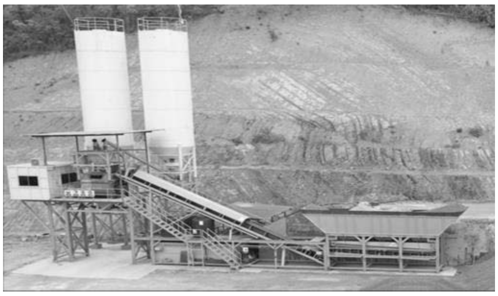


Assembly of formwork on the casting table

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.

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 2023, 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 4 FYE 2020 to 2023 are as set out below:

	Tuaran casting yard			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
Number of manufacturing line (units)[(1)]	1	2	2	2
Estimated annual manufacturing capacity (m^3)[(2)]	14,196	29,172	29,172	29,172
Actual manufacturing volume (m^3)[(3)]	3,965	9,259	8,319	7,125
Utilisation rate (%)[(4)]	27.9	31.7	28.5	[(5)]24.4

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^3, 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^3 per IBS component is used to estimate the annual manufacturing capacity.

(2) The estimated annual manufacturing capacity of IBS components, measured in m^3, for FYE 2020 to 2023 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^3 per IBS component, our estimated annual manufacturing capacity of IBS components for FYE 2020 was estimated at 14,196 m^3.

- FYE 2021 to 2023 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^3 per IBS component, our estimated annual manufacturing capacity of IBS components for FYE 2021 to 2023 was estimated at 29,172 m^3.

(3) The actual manufacturing volume for IBS components is the actual volume, in m^3, of IBS components that we manufactured in FYE 2020 to 2023.

(4) The utilisation rate is calculated by dividing the actual manufacturing volume by the estimated annual manufacturing capacity.

(5) The reason for decrease in our Group's utilisation of casting yard in Tuaran for FYE 2023 was due to the lower number of projects that commenced construction works after the second half of FYE 2022.

For the avoidance of doubt, it is to be noted that IBS components form part of a building structure and as such, the casting of IBS components takes place at the earlier stage of a project in order to ensure that IBS components are available for installation after the completion of ground works.

The projects that commenced construction works prior to the second half of FYE 2022 comprise Taman Seri Lemawang Phase 1E, 1F, 1G, 1H and 1I, Residensi Seri Akasia Block A, B and C, and Taman Bukit Alamanda, which collectively amounted to 773 units. The projects that commenced construction works after the second half of FYE 2022 comprise Residensi Seri Akasia Block D, E and F which collectively amounted to 240 units.

Given that relatively lower number of units were required to be casted in FYE 2023, the utilisation of the casting yard in Tuaran for FYE 2023 thus recorded a decrease.

In FYE 2020, FYE 2021, FYE 2022 and FYE 2023, the utilisation rate of our casting yard in Tuaran was recorded at 27.9%, 31.7%, 28.5% and 24.4%, 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.

7. BUSINESS OVERVIEW *(Cont'd)*

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.

Despite that our casting yard in Kinarut is not in operations in the FYE 2020 to 2023 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^3 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^3 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^3 per IBS component.

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

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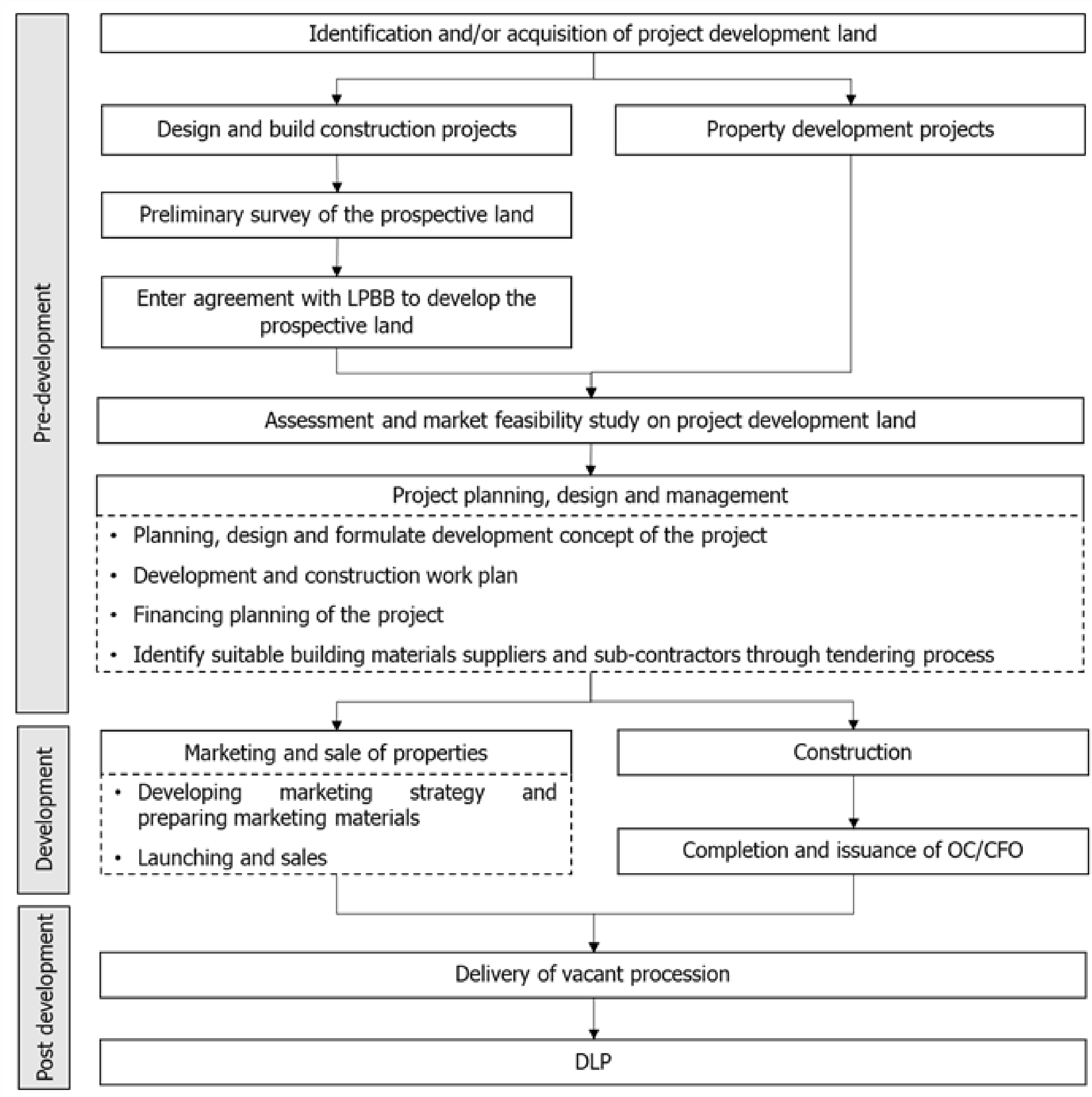
7. BUSINESS OVERVIEW *(Cont'd)*

7.5 BUSINESS PROCESS

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



(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.

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.

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 procession 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.

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 2023, 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 2023:

	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
(a) Provision of design and build construction services to LPPB								
On-going developments								
Taman Seri Lemawang Phase 1A	8,328	9.2	(1)(110)	(0.1)	768	0.7	-	-
Taman Seri Lemawang Phase 1B(2)	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	2,595	2.1
Taman Seri Lemawang Phase 1E	-	-	-	-	3,543	3.1	25,311	21.1
Taman Seri Lemawang Phase 1F	149	0.2	9,689	9.8	6,619	5.9	264	0.2
Taman Seri Lemawang Phase 1G	38	*	13,495	13.7	11,856	10.5	6,934	5.8
Taman Seri Lemawang Phase 1H	-	-	73	0.1	21,343	18.9	11,323	9.4
Taman Seri Lemawang Phase 1I	-	-	-	-	6,011	5.3	5,198	4.3
Plaza Seri Lemawang	-	-	3,650	3.7	5,710	5.1	-	-
Plaza Lemawang 2	-	-	-	-	-	-	96	0.1
Residensi Seri Akasia (Block A and B)	-	-	8,538	8.7	13,605	12.1	6,483	5.4
Residensi Seri Akasia (Block C and D)	-	-	-	-	860	0.8	15,835	13.2
Taman Bukit Alamanda	-	-	-	-	15,490	13.7	18,127	15.1

7. BUSINESS OVERVIEW *(Cont'd)*

	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Puncak Gloxinia Phase 2 – Block D[(2)]	13,299	14.8	-	-	-	-	-	-
Puncak Gloxinia Phase 2 – Block E[(2)]	8,088	9.0	-	-	-	-	-	-
Puncak Gloxinia Phase 2 – Block F[(2)]	12,823	14.2	-	-	-	-	-	-
Total on-going developments	**79,866**	**88.6**	**61,570**	**62.5**	**93,320**	**82.7**	**92,166**	**76.7**
Completed properties								
Taman Nelly 8D	714	0.8	119	0.1	110	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[(3)]	-	-	-	-	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	[(1)](24)	*	*	*	-	-
Puncak Gloxinia Phase 1 – Block C	296	0.3	-	-	-	-	-	-
Puncak Gloxinia Phase 2 – Block D[(3)]	3,672	4.1	17,472	17.7	577	0.5	-	-
Puncak Gloxinia Phase 2 – Block E[(3)]	1,419	1.6	12,789	13.0	1,211	1.1	-	-
Puncak Gloxinia Phase 2 – Block F[(3)]	1,551	1.7	6,255	6.4	-	-	-	-
Plaza Seri Lemawang	-	-	-	-	-	-	1,806	1.5
Total completed properties	**10,327**	**11.4**	**36,948**	**37.5**	**2,153**	**1.9**	**1,916**	**1.6**
Land held for property development								
Taman Lavender Land	-	-	-	-	-	-	6,714	5.6
(b) Own property development								
On-going developments								
Parkhill	-	-	-	-	13,026	11.5	10,095	8.4
Shorea^{n}Astoria	-	-	-	-	4,381	3.9	9,276	7.7
Total on-going developments	**-**	**-**	**-**	**-**	**17,407**	**15.4**	**19,371**	**16.1**
Grand total	**90,193**	**100.0**	**98,518**	**100.0**	**112,880**	**100.0**	**120,167**	**100.0**

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%, 98.1% and 92.8% of our Group's revenue in FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively.

7.7 COMPETITIVE STRENGTHS

7.7.1 We have a well-established history of 40 years and a proven track record as a property developer

We have a well-established history and track record of 40 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 40 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.

Our expertise, resources and capabilities to complete multiple design and build construction projects over the past 14 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 25 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 46 years, 13 years and 12 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 40 years of experience in property development and construction;
- Chaw Ken Vun, our Chief Financial Officer, who has 28 years of experience in the field of finance and accounting; and
- Loke Pei Lee, our Director of Management, who has 12 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.

7.9 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 2023:

		FYE 2020		FYE 2021		FYE 2022		FYE 2023	
Category	**Source**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Construction materials									
Concrete and related products[1]	Local	2,972	3.5	2,570	3.5	5,135	4.7	6,489	4.6
Hardware and related products[2]	Local	1,886	2.2	2,419	3.3	3,253	3.0	3,439	2.5
Steel products[3]	Local	2,735	3.2	660	0.9	3,513	3.2	6,822	4.9
Interior fittings[4]	Local	646	0.7	337	0.5	905	0.8	1,302	0.9
Total construction materials		**8,239**	**9.6**	**5,986**	**8.2**	**12,806**	**11.7**	**18,052**	**12.9**
Subcontracted services									
Groundworks and building work[5]	Local	32,559	37.9	25,873	35.3	51,435	47.0	54,423	38.9
Interior fit-out[6]	Local	3,165	3.7	2,217	3.0	4,381	4.0	5,924	4.2
Road and drainage works[7]	Local	4,607	5.3	6,111	8.3	7,804	7.1	9,465	6.8
Other services[8]	Local	9,690	11.2	5,595	7.6	11,643	10.6	16,077	11.5
Total subcontracted services		**50,021**	**58.1**	**39,796**	**54.2**	**75,263**	**68.7**	**85,889**	**61.4**
Preliminaries[9]	Local	27,840	32.3	27,634	37.6	21,396	19.6	36,049	25.7
Total purchases		**86,100**	**100.0**	**73,416**	**100.0**	**109,465**	**100.0**	**139,990**	**100.0**

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.

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 2023.

The prices of steel products were subjected to price fluctuations during FYE 2020 to 2023 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 2023 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.

(b) Property expositions 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 expositions that our Group has participated in FYE 2022, FYE 2023 and up to LPD:

Date	Event name	Location	Organiser
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
August – September 2023	SHAREDA PropEx 2023	Sabah International Convention Centre	Sabah Housing and Real Estate Developers Association
March 2024	Property Hunter Expo 2024	Sabah International Convention Centre	The Big G 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.ktilandmark.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, The Logg and Ayuria Place, through our respective Facebook accounts, "@Taman Seri Lemawang", "@Taman Bukit Alamanda", "@Residensi Seri Akasia", "@The Logg" and "@Ayuria Place". 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.

(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:

Technology / Software	Descriptions
Marketing and property management software	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. In addition, the software also includes function for our Group to carry out the operations of our property management activities.
Project planning software	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.

Technology / Software	Descriptions
Modelling software	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.
Virtual sales gallery	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. 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. 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.

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

Standard	Certification body	Date first awarded	Current validity period	Scope of certification
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:

Objective	Criteria	Description
Quality control inspection in our IBS casting yard		
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.

Objective	Criteria	Description
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. 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	• 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. • 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.

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.

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 2023.

However, a majority of the projects which contributed to our Group's revenue during FYE 2020 to 2023 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 Ayuria Place 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, our Ayuria Place 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 RM313.4 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.

7. BUSINESS OVERVIEW *(Cont'd)*

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, FYE 2022 and FYE 2023 depends on the stages of completion of the respective projects and the amount of costs incurred with them in that particular financial year.

Our top 5 major suppliers for FYE 2020 to 2023 are as follows:

FYE 2020

			Value of purchases in FYE 2020		Length of relationship as at FYE 2020
No.	**Supplier**	**Main products / Services sourced**	**RM'000**	**%**	**Years[(1)]**
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
		Total value of purchases	**40,033**	**47.5**	

FYE 2021

			Value of purchases in FYE 2021		Length of relationship as at FYE 2021
No.	**Supplier**	**Main products / Services sourced**	**RM'000**	**%**	**Years[(1)]**
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

No.	Supplier	Main products / Services sourced	Value of purchases in FYE 2021 RM'000	%	Length of relationship as at FYE 2021 Years(1)
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
		Total value of purchases	**26,866**	**37.5**	

FYE 2022

No.	Supplier	Main products / Services sourced	Value of purchases in FYE 2022 RM'000	%	Length of relationship as at FYE 2022 Years(1)
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
		Total value of purchases	**61,523**	**62.1**	

FYE 2023

No.	Supplier	Main products / Services sourced	Value of purchases in FYE 2023 RM'000	%	Length of relationship as at FYE 2023 Years(1)
1.	Viktori Holdings Sdn Bhd	Subcontracted services for floor slab works / IBS panel installations	45,968	32.8	2
2.	MRR Precast Construction Sdn Bhd	Subcontracted services for IBS panel installations	12,683	9.1	6
3.	Teamcons Resources Sdn Bhd	Subcontracted services for M&E works	10,157	7.3	8
4.	Kiong Sing (Sabah) Sdn Bhd	Supply of steel bar and wire mesh	10,031	7.2	8

No.	Supplier	Main products / Services sourced	Value of purchases in FYE 2023 RM'000	%	Length of relationship as at FYE 2023 Years[(1)]
5.	Expogaya Sdn Bhd	Supply of ready-mix concrete	8,900	6.4	8
		Total value of purchases	**87,739**	**62.8**	

Note:

(1) The length of the relationship as at the respective financial year.

For the FYE 2020 to 2023, our purchases from our top 5 major suppliers accounted for 47.5%, 37.5%, 62.1% and 62.8% 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. Our Group is not dependent on Viktori Holdings Sdn Bhd despite the increase in purchases of 32.8% recorded in FYE 2023 as the subcontracted services for floor slab works / IBS panel installations which our Group procured from Viktori Holdings Sdn Bhd are readily available and can be easily procured from other subcontractors. 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 2023 we had engaged 18, 21, 32 and 70 subcontractors respectively to carry out construction works for our Group. The increase in the number of subcontractors engaged in FYE 2023 was due to The Logg project as it is a mixed development project comprising condominiums, hotel and commercial building (i.e. retail space and purpose built-offices) with various amenities such as boom gates with access card system, CCTV surveillance system, round-the-clock security services, infinity pool, podium garden, gym room and badminton hall. Due to these additional features, it is necessary for our Group to engage new subcontractors with the required technical specialties to carry out such works.

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 40 years, our proven track record as a property developer, and positive market acceptance of our past projects.

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.

Our Group had on 9 January 2023 entered into a conditional sale and purchase agreement with Millennium Amber Sdn Bhd (non-related party) for the acquisition of Alamesra Lands, which is earmarked for our Ayuria Place project in Alamesra, Kota Kinabalu. Our Group had on 15 November 2023 completed the acquisition of Alamesra Lands. Further details of Ayuria Place are as set out in Sections 7.3.2.2(b) and 7.3.2.3. We intend to utilise RM18.0 million from the proceeds raised from our Public Issue, within 12 months from our Listing, to repay the revolving credit of RM20.0 million that was secured from Hong Leong Islamic Bank Berhad by way of a letter of offer dated 7 August 2023 to fund the acquisition of the said lands in Alamesra, Kota Kinabalu. The balance purchase price of RM54.0 million was funded via term loan which our Group had secured from Hong Leong Islamic Bank Berhad. 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.

7.17.2 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 RM20.7 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)[(1)]**	**Allocation of proceeds raised from our Public Issue**
The Logg, Luyang, Sabah	Mixed development	December 2025	RM686.2 million	RM20.7 million

Note:

(1) 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.

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. We have been 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 in June 2024 to cater for our external general building construction project which our Group secured from Jawala Corporation Sdn Bhd (the main contractor), as an IBS specialist sub-contractor for the construction of 'Pembinaan RKAT Tambahan Pelbagai Kelas di Kem Lok Kawi, Sabah' in February 2024, as well as 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^3 in a year (i.e. derived based on the assumption that 24,180 m^3 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^3 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^3 of IBS component manufactured per sq ft, we will be able to achieve an estimated annual manufacturing capacity of 16,100 m^3).

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 RM2.2 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 RM7.5 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).

As at LPD, we have relocated the batching plant in our Tuaran casting yard and are in the midst of relocating the 2 IBS production lines to a temporary casting yard located within our new project site at Alamesra for safer and quicker transportation, which we expect to complete in August 2024. 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. 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 RM0.4 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).

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SMITH ZANDER

Date: 19 APR 2024

The Board of Directors

KTI Landmark Berhad
Lot 221 & 222, Taman Nelly 9
Phase 4 Shoplot, Lorong Nelly Plaza
Jalan Nountun, Kolombong
88844 Kota Kinabalu
Sabah

Dear Sirs/ Madams,

Independent Market Research Report on the Residential Property and Shop Market, Hotel Industry and Construction Industry in Sabah ("IMR Report")

This IMR Report has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("SMITH ZANDER") for inclusion in the Prospectus in conjunction with the listing of KTI Landmark Berhad ("KTI Landmark") on the ACE Market of Bursa Malaysia Securities Berhad.

The objective of this IMR Report is to provide an independent view of the industry in which KTI Landmark and its subsidiaries ("KTI Landmark Group") operate and to offer a clear understanding of the industry dynamics. KTI Landmark Group is a property developer, principally involved in the provision of design and build construction services (i.e. property development activities with focus on residential and commercial (i.e. shops) property in Sabah) and the Group's own property development activities (i.e. residential, commercial (shops) and mixed development comprising a combined development of high-rise condominiums/serviced apartments, retail space and hotel) in Sabah. KTI Landmark Group's property development activities are also supported by in-house construction services. Hence, the scope of work for this IMR Report will thus address the following areas:

(i) The residential property and shop market in Sabah;
(ii) The hotel industry in Sabah; and
(iii) The construction industry in Sabah.

The research process for this study has been undertaken through secondary or desktop research, as well as detailed primary research when required, which involves discussing the status of the industry with leading industry participants. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in business, industry and economic conditions.

SMITH ZANDER has prepared this IMR Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balanced view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in this IMR Report. SMITH ZANDER shall not be held responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies mentioned in this report or otherwise.

For and on behalf of SMITH ZANDER:

DENNIS TAN TZE WEN
MANAGING PARTNER

The research for this IMR Report was completed on 17 April 2024.

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About SMITH ZANDER INTERNATIONAL SDN BHD

SMITH ZANDER is a professional independent market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. SMITH ZANDER is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate exercises.

Profile of the signing partner, Dennis Tan Tze Wen

Dennis Tan is the Managing Partner of SMITH ZANDER. Dennis Tan has 26 years of experience in market research and strategy consulting, including over 21 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada.

1 THE RESIDENTIAL PROPERTY AND SHOP MARKET IN SABAH

1.1 OVERVIEW OF SABAH

Situated on the tip of the island of Borneo, Sabah is the second largest state in Malaysia, covering an area of 74,100 kilometres square. Population in the state of Sabah comprised 10.76% of Malaysia's population in 2023 with approximately 3.59 million persons. In Sabah, Kota Kinabalu is the most populated district comprising 14.62% of the total population in Sabah in 2023.

Sabah's gross domestic product ("GDP") was recorded at RM81.93 billion in 2022[1], contributing 5.43% to the country's total GDP. In 2020, Sabah's GDP recorded a year-on-year ("YOY") decline of 9.11% from RM85.64 billion in 2019 to RM77.84 billion in 2020 due to the outbreak of the COVID-19 pandemic that had affected economic activities. This stemmed from the mandate of the Government for the temporary closure of operations that had led to a disruption of business and logistics activities. In comparison, Malaysia's GDP was recorded at RM1.35 trillion in 2020, a YOY decline of 4.93% from RM1.42 trillion in 2019. Nevertheless, the country's economy recorded a healthy recovery of 2.96% in 2021 and further grew by 8.63% in 2022 and 3.97% in 2023, while Sabah's GDP recovered by 1.49% in 2021 and 3.71% in 2022. Between 2018 and 2023, Malaysia's GDP recorded a compound annual growth rate ("CAGR") of 2.91%.

Key economic indicators, 2018 – 2023(p)

Indicators	2018	2019	2020	2021(e)	2022(p)	2023(p)
Sabah GDP (RM billion)	85.01	85.64	77.84	79.00	81.93[(1)]	N/A
Sabah GDP growth rate (%)	1.46	0.74	(9.11)	1.49	3.71[(1)]	N/A
Sabah GDP share to Malaysia total GDP (%)	6.25	6.03	5.77	5.68	5.43[(1)]	N/A
Malaysia GDP (RM trillion)	1.36	1.42	1.35	1.39	1.51	1.57
Malaysia GDP growth rate (%)	4.62	4.41	(4.93)	2.96	8.63	3.97

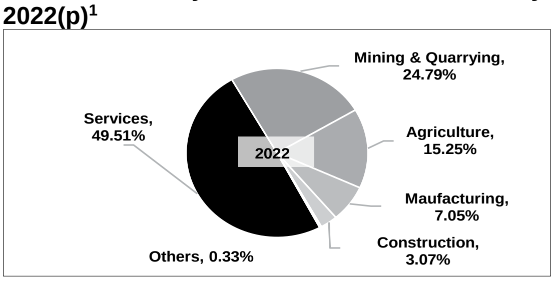
Notes:
- *(e) – Estimates;*
- *(p) – Preliminary.*

Sources: Department of Statistics Malaysia ("DOSM"), SMITH ZANDER

The economy of Sabah is primarily driven by the services sector that comprised 49.51% of Sabah's GDP in 2022. This was followed by the mining and quarrying sector and agriculture sector at 24.79% and 15.25% respectively.

The economy of Sabah is also driven by tourism. In December 2000, Kinabalu National Park ("KNP") was declared as a World Heritage Site by The United Nations Educational, Scientific and Cultural Organisation (UNESCO). KNP is renowned for its diverse species of flora and fauna and is one of the most important biological sites in the world.

GDP, Sabah, by kind of economic activity, 2022(p)[1]



Sources: DOSM, SMITH ZANDER

Boasted as one of the richest collections of biodiversity in the world, KNP offers a variety of activities (e.g. trekking, hiking, camping and recreational walk) to tourists, with Mount Kinabalu being the main attraction of the park. Sabah is also well known for its islands, beaches and diving sites. These attractions drive the state's eco-tourism segment domestically and internationally.

1.2 OVERVIEW OF THE PROPERTY MARKET IN SABAH

The property development market is driven by the development of other economic sectors in the country, such as the construction, manufacturing, services, agriculture, mining and quarrying sectors. The property market is broadly categorised into residential, commercial and industrial properties:

- Residential properties include landed property such as terrace houses, semi-detached houses, detached houses, cluster houses and bungalows; as well as low-rise and high-rise property such as townhouses, flats, condominiums and serviced apartments;
- Commercial properties include shops, purpose-built offices, small office/home office, shopping complexes and hotels; and
- Industrial properties include terrace factories, semi-detached factories, detached factories, cluster factories and industrial complexes.

KTI Landmark Group is a property developer, principally involved in the provision of design and build construction services (i.e. property development activities with focus on residential and commercial (i.e. shops) property in Sabah) and the Group's own property development activities (i.e. residential, commercial (shops) and mixed development comprising a combined development of high-rise condominiums/serviced apartments, retail space and hotel) in Sabah. *Chapter 1 – The Residential Property and Shop Market in Sabah* of this report will focus on the residential property and shop market in Sabah. As KTI Landmark Group

[1] *Latest available information as at the date of research completion.*

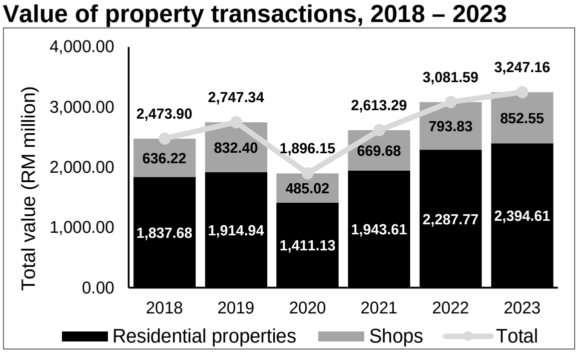
intends to venture into the hotel industry, the industry performance of the hotel industry in Sabah is discussed in *Chapter 2 – The Hotel Industry in Sabah* of this report. Further, KTI Landmark Group's property development activities are supported by in-house construction services and this will be discussed in *Chapter 3 – The Construction Industry in Sabah* of this report.

Market Performance and Size of the Property Market in Sabah[2]

The performance of the residential property market in Sabah, measured in terms of total value of property transactions, increased from RM1.84 billion in 2018 to RM2.39 billion in 2023, at a CAGR of 5.37%. In terms of total volume of property transactions, the performance of the residential property market in Sabah increased from 4,993 units in 2018 to 5,724 units in 2023, at a CAGR of 2.77%.

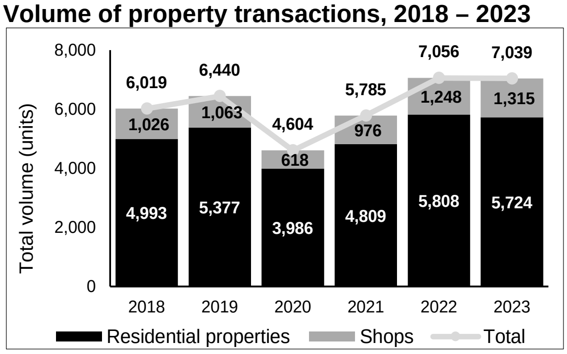
The performance of the shop market in Sabah, measured in terms of total value of property transactions, increased from RM0.64 billion in 2018 to RM0.85 billion in 2023, at a CAGR of 5.84%. In terms of total volume of property transactions, the performance of the shop market in Sabah increased from 1,026 units in 2018 to 1,315 units in 2023, at a CAGR of 5.09%.

Value of property transactions, 2018 – 2023



Sources: National Property Information Centre ("NAPIC"), SMITH ZANDER

Volume of property transactions, 2018 – 2023



Sources: NAPIC, SMITH ZANDER

COVID-19 impact on the property market and the recovery

In 2020, the value of property transactions for both residential properties and shops in Sabah decreased by 26.31% and 41.73% respectively. Likewise, the volume of property transactions for residential properties and shops decreased by 25.87% and 41.86% respectively. The decline was due to the adverse economic impact arising from the COVID-19 pandemic in 2020 that had led to the imposition of nationwide movement restrictions by the Government to curb the spread of the COVID-19 virus. This had impacted economic activities and business operations.

To mitigate the adverse economic impact of the COVID-19 pandemic, Bank Negara Malaysia ("BNM") had announced several measures such as the reduction of overnight policy rate ("OPR") between March 2020 and July 2020 whereby the OPR was reduced by 100 basis points to 1.75%, as well as a 6-month loan deferment until September 2020 to ease the cash flow of individuals and SMEs through the Prihatin Rakyat Economic Stimulus Package (PRIHATIN). In June 2021, another 6-month loan deferment was introduced effective July 2021 under the National People's Well-Being and Economic Recovery Package (PEMULIH) stimulus package. Further, to stimulate the property market and provide financial relief to homebuyers, the Government had introduced several initiatives through the Pelan Jana Semula Ekonomi Negara (PENJANA) Short-Term Economic Recovery Plan being the:

- reintroduction of the Home Ownership Campaign (HOC), between 1 June 2020 and 31 December 2021, whereby stamp duty exemptions and/or reductions are granted for the purchase of new residential properties priced between RM300,000 and RM2.50 million[3]; and
- removal of 70% financing limit on third housing loan for properties priced RM600,000 and above, as well as the exemption of real property gains tax ("RPGT") for Malaysians who sell their residential property (up to 3 residential properties) between 1 June 2020 and 31 December 2021.

Under Budget 2021, the Government proposed to further extend the full stamp duty exemptions on the instruments of transfer and instrument of securing loans for the first residential property purchased by Malaysians to 31 December 2025, with the price limit on properties being increased from RM300,000 to RM500,000. Following that, the property market in Sabah registered a recovery in 2021 whereby the value of property transactions for both residential properties and shops increased by 37.73% and 38.07%

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[2] 6-year data is presented in this section to provide a more comprehensive illustration on the performance of the market due to the unprecedented outbreak of the COVID-19 pandemic that had affected economic activities in 2020 and 2021.
[3] Full exemption on the stamp duty is limited to the home price up to RM1.00 million and 3% stamp duty for home price between RM1.00 million to RM 2.50 million; while full exemption is given on stamp duty on securing loan for loan amount up to RM2.25 million.

respectively; while the volume of property transactions for residential properties and shops increased by 20.65% and 57.93% respectively.

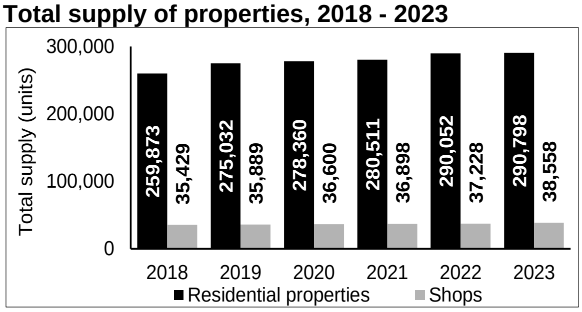
The economy continued to grow with the national GDP expanding by 8.63% YOY in 2022. Similarly, the value of property transactions for both residential properties and shops in Sabah also recorded a YOY growth of 17.71% and 18.54% respectively in 2022. Coupled with the recovery in consumer sentiment, the expansion of the property market in 2022 was also driven by the Government's proposal to remove RPGT on the disposal of properties held by Malaysians and permanent residents in Malaysia for more than 5 years under Budget 2022. This proposal came into effect in January 2022, to ease the financial burden of property owners from paying higher taxes for the disposal of properties.

To further drive the property market post COVID-19, the Government had, under Budget 2023, announced the continued exemption of stamp duty for first-time homeowners whereby full stamp duty exemptions will be granted for homes valued at RM500,000 and below until 31 December 2025, whereas 75% stamp duty exemptions will be granted for homes valued between RM500,001 and RM1 million until 31 December 2023. With the abovementioned Government initiatives in place, coupled with economic recovery, consumer sentiment and purchasing power are expected to improve which will drive the continued growth of the property market in Sabah. Please refer to *Chapter 1.3 – Key Demand Drivers, Risks and Challenges* for further information on the key market drivers.

Supply conditions of the residential property and shop market in Sabah

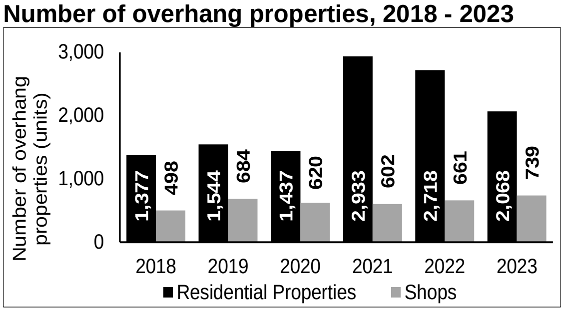
From 2018 to 2023, the total supply of residential properties increased from 259,873 units to 290,798 units at a CAGR of 2.27%. In 2023, the total supply of 290,798 units of residential properties comprised an existing stock[4] of 246,193 units and future supply[5] of 44,605 units. From 2018 to 2023, the total supply of shop units increased from 35,429 units to 38,558 units at a CAGR of 1.71%. In 2023, the total supply of 38,558 units of shops comprised an existing stock of 34,709 units and future supply of 3,849 units.

Total supply of properties, 2018 - 2023



Sources: NAPIC, SMITH ZANDER

Number of overhang properties, 2018 - 2023



Sources: NAPIC, SMITH ZANDER

Properties transacted come from the pool of existing stock, incoming supply and/or planned supply. Overhang units are completed units with CCC in the review period but remained unsold for more than 9 months since the issuance of CCC. Existing stock is the total stock of all completed sold and unsold residential units in the market that have received CCC, therefore overhang units are included in the existing stock supply. From 2018 to 2023, the number of overhang residential properties increased from 1,377 units to 2,068 units at a CAGR of 8.47%. Meanwhile, the number of overhang shops increased from 498 units to 739 units at a CAGR of 8.21% over the same period.

The number of overhang residential properties in Sabah is below the national average of overhang residential properties at approximately 3,020 units per state. Out of the 2,068 units of overhang residential properties in 2023, condominiums/apartments accounted for 1,532 units, followed by terrace houses at 423 units, and semi-detached/detached houses at 113 units. Nevertheless, the shop market in Sabah recorded a relatively higher overhang at 739 units in 2023, which is above the national average of overhang shops at approximately 390 units per state. Out of the 739 units of overhang shops in 2023, stratified shops accounted for 417 units, followed by 2-storey to 2-1/2-storey shops at 203 units, 3-storey to 3-1/2-storey shops at 106 units and 1-storey to 1-1/2-storey shops at 13 units. The overhang of shop units is attributed to various factors including relatively higher pricing, property location and demand for shops which is influenced by economic conditions in Sabah.

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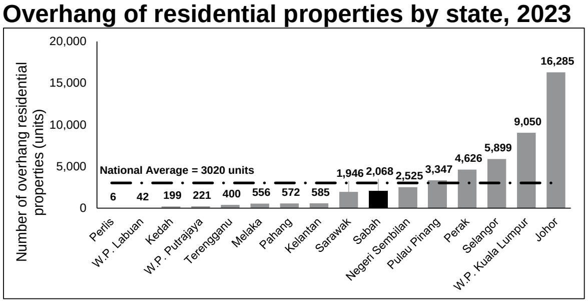
[4] *Existing stock refers to total stock of all completed sold and unsold properties in the market that have received Certificate of Completion and Compliance ("CCC").*

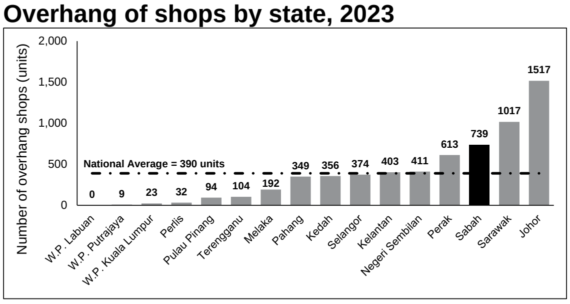
[5] *Future supply comprises incoming supply and planned supply. Incoming supply refers to total number of properties in the market that are currently under construction; whereas planned supply refers to total number of properties where building plans have been approved but construction works are yet to commence.*

Overhang of residential properties by state, 2023



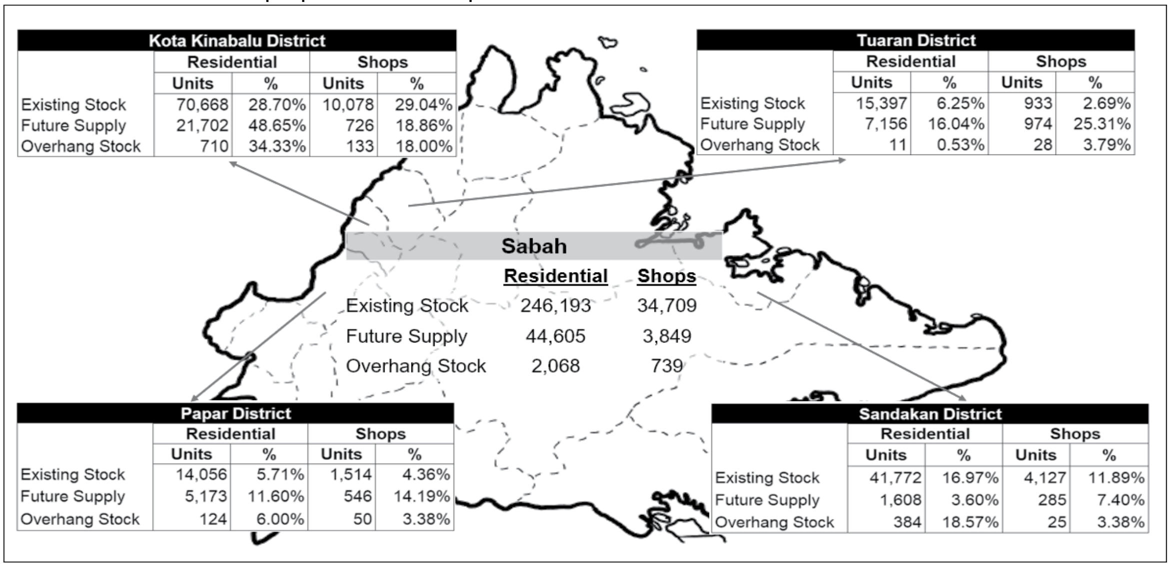
Sources: NAPIC, SMITH ZANDER

Overhang of shops by state, 2023



Sources: NAPIC, SMITH ZANDER

KTI Landmark Group's on-going and future projects are located in the districts of Kota Kinabalu, Tuaran, Papar and Sandakan respectively. The following map presents a summary of the supply and overhang conditions of residential properties and shops in these districts in Sabah in 2023.



Kota Kinabalu District	Residential		Shops	
	Units	%	Units	%
Existing Stock	70,668	28.70%	10,078	29.04%
Future Supply	21,702	48.65%	726	18.86%
Overhang Stock	710	34.33%	133	18.00%

Tuaran District	Residential		Shops	
	Units	%	Units	%
Existing Stock	15,397	6.25%	933	2.69%
Future Supply	7,156	16.04%	974	25.31%
Overhang Stock	11	0.53%	28	3.79%

Sabah	Residential	Shops
Existing Stock	246,193	34,709
Future Supply	44,605	3,849
Overhang Stock	2,068	739

Papar District	Residential		Shops	
	Units	%	Units	%
Existing Stock	14,056	5.71%	1,514	4.36%
Future Supply	5,173	11.60%	546	14.19%
Overhang Stock	124	6.00%	50	3.38%

Sandakan District	Residential		Shops	
	Units	%	Units	%
Existing Stock	41,772	16.97%	4,127	11.89%
Future Supply	1,608	3.60%	285	7.40%
Overhang Stock	384	18.57%	25	3.38%

Sources: NAPIC, SMITH ZANDER

Kota Kinabalu and Sandakan are the 2 most populated districts in Sabah (i.e. approximately 0.53 million persons and 0.47 million persons in 2023 respectively), recording the highest number of existing stock for residential properties and shops in 2023 compared to other districts. Kota Kinabalu also recorded the highest number of future supply and overhang for residential properties in Sabah. In terms of overhang, Sandakan, Tuaran and Papar districts have a relatively low number of overhang units for both residential properties and shops.

1.3 KEY DEMAND DRIVERS, RISKS AND CHALLENGES

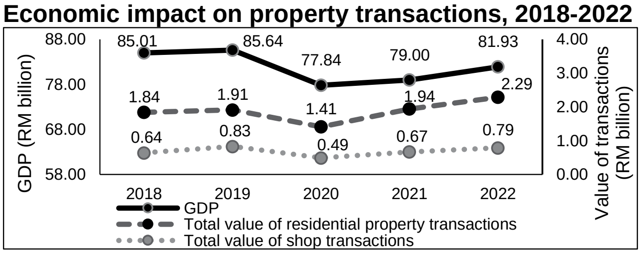
Key Demand Drivers

- **Economic growth and rising disposable income signify growth opportunities in the property market in Sabah**

The key indicator that influences the property market is the stability of the nation's economy. A robust economy has a positive impact on the property market while a sluggish economy will likewise result in sluggish demand for properties. Economic growth has the potential to contribute to increased disposable income amongst the population, arising from higher employment and increased earnings for businesses and consumers, consequently leading to increased demand for residential properties and shops.

Between 2018 and 2019, Sabah's wealth, as depicted by its GDP, increased from RM85.01 billion to RM85.64 billion at a YOY growth of 0.74%. During the same period, the value of property transactions for residential properties and shops also increased, at a YOY growth of 3.80% and 29.69% respectively. In 2020, Sabah's GDP decreased by 9.11% to RM77.84 billion, due to the adverse economic impact arising from the COVID-19 pandemic.

Economic impact on property transactions, 2018-2022



Sources: DOSM, NAPIC, SMITH ZANDER

Similarly, the value of property transactions for residential properties and shops also decreased at 26.18% and 40.96% respectively in 2020. In 2021 and 2022, in line with the recovery in national GDP, the property market in Sabah also demonstrated a similar recovery and is further supported by the various stimulus introduced by the Government during the COVID-19 pandemic to drive property demand as set out in *Chapter 1.2 - Overview of the Property Market in Sabah*. The economic wealth of the population is expected to continue to increase over the long-term and has the potential to contribute to higher demand for residential properties and shops in Sabah.

► **Increase in investments drives demand for residential properties and shops**

Sabah's economy is mainly driven by the services, mining and quarrying, and agricultural sectors. The services sector is the largest contributor at 49.51% (i.e. RM40.57 billion) of Sabah's GDP in 2022 (i.e. the main contribution to the services sector is derived from the wholesale and retail trade, food and beverages and accommodation sub-sector, which collectively contributes to 17.35% of Sabah's total GDP in 2022 which are supported by local demand and tourism activities). In 2022, the mining and quarrying sector is the second largest contributor of Sabah's GDP at 24.79% (i.e. RM20.31 billion), followed by the agricultural sector at 15.25% (i.e. RM12.49 billion).

In addition, Sabah's economy is supported by the manufacturing sector which accounts for 7.05% (i.e. RM5.78 billion) of Sabah's GDP in 2022. The Sabah government aims to boost GDP contribution from the manufacturing sector. Some examples of recently announced local and foreign investments in Sabah are as follows:

- In 2021, a joint-investment by Kumpulan Yayasan Sabah and Tegas Bangsa Sdn Bhd for the development of Lok Kawi Resort City in Sabah was announced. The project comprises of theme parks, resort hotels, shopping complexes, commercial and office blocks, and residentials with a gross development value of RM7 billion. This is expected to create 5,000 job opportunities in Sabah;
- SK Nexilis Co., Ltd., a South Korean-based company, is setting up a copper foil manufacturing facility in Kota Kinabalu Industrial Park ("KKIP") which commenced operations in 2023. This is expected to create 400 jobs for the employment market in Sabah;
- SBH Kibing Solar New Materials (M) Sdn Bhd, a Malaysian-based company, is setting up a solar glass panel manufacturing plant in KKIP and a silica sand processing plant in Sikuati which commenced operations in 2023. This is expected to create 2,100 jobs for the employment market in Sabah; and
- Linaco Manufacturing (M) Sdn Bhd, a Malaysian-based company, is setting up a coconut processing plant and a high-yield coconut plantation in Paitan which is expected to commence operations by 2026. This is expected to create 4,400 jobs for the employment market in Sabah.

In 2023, Sabah attracted RM11.34 billion worth of total investments comprising of RM0.13 billion from foreign direct investment and RM11.21 billion from domestic direct investment. This accounts for 3.44% of Malaysia's total approved investments of RM329.46 billion recorded in 2023.[6]

Due to the business expansions and/or investments mentioned above, it is likely to result in growth of Sabah's overall economy. The growth in economic activities will also lead to increased job opportunities, increased disposable income, higher business earnings and expansion of businesses. All of which would likely drive the demand for residential properties and shops in Sabah.

► **Government-driven initiatives to drive demand for residential properties, including affordable housing**

To encourage home ownership by low and middle-income individuals, the Government has introduced various affordable housing programmes throughout the country which has been implemented by the respective local state authorities. In Sabah, Lembaga Pembangunan Perumahan dan Bandar (LPPB) being the state authority responsible for overseeing housing and township development has implemented the development of affordable housing projects such as Program Perumahan Rakyat ("PPR") and Perumahan Penjawat Awam ("PPAM"). The PPR is a programme for the resettlement of squatters and to provide affordable homes to low and middle income citizens in Sabah. The PPAM programme was introduced in 2013 to provide affordable homes to all Malaysian government servants and retired government servants, including employees of the Federal Government, State Government, State or Local Authorities and Statutory Bodies, from low and middle incomes.

In the 12th Malaysia Plan (2021 – 2025), the Government announced that a total of 500,000 affordable housing will be developed to increase home ownership through various affordable housing initiatives, such as the PPR project in Sabah. In line with this initiative, the Government also announced the following aids under the respective Budgets:

- Budget 2022 - an allocation of RM1.50 billion on the development of affordable housing projects;
- Budget 2023 - a guarantee worth RM2.00 billion to banks via the Housing Credit Guarantee Scheme ("HCGS"), to begin in 2022 by providing financial assistance for the lower income group for the purchase

[6] *Source: Malaysian Investment Development Authority ("MIDA").*

of properties. Moreover, the Government had extended the guarantee under the HCGS to RM5 billion, and the allocation is expected to benefit 20,000 borrowers; and

- Budget 2024 – an allocation of RM2.47 billion to implement PPR, and an extension of the guarantee under the HCGS to RM10 billion which is expected to benefit 40,000 borrowers.

These affordable housing initiatives are expected to drive the demand for residential properties in Sabah. Further details on Government initiatives to drive the overall property market, during and post COVID-19 pandemic, are set out in *Chapter 1.2 - Overview of the Property Market in Sabah.*

Key Market Risks and Challenges

▶ **Adverse economic conditions may negatively impact the demand for properties**

The property market is dependent on the state of the economy. As properties are generally long-term high value investments (which require years of commitment to service the loans), the decision to purchase properties is usually cautiously made. Consideration of various factors such as economic conditions, property prices, market sentiment, development outlook of the property location and interest rates of housing loans are commonly borne in mind prior to making any investments. Therefore, any changes to Malaysia's economic conditions that affect consumers' purchasing power may consequently boost or dampen the demand for properties. A growing economy signifies a wealthier population with higher purchasing power which would likely lead to high value investments being made - such as the purchase of properties. Conversely, a decline in economic conditions, such as the prolonged effect of the COVID-19 pandemic or global economic crisis, may lead to loss of businesses and jobs, pay cuts, lower salary growth, increase in unemployment rates, and reduced consumer purchasing power. This would lead to more reluctance by consumers to make investments, especially with regards to high value assets such as properties.

▶ **Unfavourable changes in Government policies may affect property sales**

The property market is subject to Government policies in Malaysia. Any adverse changes in Government policies in relation to the property market could adversely affect the sale of residential properties. For example, the changes in OPR by BNM may affect the interest rates for housing loans, which will subsequently impact the total purchasing cost of properties, and eventually affect market sentiment and demand for residential properties.

Government policies may also affect property sales amongst foreigners in Malaysia. The Malaysia My Second Home ("MM2H") programme is a programme that allows foreigners to purchase property and reside in Malaysia. Following the suspension of the MM2H programme in July 2020 due to the COVID-19 outbreak, the programme was reintroduced in August 2021 with 9 conditions for new applications beginning October 2021. Among the 9 conditions are that applicants must have a minimum fixed deposit of RM1 million, liquid assets worth RM1.50 million and must bear a processing fee of RM5,000 for the principal and RM2,500 per dependant for the MM2H passes. While the policies may change from time to time, any increase in the minimum fixed deposit amount, value of liquid assets or processing fee for the MM2H pass may reduce the attractiveness of the MM2H programme, and may eventually affect the demand for residential properties in Sabah among foreign investors.

1.4 COMPETITIVE LANDSCAPE

Overview

The property development market in Sabah comprises various types of developers such as government-owned corporations, public-listed companies, and privately-owned property developers. These industry players may be involved in the development of various types of buildings/developments such as residential, commercial, industrial and mixed property developments.

Industry players compete in terms of quality of product and service offerings, ability to deliver in a timely manner, project track record and pricing. It is also essential for industry players to build and maintain strong track records and business relationships with contractors and sub-contractors to ensure the timely completion and delivery of properties.

KTI Landmark Group competes with industry players who are involved in the development of residential and commercial properties in Sabah, which is the Group's current area of focus.

Key Industry Players

As KTI Landmark Group is principally involved in the provision of design and build construction services (i.e. property development activities with focus on of residential and commercial property (i.e. shops) in Sabah) and the Group's own property development activities (i.e. residential, commercial (shops) and mixed development comprising a combined development of high-rise condominiums/serviced apartments, retail space and hotel) in Sabah, the basis for selection of the closest competitors to KTI Landmark Group is as follows:

- Companies with on-going and/or up-coming residential and/or commercial property development projects in Sabah; and
- Companies which recorded more than RM20 million in revenue based on their respective latest available financial years.

Premised on the above, the following sets out the closest competitors to KTI Landmark Group:

Company name	Types of development	Examples of ongoing/up-coming property development projects in Sabah	Latest available financial year	Revenue (RM million)	Segmental revenue (RM million)(1)	Gross profit (RM million)	Gross profit margin (%)(2)	Profit before tax (RM million)	Profit before tax margin (%)(3)
Asian Pac Holdings Berhad	• Residential • Commercial • Industrial	• Rimbas Hills, Kota Kinabalu • LikasVue, Kota Kinabalu	31 March 2023	221.74	143.25	71.07	32.05	13.99	6.31
Hap Seng Consolidated Berhad	• Residential • Commercial • Mixed	• Kingfisher Condominium, Putatan • Bandar Sri Indah, Tawau	31 December 2022	7,110.50	381.31	1,659.94	23.34	1,330.46	18.71
Hao Yun Business Alliance Sdn Bhd	• Residential	• Taman Eko Tropika 2, Papar • Taman Vila Palma 2, Keningau	31 December 2022	40.11	37.38	11.77	29.34	8.50	21.19
HoHup Group Berhad	• Residential • Commercial • Mixed	• The Crown, Kota Kinabalu	31 December 2022	213.04	141.21	50.18	23.55	(25.85)	(12.13)
IJM Land Berhad	• Residential • Mixed	• Rimbayu Indah, Sandakan • Bandar Utama, Sandakan	31 March 2023	4,572.49	1,742.97	1,179.95	25.81	483.03	10.56
KTI Landmark Group	• Residential • Commercial Mixed	• Residensi Seri Akasia, Tuaran • Taman Bukit Alamanda, Papar • The Logg Luyang, Kota Kinabalu	31 December 2023	120.17	113.45	35.59	29.62	17.30	14.40
Legacy Group Development Sdn Bhd	• Residential • Mixed •	• Eco Peak Residences, Penampang • Taman Padi Ria, Tuaran	31 March 2023	55.05	41.80	12.80	23.25	3.63	6.59
SBC Corporation Berhad	• Residential • Mixed	• Jesselton Quay, Kota Kinabalu	31 March 2023	62.33	44.65	19.52	31.32	0.98	1.57
SCP (Balakong) Sdn Bhd	• Residential • Commercial • Mixed	• Taman Bukit Damaisari, Kota Kinabalu • Residensi Acacia, Kota Kinabalu	31 December 2022	56.10	56.10	14.68	26.17	9.02	16.08
WMG Holdings Berhad	• Residential • Commercial • Mixed	• Parklane, Kota Kinabalu • Taman Indah Jaya, Sandakan	31 December 2022	78.03	61.99	25.25	32.36	(0.82)	(1.05)
WSG Properties Sdn Bhd	• Residential • Commercial	• Benoni Gardens, Papar • Parklane Villa Benoni, Papar	31 December 2022	35.34	35.34	18.60	52.63	5.28	14.94

Notes:
(1) Segmental revenue is defined as revenue generated from the property development segment.
(2) Gross profit margin is defined as the ratio between gross profit and revenue.
(3) Profit before tax margin is defined as the ratio between profit before tax and revenue.

- *The identified closest competitors to KTI Landmark Group in Malaysia include all closest competitors that were identified by SMITH ZANDER based on sources available, such as the internet, published documents and industry directories. However, there may be companies that have no online and/or published media presence or are operating with minimal public advertisement. Hence, SMITH ZANDER is unable to state conclusively that the list of closest competitors is exhaustive. In instances where the closest competitors are exempt private companies for the latest available financial year, or the closest competitors have no publicly available financial reports, the closest competitors are not included in the table as the audited financial statements of the companies are not publicly available.*

Sources: Various company websites, KTI Group, Companies Commission of Malaysia, SMITH ZANDER

Market Share

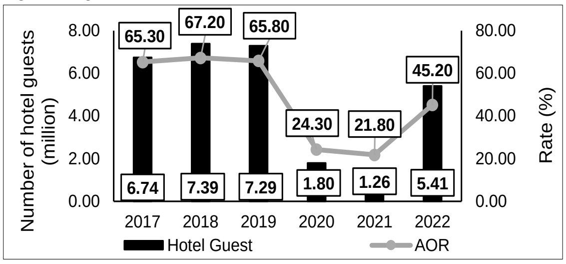
In 2023, total residential property transactions by value and volume in Sabah was recorded at RM2,394.61 million and 5,724 units respectively. KTI Landmark Group captured a market share of 4.66% by value of residential property transactions, based on their revenue of RM111.55 million derived from the sale of their residential properties and 5.17% by volume for residential property transactions, based on their number of residential units sold of 296 units.

On the other hand, total commercial property transactions by value and volume in Sabah was recorded at RM852.55 million and 1,315 units respectively in 2023. KTI Landmark Group captured a market share of 0.22% by value of commercial property transactions, based on their revenue of RM1.90 million derived from the sale of commercial properties and 0.15% by volume for commercial property transactions, based on their number of commercial units sold of 2 units.

2 THE HOTEL INDUSTRY IN SABAH

The hotel industry in Sabah thrives on the travel and tourism industry as tourists visit Sabah to enjoy its natural attractions such as the KNP, islands, beaches and diving sites. Prior to the outbreak of the COVID-19 pandemic, the number of hotel guests in Sabah (comprising domestic and foreign guests) increased from 6.74 million in 2017 to 7.29 million in 2019 at a CAGR of 4.00%. Over the same period, the average occupancy rates ("AOR") of hotels in Sabah averaged 66.10%.

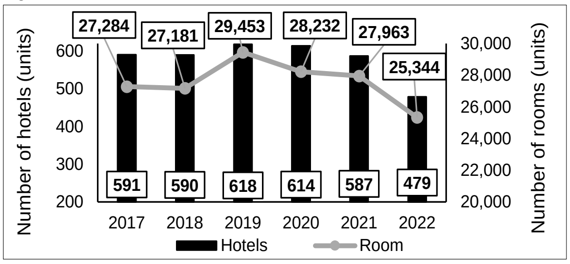
Number of hotel guests and AOR of hotels in Sabah, 2017– 2022



Note: Latest available information as at the date of research completion.

Sources: Tourism Malaysia, SMITH ZANDER

Number of hotels and hotel rooms in Sabah, 2017 - 2022



Note: Latest available information as at the date of research completion.

Sources: Tourism Malaysia, SMITH ZANDER

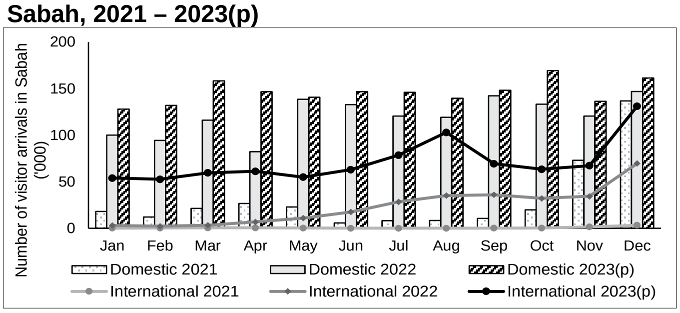
The outbreak of the COVID-19 pandemic in 2020 had adversely impacted the tourism industry globally as the closure of country borders, nationwide lockdowns and travel restrictions were implemented to curb the spread of COVID-19. This had adversely affected the hotel industry in 2020 and 2021. The number of hotel guests in Sabah fell from 7.29 million in 2019 to 1.80 million and 1.26 million in 2020 and 2021 respectively, with AOR declining to 24.30% and 21.80% in 2020 and 2021 respectively. In terms of supply, the number of hotels in Sabah recorded a YOY decline of 0.65% and 4.40% in 2020 and 2021 respectively. Further, the number of hotel rooms recorded a YOY decline of 4.15% and 0.95% in 2020 and 2021 respectively.

With the rollout of COVID-19 vaccinations and the subsiding impact of the COVID-19 pandemic, restrictions on domestic travelling were uplifted in October 2021. Following that, the number of hotel guests and AOR were recorded higher at 5.41 million persons and 45.20% respectively in 2022.

Further, with the ease of restrictions on domestic travel, the number of monthly domestic visitor arrivals in Sabah began to gradually increase. In 2022, the total number of domestic visitor arrivals was recorded at 1,447,639, a 297.81% increase from 363,901 in 2021. A further increase of 21.22% to 1,754,797 domestic visitor arrivals was estimated for 2023 by Sabah Tourism Board.

In April 2022, the country's borders were reopened as Malaysia entered the "Transition of Endemic" phase of COVID-19 allowing the resumption of international travel. Meanwhile, the total number of international visitor arrivals was recorded at 280,101 in 2022, a 3,744.37% increase from 7,286 in 2021. A further increase of 206.49% to 858,475 international visitor arrivals was estimated for 2023 by Sabah Tourism Board. The increase in visitor arrivals in Sabah indicates a recovery of the tourism industry in Sabah.

Monthly domestic and international visitor arrivals in Sabah, 2021 – 2023(p)



Sources: Sabah Tourism Board, SMITH ZANDER

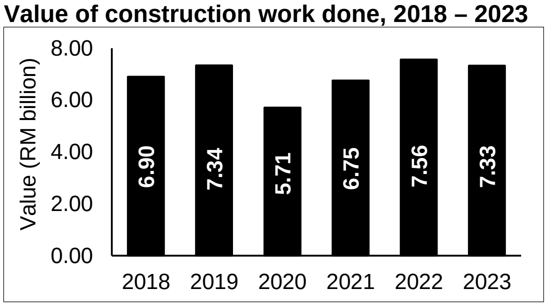
The growth in the tourism industry being the key driver to the demand for hotels, is expected to be further driven by the following factors:

- **People's general desire to travel**
  Travelling has become an integral part of modern lifestyle for many people as it brings various benefits in enriching a person's life experience. Travelling to places outside of the usual environment and undertaking novel activities can is often a form of rejuvenation and recuperation. It enables a person to indulge in various experiences such as nature, foreign histories and cultures, and unusual culinary delights that would otherwise be unavailable in a person's everyday environment. Further, travel is also a tradition, especially for those who conduct annual vacations. Following the upliftment of domestic travel restrictions in October 2021 and the reopening of country borders in April 2022, travel and tourism activities have increased due to the desire to travel after prolonged confinement due to the lockdown, thus driving the demand for hotels. In 2022, the number of international tourist arrivals in Malaysia stood at 10.07 million[7], exceeding its target of 9.20 million international tourist arrivals[8]. In 2023, the number of international tourist arrivals further increased to 20.14 million[7], demonstrating the robust recovery in travel and tourism activities. Hence, it is anticipated that people's general desire to travel will continue to drive travel and tourism activities and subsequently support the demand for hotels.
- **Government initiatives to encourage tourism activities**
  To boost the travel and tourism industry, the Government introduced initiatives to encourage travel and tourism activities to revive the tourism industry and support the country's economy. Under the PEMERKASA stimulus package, a personal income tax relief of up to RM1,000 was given to Malaysian citizens who incur expenses for domestic tourism between 1 March 2020 and 31 December 2021 and this tax relief was further extended to 31 December 2022 under Budget 2022. Further, effective 1 May 2022, vaccinated international travellers are allowed to enter Malaysia without having to perform COVID-19 screening test prior to arrival. Furthermore, under Budget 2023, the Government has allocated RM250 million to boost the tourism sector, of which RM115 million will be allocated as matching grants to collaborate with the tourism and culture industry. In line with the normalisation of travel and tourism activities since 2023, the Government through Budget 2024, had announced the allocation of RM250 million to boost promotion and tourism activities, as well as RM120 million to maintain and conserve heritage sites to promote tourism activities. As such, travel and tourism activities are expected to increase in Malaysia including in Sabah. The increase in travel and tourism activities as well as the implementation of these initiatives are expected to drive the demand for hotels in the long term.

3 THE CONSTRUCTION INDUSTRY IN SABAH

The construction industry is largely influenced by the country's economic development as well as the growth of the property market. Growth in the property market generally results in increased demand for construction activities as more properties are built to cater to market needs. The performance of the construction industry in Sabah, measured by the value of construction work done, increased from RM6.90 billion in 2018 to RM7.33 billion in 2023 at a CAGR of 1.22%, demonstrating growing demand for construction activities. The value of construction work done decreased by 22.21% in 2020 due to the disruptions in construction activities

Value of construction work done, 2018 – 2023



Sources: DOSM, SMITH ZANDER

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7 Source: Tourism Malaysia.
8 Source: The Malay Mail.

arising from the COVID-19 pandemic. The value of construction work done recovered by 18.21% YOY to RM6.75 billion in 2021. In 2022, the value of construction work done further increased by 12.00% YOY to reach RM7.56 billion, surpassing the pre-COVID value of RM7.34 billion in 2019. As construction activities resume with improved economic conditions and eased COVID-19 restrictions, it is likely that there will be growth in the property market and construction activities, full particulars of which is discussed in *Chapter 1 – The Residential Property and Shop Market in Sabah*.

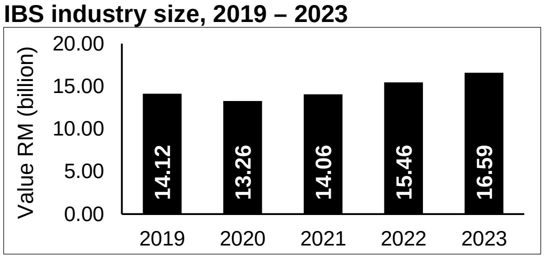
The construction industry is dependent on foreign workers due to the limited supply of local workers. Should the Government amend their policies and impose any restrictions and/or limits on the number of foreign workers to be employed (such as the hiring freeze during the COVID-19 pandemic), the construction industry may be adversely affected. This is because a shortage of workers will likely affect construction progress and project delivery schedules. Such employment risk is also extended to the home countries of the foreign workers should there be changes in their employment policies.

In addition, the construction industry is exposed to fluctuations in prices and shortages of construction materials. Certain construction materials such as steel materials are commodities and their prices are subject to global supply and demand conditions. Any increase in the prices of construction materials will increase the overall construction cost and affect the construction budget and profit margin of industry players. Further, shortages in construction materials may also affect the timely completion of construction works, resulting in increased cost due to prolonged construction period.

IBS Industry

IBS is a construction method that utilises techniques, products, components and/or building systems which involve off-site prefabrication of components and onsite installation. With IBS construction techniques, a building is constructed by positioning and assembling the prefabricated IBS components. According to the Construction Industry Development Board, IBS construction techniques are generally categorised into precast concrete system, metal framing system, formwork system, timber framing system, blockwork system and other IBS systems. The adoption of IBS is aimed at increasing productivity through speeding up construction processes to shorten project completion durations, improving quality with the use of prefabricated components manufactured in a controlled environment off-site, and to lower construction costs.

IBS industry size, 2019 – 2023



Sources: DOSM, SMITH ZANDER

The performance of the IBS industry in Malaysia (i.e. measured by the manufacturing sales value of precast concrete, cement or artificial stone articles for use in construction; prefabricated structural components for building or civil engineering of cement, concrete or artificial stone; and other articles of concrete, cement and plaster) declined by 6.09% YOY from RM14.12 billion in 2019 to RM13.26 billion in 2020 due to the adverse economic impact arising from the COVID-19 pandemic. Nevertheless, the IBS industry recorded a positive recovery of 6.03% to RM14.06 billion in 2021, and had further expanded by 9.96% and 7.31% YOY in 2022 and 2023 respectively. This illustrates a growth at a CAGR of 4.11% between 2019 and 2023. The growth of the IBS industry is primarily driven by the growth of the construction industry and increased adoption of IBS in construction activities. In 2020, the adoption of IBS in government projects had achieved 85.30%, while the adoption of IBS for private projects above RM50 million had achieved 41.00%.[9]

To further drive the adoption of IBS, the Government continues to provide various incentives such as tax allowances and funding to encourage companies that produce IBS components. Under Budget 2021, companies which produce at least 3 basic components of IBS are eligible to apply with MIDA for the Investment Tax Allowance (i.e. a tax allowance of 60.00% is given on qualifying capital expenditure incurred within 5 years in which this allowance can be set off against 70.00% of statutory income for each year of assessment), effective 1 January 2021 to 31 December 2025.[10] Furthermore, under Budget 2022 and 2023, the Government had introduced the IBS Promotion Fund (2.0) worth RM200 million and RM165 million respectively, through SME Bank to fund SMEs in the industry of up to RM10 million each for a tenure of up to 15 years each.[11] Under Budget 2024, an additional RM70 million was allocated to the fund.[12] The increased adoption of IBS in construction activities to shorten construction duration and to reduce construction costs, coupled with Government-driven initiatives to promote the use of IBS, are expected to further drive the continuous growth of the IBS Industry.

[9] *Source: Construction Industry Development Board. Latest available information as at the date of research completion.*
[10] *Source: Budget 2021 - Ministry of Finance Malaysia.*
[11] *Sources: Budget 2022 and Budget 2023 – Ministry of Finance Malaysia.*
[12] *Sources: Budget 2024 – Ministry of Finance Malaysia.*

9. RISK FACTORS

NOTWITHSTANDING THE PROSPECTUS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

9.1 RISKS RELATING TO OUR BUSINESS AND OUR OPERATIONS

9.1.1 Our Group is dependent on LPPB to sustain our pipeline of projects

Since 2010 and up to LPD, we have been providing our design and build construction services primarily to LPPB whereby LPPB is the state authority in Sabah involved in overseeing housing and township development, as well as the development of affordable housing in Sabah. Through the provision of such services, 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. Further details on the arrangement between our Group and LPPB on the provision of design and build construction services are as set out in Section 7.3.1.1.

Our Group secures projects from LPPB by tender, and bids through the submissions of Technical and Financial Proposals 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 invitations by submitting our proposals to LPPB for their consideration. As such, from a pool of bids that may be submitted by several other property developers in Sabah, LPPB has the authority to decide on the party for which the development project will be awarded to. A majority of the projects which contributed to our Group's revenue during FYE 2020 to 2023 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 in GDV are also projects awarded by/in participation with LPPB, save and except for the Ayuria Place project, which is an acquisition of lands from a third-party vendor for a purchase consideration of approximately RM74.0 million. In the event that there is a delay in the completion of projects with LPPB, our Group will be liable to pay the agreed liquidated damages stipulated in the respective sale and purchase agreements entered into between our Group, LPPB and the buyers of the units of the particular project. Our Group will also be required to indemnify and keep LPPB harmless against all such claims, loss and damages, if any. Between 2015 to 2019, we had made payments for LAD claims to 81 buyers of Taman La Gloxinia Phase 2A and 2C for the delay in the completion of the project, in which the payment collectively amounted to RM535,418.95 and was fully borne by our Group. Save as disclosed above, since 2010 and up to LPD, we have not paid any LAD claims for our design and build construction projects with LPPB as we have not experienced any delays in the completion of these projects.

In this regard, our Group is dependent on LPPB to sustain our pipeline of projects. In the event that LPPB ceases to award design and build construction projects to our Group, our financial performance will be adversely affected. Further, LPPB may decide to award the projects to other property developers in Sabah and this subjects us to the risk of competition from these property developers. Notwithstanding that our Group has the expertise to continue sourcing for landbank for our own development projects, there is no assurance that we will be able to complete the acquisition of the landbanks in a timely manner as well as to have sufficient landbank for development projects, in order to compensate for any loss in revenue if we fail to secure design and build construction services from LPPB.

9.1.2 Our Group is subject to risks of possible delays in completing our design and build construction projects and property development projects

We are subject to risks of possible delays in completing our projects. Additionally, any extensions of time in the completion of projects may result in project cost overrun and attract negative feedback from the consumer market. Prolonged interruptions or delays in completing a project may result in legal implications such as property buyers claiming LAD from us which may affect our revenue and profitability as well as cash flows. In the event of a delay in delivery of vacant possession, LAD claims made by buyers to our Group are calculated daily based on 8.0% per annum on the purchase price of the buyer's unit. Further, our Group will also be required to indemnify and keep LPPB harmless against all such claims, loss and damages, if any. While we do not have exact back-to-back LAD claim arrangements with our contractors in respect of any LAD claims made by buyers, there are LAD clauses in the respective contractors' contracts which are enforceable by us in the event of any delays directly attributable to the works of the contractors. Such LAD amounts are derived based on the contract sum and thus differ from contract to contract.

The timely completion of our design and build construction projects and property development projects is dependent on many external factors inherent in construction and property development, some of which may be beyond our control including, amongst others, the timely receipt of required licenses, permits or regulatory approvals, availability of construction materials, equipment and labour, availability of financing and appointment of qualified and competent consultants, professionals and subcontractors to complete the projects on time.

In addition, delays in the completion of the projects may also arise from environmental factors such as natural disasters like landslides and flooding; and/or sudden crisis such as the outbreak of the COVID-19 pandemic. Details on the interruptions to our business operations arising from the COVID-19 pandemic are as set out in Section 7.5.1. Any implementation or tightening of movement restriction arising from the outbreak of diseases which results in the suspension of operations and/or reduction of workforce may affect our construction progress.

We have not paid any LAD claims in FYE 2020 to 2023 and up to LPD as we have not experienced any delays in the completion of our design and build construction projects and property development projects (i.e., late delivery of vacant possession to home buyers).

Nevertheless, there can be no assurance that there would not be any delays in the completion of our future projects due to unforeseen circumstances which may result in property buyers imposing LAD claims that would adversely impact our Group's future earnings and reputation.

9.1.3 We are subject to potential liability claims for construction defects during the defect liability period

Construction defects may occur on our design and build construction projects and property development projects, and may arise sometime after completion of that particular project. While we may have recourse against our subcontractors in respect of such defects, such recourse may not be adequate or may only be available for a limited period, or that certain liabilities may only come to light after such recourse period has expired.

We extend a defect liability period of 18 months for all our design and build construction projects and property development projects. Any claims relating to defects on the properties may give rise to contractual and other liabilities. Unexpected levels of expenditure attributable to rectifying defects arising from a project may have a material adverse effect on the profitability generated from the particular project. Ultimately, it may also have an adverse effect on our Group's reputation, which in turn may adversely affect our business and financial performance.

9.1.4 Our Group is subject to risks associated with joint ventures

As at LPD, our Group has a joint development project with LPPB in relation to the development of The Logg. Further details on our joint development arrangement with LPPB for The Logg is as set out in Section 7.3.2.2(a). As part of our Group's strategy, we will continue to, from time to time, enter into property development and property investment projects through the formation of joint ventures.

LPPB or our future joint venture partners may, in the future, have economic or business interests or goals that are not aligned with our Group; experience financial or other difficulties; be unable or unwilling to fulfil their contractual obligations such as not complying with requests in making payments during future capital calls; or take actions contrary to our instructions, requests, policies or objectives, amongst others. In these situations, disputes may arise between our Group and our joint venture partner(s) that may not be resolved amicably.

In certain cases, disputes may arise in respect of reserved matters identified in our joint venture agreements. As reserved matters require the consent of all the partners of the joint venture agreement to be obtained before action may be undertaken by the jointly controlled entity, any disputes between the joint venture partners would result in a deadlock where the matter in dispute will not be implemented.

In certain cases, where the deadlock cannot be resolved even after repeated attempts by the joint venture partners, this may result in one joint venture partner acquiring the shares of the other joint venture partner or a winding-up of our jointly controlled entity, bringing the joint venture to an end. The process of resolving the disputes may result in delays and interruptions to the completion of the property projects and thus, potentially affecting our reputation in the market.

9.1.5 Our business is capital intensive and is dependent on our ability to secure adequate financing

Our design and build construction projects and property development projects require substantial capital investment and as such, may cause us to generate negative operating cash flow when the cash outlay for land acquisition, project development and/or construction expenditures during a particular period, after taking into account changes in other working capital items, exceeds the cash inflow from property sales over the same period.

The availability of adequate financing is crucial to our ability to acquire land and/or to complete the development and construction of our design and build construction projects and property development projects according to plan. We rely on internally generated funds as well as external borrowings such as trade facilities, bank overdrafts, term loans and bridging loans to partially finance our working capital. If we are unable to secure adequate credit facilities at competitive rates for the abovementioned requirements, our cash flows, operations, growth and expansion plans may be adversely affected.

Socio-economic conditions with negative impacts, such as by the COVID-19 pandemic or economic downturn, may cause financial institutions to be more cautious in lending as businesses are expected to be impacted by dampened consumer sentiment and change in spending habits. This may affect our Group's borrowings in which we may not be able to secure credit facilities from financial institutions or that the credit facilities secured may not be sufficient to fund our purchases of landbank as well as construction costs.

Although our borrowings were not affected in FYE 2020 to 2023, there can be no assurance that it will not be affected in the future as a result of deteriorating market conditions or adverse socio-economic conditions.

9.1.6 Our Group is dependent on our Executive Directors and key senior management team

The success of our Group is dependent on the experience, industry knowledge and domain expertise of our Executive Directors and key senior management. Our Managing Director / Chief Executive Officer, Loke Theen Fatt has 46 years of experience in the property development and construction industries. Our Executive Directors, Stella Loke Pei Wen and Wilson Loke Choon Syn have 13 years and 12 years of experience respectively in the property development and construction industries.

Our Managing Director / Chief Executive Officer and Executive Directors have in-depth knowledge of our operations and is supported by our key senior management, comprising individuals who each have significant relevant experience in the property development and construction industries as well as within their respective field of expertise. Further details on the experience of our Executive Directors and key senior management are as set out in Sections 5.1.2 and 5.3.3.

Our Group's success is dependent on the continued service of our Executive Directors and key senior management. Due to their in-depth knowledge of our operations, as well as experience in the property development and construction industries, they are critical to the overall management and operations of our business and projects, our corporate culture and our strategic direction.

The success of our Group's businesses is further dependent on recruiting, retaining and developing highly skilled and competent people of all levels in our organisation. As such, the loss of any Executive Director and any of our key senior management simultaneously or within a short time, and if we are not able to replace or attract suitable talents in a timely manner, may create unfavourable or material impact on our Group's operations and the future growth of our business, which may ultimately affect the results of operations, performance and prospects of our Group.

9.1.7 Our construction works are dependent on the services of our subcontractors for timely completion and quality of our projects

While our Group undertakes the construction works, including construction planning and management, site preparation and earthworks and civil construction works, we may also outsource the said 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 car park 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.

Subcontractors are appointed following the shortlisting of candidates based on the project requirements, assessment of tenders submitted by the subcontractors, as well as our past working experience and relationship with the subcontractors. Upon finalisation of pricing, scope of works and bills of quantities, we will enter into formal contracts with the successful subcontractors.

For FYE 2020 to 2023, our total subcontractor costs accounted for approximately 58.1%, 54.2%, 68.7% and 61.4% of our Group's total purchases, and we had engaged 18, 21, 32 and 70 subcontractors respectively. Notwithstanding our formal contractual relationships with our subcontractors, any failure of our subcontractor to fulfil their contractual obligations may lead to damages and penalties against our Group if we are unable to deliver vacant possession to end buyers in accordance to the agreement and/or pre-agreed schedule. Our design and build construction projects and property development projects may also experience delays and cost overruns, or poor-quality work attributed to our subcontractors. For FYE 2020 to 2023, our Group has not encountered incidences where our subcontractors failed to fulfil their contractual obligations which have had an adverse impact on our business operations and financial results.

In addition, our subcontractors are also subject to the rules and regulations governed by regulatory bodies such as CIDB and the Immigration Department of Malaysia (e.g. in relation to the employment of foreign workers) in the local construction industry. The non-compliance of these rules and regulations by the subcontractors may affect their renewal of relevant registrations or licences and/or may even lead to revocation of their registrations or licences. Consequently, this may adversely affect the construction progress of our design and build construction projects or property development projects. There is also no assurance that our Group will be able to appoint replacement subcontractors in a timely manner or at a cost that is favourable to our Group to complete the construction works which may, in turn, affect our business operations and financial performance.

9.1.8 Our Group is subject to fluctuations in the prices and shortages of construction materials

At the start of every project, we estimate our GDC based on factors such as land premium, cost of construction materials, borrowing costs and labour cost. The cost of construction materials is estimated based on quotations from our suppliers and subcontractors as well as our own cost estimations.

Our construction materials consist mainly of concrete and related products, hardware and related products, steel products, interior fitting and other construction materials which are required in our construction activities. As the cost of construction materials, in particular aggregates and crusher run, piles, ready-mix, cement and steel products may fluctuate during the construction period, we are exposed to the risk of such fluctuations in construction costs during the construction period. As properties are sold prior to their completion, we will not be able to pass any increase in costs to property buyers. As such, any increase in the cost of construction will increase our cost of sales and reduce our profit margin.

In FYE 2021 and 2022, there was a substantial increase in the prices of steel products and cement. This resulted in the increase in our construction costs which had, in turn, lowered our Group's profit margin. Although this had not affected the construction progress of our design and build construction projects and property development projects, there is no assurance that there will be no delays and interruptions to the completion of our construction works if similar incidences occur in the future. Further, if any delays are prolonged and we are unable to deliver the vacant possession to end buyers according to schedule, it may result in end buyers claiming LAD from us which may affect our profitability as well as cash flows.

In addition, we are dependent on the continuous supply of construction materials to carry out construction works. Shortages in construction materials may delay the timing of completion of our design and build construction projects or property development projects. There is no assurance that our Group will be able to source for similar construction materials from other suppliers in a timely manner or at a cost that is favourable to our Group to complete the construction works according to schedule. This will ultimately affect our Group's business, cash flow and financial performance.

9.1.9 Our operations are reliant on certain approvals, licences and permits, and we are also exposed to the risk of non-compliances

(a) Reliance on certain approvals, licences and permits for our operations

We are primarily involved in design and build construction services and property development activities which are supported by our in-house manufacturing of IBS components, of which our operations are bound by the rules and regulations set by the governing authorities such as the Ministry of Housing and Local Government, and CIDB who governs the registration of property developers and contractors respectively.

Under the CIDB Act, it is mandatory for all contractors who carry out or complete, undertake to complete any construction works or hold himself as a contractor in Malaysia to be registered and hold a valid certificate of registration issued by the CIDB. There are a total of 7 registration grades that determine the capacity of a contractor in tendering for the value of construction works, with Grade G7 being the registration grade that allows the contractor to tender for construction works that are of unlimited value and operate throughout Malaysia. We are currently a Grade G7 contractor registered with the CIDB which allows us to participate in tenders or undertake construction works of unlimited value. The Grade G7 registered contractor certificate issued by the CIDB is crucial to the continuity of our construction operations.

Housing developers with housing development in Sabah are regulated under the HDE 1978. The license issued to the housing developers thereunder may also be suspended or revoked and fines may be imposed if the housing developer carries on its business in a manner detrimental to the interest of the purchasers or to any member of the public or contravenes any of the provisions of HDE 1978.

The list of all our major approvals, licences and permits obtained for our business operations is set out in Section 6.7. Save for our manufacturing licence issued by MITI which is valid until it is revoked, the validity of these approvals, licences and permits are subject to renewal and in the event that we fail to comply with the rules and regulations issued by the governing authorities, our approvals, licences and permits in relation to our business operations may be revoked, suspended or not renewed. Similarly, any breach of these rules and regulations can result in penalties, fines and/or potential prosecution against us. Such revocation, suspension and/or non-renewal of our approvals, licences and permits will affect our ability to continue our business operations and hence affect our financial performance. Further, there can be no assurance that future applications by our Group for renewals of approvals, licences and permits will be approved, especially if there are changes to the present rules, guidelines, regulations and/or policies.

(b) Risks of non-compliance as we carry out construction activities

Being involved in construction activities, our Group is bound by the laws and regulations relating to workplace safety and workers' health enacted or issued by the government bodies. The primary legislation and regulations that are applicable to our daily construction works are the Occupational Safety and Health Act 1994, the Factories and Machinery Act 1967, the Environmental Quality Act 1974 and the CIDB Act.

We are obliged to ensure that a healthy and safe working environment is provided especially at our construction sites. The Health, Safety and Environment ("**HSE**") risks include any accidents and injuries caused during the course of construction activities. Any failure to comply with the relevant HSE laws and regulations may result in penalties and/or closure of construction sites. In FYE 2020 to 2023 and up to LPD, our Group has not breached any workplace HSE matters which have adversely impacted our business operations and our existing operations are in compliance with the relevant laws and regulations.

In the event of severe accidents or injuries, it may lead to negative publicity of our Group, and/or liabilities and legal proceedings filed against our Group, and/or suspension of our licences, which will adversely impact our reputation, business operations and financial performance. Our operations may also be affected due to changes in HSE laws and regulations and the compliance with new laws and regulations may impose a significant cost to our Group. The non-compliance encountered by our Group in relation to our construction activities in the past 10 years are as set out in Section 6.11.

9.1.10 We may be involved in legal and other proceedings arising from our operations from time to time

We may be involved from time to time in disputes with various parties such as landowners, suppliers, subcontractors, consultants, authorities and other parties involved in the course of carrying out our provision of design and build construction services and property development activities, as well as with customers in the sale of properties. Costs, time and management resources would have to be diverted towards defending such claims should they arise. Such disputes and claims may lead to legal and other proceedings, administrative proceedings against our Group, and unfavourable decrees issued against our Group may cause us to suffer additional costs, delays and/or financial losses. Further details on our Group's litigation cases are as set out in Section 12.7.

We are unable to give any assurance that whenever disputes and claims arise, they will be settled on terms which are favourable to our Group or if such disputes and claims result in litigation or arbitration, such judgement, order or award will not adversely affect our business operations, financial condition, prospects and reputation.

9.1.11 Our Group may achieve lower than estimated GDV for our projects

The GDV of the projects developed by our Group is estimated based on market conditions as at the date of valuation. However, certain assumptions may ultimately prove to not be reflective of the prevailing market conditions at the point of sale of our properties. These assumptions include the demand for our properties and selling prices. Any unfavourable change in the basis of certain forecasts, projections and conditions of the property market may result in our Group not being able to realise our projected GDV and in turn, may have a material adverse impact on our Group's business, results of operations and prospects.

We have engaged, and will continue to engage, independent valuer(s) to value our on-going and future design and build construction projects and property development projects as and when required. The valuation certificates set out in Section 15 were made on the basis of certain forecasts, projections and conditions of the property market where our developments are located, prevailing at a particular point in time.

These conditions may change over time, as property values are subject to, amongst others, factors affecting supply of and demand for properties, the rate of economic growth of the country and interest rates. In particular, the uncertainties brought about by the COVID-19 situation have dampened market sentiment. According to the IMR Report, in 2020, the value of property transactions for both residential properties and shops in Sabah decreased by 26.3% and 41.7% respectively; while the volume of property transactions for residential properties and shops decreased by 25.9% and 41.9% respectively. The decline was due to the adverse economic impact arising from the COVID-19 pandemic in 2020 as the Government imposed nationwide movement restrictions to curb the spread of the COVID-19 virus had impacted economic activities and business operations. The property market in Sabah registered a recovery in 2021 whereby the value of property transactions for both residential properties and shops increased by 37.7% and 38.1% respectively; while the volume of property transactions for residential properties and shops increased by 20.7% and 57.9% respectively. The economy continued to grow with the national GDP expanding by 8.6% year-on-year in 2022. Similarly, the value of property transactions for both residential properties and shops in Sabah also recorded a year-on-year growth of 17.7% and 18.5% respectively in 2022. Hence, our Group is exposed to the risk that any future property launches may be impacted by adverse changes in market sentiment.

9.1.12 Our Group may not be able to acquire suitable landbanks to sustain our business operations and financial performance

As a property developer for our Group's own property projects, we rely on existing landbank as well as our ability to identify and acquire suitable landbank with development potential to deliver sustainable business operations and financial performance. Hence, we have to continuously identify and acquire suitable landbank for future development. As set out in Section 7.17.1, we have identified a parcel of land in Tuaran and have commenced negotiations with the landowner to acquire the land. Nevertheless, the acquisition of the said land at favourable terms (including but not limited to a pricing at commercially viable prices) and/or completing such acquisitions may be subject to factors beyond our control. Thus, there is no assurance that we will be able to successfully complete the acquisition of the said landbank. In such circumstances, we may need to seek for other acquisition and additional time may be required to do so.

Further, there can be no assurance that we will be able to continuously identify and acquire suitable landbank in strategic locations at commercially viable prices, or to secure opportunities to jointly develop land with landowners on commercially viable terms and with good development potential. Failure to do so would impair our ability to launch new property development projects, which in turn is likely to have a material and adverse effect on our Group's business, results of operations and prospects.

9.1.13 We may not be able to effectively manage our growth or successfully implement our business strategies

We intend to expand our Group's property development business through the acquisition of landbank for future projects in Sabah, further strengthen our market presence as an established property developer in Sabah, 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, and upgrade our software and systems to further enhance our operational efficiency. Please refer to Section 7.17 for further details on our future plans and business strategies.

The success of achieving and implementing our business strategies relies on market conditions, sufficient financing resources and the efficiency of our business operations. There is no assurance that our business strategies will be successful or that the successful implementation of our business strategies will improve our earnings. Any failure to manage our business growth or execute our business strategies successfully may lead to adverse material effect on our business operations and financial performance.

In addition, our Group's on-going project, namely The Logg, comprises a hotel and commercial buildings (i.e. 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 hotel, Avani Luyang @ The Logg wherein our Group had engaged MHG, a hotel management service provider, to manage the operations of Avani Luyang @ The Logg. Further, our Group will also be the owner of the commercial building and will be involved in managing the operations and tenancy of the commercial building. The intention to own, manage and/or operate a hotel and a commercial building is part of our Group's plan moving forward to diversify our business activities. Nevertheless, this will subject our Group to risks associated with venturing into a new business and there is no assurance that our new venture will be successful or that the new venture will improve our earnings.

9.1.14 Our Group may be exposed to interest rate risks from exposure to borrowings

Our Group has been relying, and is expected to continue relying, on external debt financing to finance a substantial part of our design and build construction projects and property development projects as well as to fund our business growth. Our gearing ratio was 0.4, 0.5, 0.4 and 1.3 times in FYE 2020 to 2023 respectively. As at FYE 2023, the bank borrowings of our Group stood at approximately RM173.2 million, with interest rates ranging from 3.9% to 8.3% per annum. If we are unable to secure adequate debt financing at competitive rates for our project requirements, our cash flows, operations, growth and expansion plans may be adversely affected.

We are also exposed to fluctuations in interest rates. Any future increase in interest rates will increase our Group's borrowing costs which may reduce our margins. These may result in a material adverse effect on our Group's cash flows and profitability. Higher interest rates may also affect our Group's planning and decision to obtain additional borrowings to fund new design and build construction projects and property development projects which may lead to delays in carrying out the development and construction of the projects.

In addition, the agreements for credit facilities may contain covenants which may restrict our future operating and financing flexibility and a breach of such covenants may result in the termination and/or enforcement of securities granted for the relevant credit facilities and/or cross default of all our credit facilities. Separately, there is also a risk of simultaneous demand for immediate repayment on our outstanding indebtedness; or tightening of credit facilities due to deteriorating market conditions arising from economic, financial, political and other reasons.

9.1.15 Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations

Due to the nature of our business which entails risks such as exposure to construction site accidents and fire, we maintain insurance at levels that are customary in our industry to protect against various losses and liabilities arising from our design and build construction projects, property development projects, material assets and our employees. The insurance policies maintained by our Group include contractors all risk policy (i.e. including fire, flood, theft and strike riot/civil commotion), workmen compensation policy, burglary insurance, fire insurance, motor insurance, and equipment and machinery insurance.

However, our insurance may not be adequate to cover all losses or liabilities that might be incurred in our operations. Moreover, we will be subject to the risk that, in the future, we may not be able to maintain and/or obtain insurance of the type and amount desired at reasonable rates. If we were to incur a significant liability for which we were not fully insured, it may have a material adverse effect on our business, financial condition and results of operations. In FYE 2020 to 2023, our Group has not encountered incidences that have resulted in material insurance claims being submitted on our insurance policies.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 Our Group is subject to the prevailing market conditions in the property market in Malaysia and specifically in Sabah

As our design and build construction projects, property development projects and future landbanks are concentrated in Sabah, we are dependent on the prevailing market conditions of the property market in Malaysia and specifically, in Sabah, for the sales performance of our properties as well as the development planning of future projects. Further, our Group's business strategy is to continue strengthening our market position in Sabah where we currently operate.

The performance of the property market and value of properties in Malaysia and Sabah are affected by amongst others, the supply and demand of properties, rate of economic growth, interest rates as well as inflation in the property market. Other factors beyond our control such as changes in political environment or sudden outbreak of diseases (e.g. the outbreak of the COVID-19 pandemic in 2020) may also impact economic activities in Malaysia.

Any negative performance of the Malaysian economy may adversely impact the employment market and consumers' purchasing power, causing consumers to be more cautious in their spending and investments which may subsequently affect the demand for properties. Any slowdown in the property market arising from situations like these may adversely affect the value of properties in Malaysia.

There can be no assurance that the Malaysian economy will continue to grow, the value of properties will not be affected, interest rates or inflation will not rise and consumer spending power will not be affected in the future to support the demand for properties. Weak market sentiment as a result of adverse economic conditions may adversely affect the overall performance of the property market and value of properties, which may in turn affect the demand and value of the properties of our design and build construction projects and property development projects. Further, weak market sentiment may cause delays in the launching of our planned design and build construction projects and property development projects which may, in turn, adversely affect our Group's business, cash flow and sales performance. There can also be no assurance that our Group will be able to continuously benefit from future growth in the property market in Sabah.

9.2.2 Our Group is subject to the risk of unfavourable changes in regulatory policies affecting the performance of the property market and value of properties as well as political risk

The property market is subject to regulatory policies in Malaysia. Any adverse changes in regulatory policies in relation to the property market such as housing (e.g. introduction of regulatory measures to curb speculative investments), land and development policies, and prohibition of foreigners in purchasing certain properties in Malaysia may adversely affect the performance of the property market and value of properties in Malaysia. In addition, any restrictive policy changes by BNM such as upward changes in the overnight policy rate by BNM which increases interest rates for housing loans, and reduced loan-to-value ratios will subsequently restrict the purchasing ability of buyers. This would likely have a negative impact on consumer sentiment and purchasing power, and dampen overall demand for properties which may in turn affect the demand for the properties offered through our Group.

Any introduction of regulatory measures which dampen consumer sentiment or cause declines in value of properties may adversely affect our development planning decisions which include the types of property to develop and selling price of the properties, or may cause a delay in the timing of the launch of the planned property development projects, and ultimately will adversely affect our Group's business, cash flow and sales performance. As such, there can be no assurance that any future unfavourable changes in regulatory policies will not adversely affect our Group's business and results of operations in the future.

Further, any adverse changes in political conditions such as political uncertainties, war, terrorism activities and riots may adversely affect our Group's operations and financial prospects. There is no assurance that adverse political condition, which are beyond our control, will not adversely affect our Group's business.

9.2.3 We are exposed to competition within the property development market

Our Group competes with property developers ranging from privately owned companies to large public listed companies in Malaysia, primarily with property developers with presence in Sabah. These property developers may be involved in the development of various types of buildings such as residential, commercial, industrial and mixed development. Our competitors may have greater resources than us or have specialised expertise in certain segments. We also compete with our competitors in terms of location, price and rebates, facilities, surrounding amenities and connectivity.

Competition among property developers may intensify, possibly resulting in higher cost of acquiring new landbank, and higher cost to attract or retain experienced employees which will adversely affect our financial performance and prospects. Therefore, there can be no assurance that we will be able to continuously remain competitive and to sustain our competitive edge over the long term. Competition from other property developers may reduce our market share thereby affecting our market position and financial performance.

9.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

9.3.1 There is no prior market for our Shares

Prior to our Listing, there was no public trading for our Shares. The listing of our Shares on the ACE Market does not guarantee that an active market for our Shares will develop or continue be developed upon or subsequent to our Listing.

There is also no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market upon or subsequent to our Listing.

9.3.2 Our Listing is exposed to the risk that it may be aborted or delayed

Our Listing may be aborted or delayed should any of the following occur:

(a) the selected investors fail to subscribe for their portion of our IPO Shares;

(b) our Underwriter exercising its rights under the Underwriting Agreement to discharge itself from its obligations therein; and

(c) we are unable to meet the public shareholding spread requirement set by Bursa Securities, whereby at least 25.0% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing.

If any of these events occur, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of the Application within 14 days, failing which the provisions of Section 243(2) of the CMSA will apply.

If our Listing is aborted and/or terminated, and our Shares have been allotted to the investors, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under Sections 116 or 117 of the Act and its related rules.

Such cancellation requires the approval of shareholders by special resolution in a general meeting, with sanction of High Court of Malaya or with notice to be sent to the Director General of the Inland Revenue Board and ROC within 7 days of the date of the special resolution and us meeting the solvency requirements under Section 117(3) of the Act.

There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

9.3.3 The trading price and trading volume of our Shares following our Listing may be volatile

The trading price and volume of our Shares may fluctuate due to various factors, some of which are not within our control and may be unrelated or disproportionate to our financial results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is also affected by external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

9.4 OTHER RISKS

9.4.1 Our Promoters will be able to exert significant influence over our Company as they will continue to hold majority of our Shares after our IPO

Our Promoters will collectively hold approximately 74.4% of our enlarged share capital upon Listing. Because of the size of their shareholdings, our Promoters will have a deciding vote on the outcome of (i.e. to approve or reject) certain matters requiring the vote of shareholders unless they are required to abstain from voting by law and/or as required by the relevant authorities.

10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

Save for the Acquisitions and as disclosed below, there were no transactions, existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them which are material to our Group during FYE 2020 to 2023 and up to LPD:

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value: FYE 2020 RM'000	FYE 2020 %	FYE 2021 RM'000	FYE 2021 %	FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	1 January 2024 up to LPD RM'000	1 January 2024 up to LPD %
Chuan Soon Autocare	KTISB	Stella Loke Pei Wen	Voo Yin Chung, the spouse of Stella Loke Pei Wen, has 50.0% interest in Chuan Soon Autocare Stella Loke Pei Wen, who is our Promoter and Executive Director	Motor vehicle repair and maintenance	(254)	(1)0.2	(192)	(1)0.2	(269)	(1)0.2	(429)	(1)0.3	(65)	(9)N/A
Chuan Soon Autocare	LPSB	Stella Loke Pei Wen	Voo Yin Chung, the spouse of Stella Loke Pei Wen, has 50.0% interest in Chuan Soon Autocare Stella Loke Pei Wen, who is our Promoter and Executive Director	Motor vehicle repair and maintenance	-	-	-	-	-	-	(45)	(1)<0.1	(3)	(9)N/A
Chuan Soon Autocare	KTIDSB	Stella Loke Pei Wen	Voo Yin Chung, the spouse of Stella Loke Pei Wen, has 50.0% interest in Chuan Soon Autocare	Motor vehicle repair and maintenance	-	-	-	-	-	-	(20)	(1)<0.1	(2)	(9)N/A

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value FYE 2020 RM'000	FYE 2020 %	FYE 2021 RM'000	FYE 2021 %	FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	1 January 2024 up to LPD RM'000	1 January 2024 up to LPD %
			Stella Loke Pei Wen, who is our Promoter and Executive Director											
Primo Auto	KTISB	Stella Loke Pei Wen	Voo Yin Chung, the spouse of Stella Loke Pei Wen, has 50.0% interest in Primo Auto Stella Loke Pei Wen, who is our Promoter and Executive Director	Purchase of motor vehicle	-	-	-	-	-	-	(190)	(1)0.1	(93)	(9)N/A
				Sales of motor vehicle	-	-	-	-	-	-	50	(1)<0.1	-	-
Loke Pei Lee	KTISB	Loke Pei Lee	Loke Pei Lee is our Director of Management. She is also the director of our subsidiaries	Purchase a unit of Parkhill (P25-6) The Logg), Jalan Lintas, from KTISB(3)	-	-	-	-	-	-	(175)	(1)0.1	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value FYE 2020 RM'000	FYE 2020 %	FYE 2021 RM'000	FYE 2021 %	FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	1 January 2024 up to LPD RM'000	1 January 2024 up to LPD %
Chin Mee Leen	Landmark Property	Chin Mee Leen	Chin Mee Leen is our Promoter and substantial shareholder. She is also the director of our subsidiaries	Rental of premises at Lot 221, Taman Nelly 9 Phase 4 Shoplot, Jalan Nountun Kolombong, 88844 Kota Kinabalu, Sabah to Landmark Property(4)	(42)	(2)0.4	(42)	(2)0.4	(44)	(2)0.4	(52)	(2)0.4	(16)	(9)N/A
Chin Soo Wah	KTISB	Chin Mee Leen	Chin Soo Wah is the sibling of Chin Mee Leen Chin Mee Leen is our Promoter and substantial shareholder. She is also the director of our subsidiaries	Rental of premises at Lot 220, Taman Nelly 9 Phase 4 Shoplot, Jalan Nountun Kolombong, 88844 Kota Kinabalu, Sabah to Landmark Property(5)	-	-	-	-	(3)	(2)<0.1	(36)	(2)0.3	(12)	(9)N/A

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value: FYE 2020 RM'000	FYE 2020 %	FYE 2021 RM'000	FYE 2021 %	FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	1 January 2024 up to LPD RM'000	1 January 2024 up to LPD %
Chin Mee Leen	Landmark Property	Chin Mee Leen	Chin Mee Leen is our Promoter and substantial shareholder. She is also the director of our subsidiaries	Rental of premises at Lot 9, Ground Floor, Block A, La Gloxinia Avenue, Kinarut South, Papar, Sabah[6]	(18)	[2]0.2	(18)	[2]0.2	(3)	[2]<0.1	-	-	-	-
				Rental of premises at Lot 10, Ground Floor, Block A, La Gloxinia Avenue, Kinarut South, Papar, Sabah[6]	(24)	[2]0.2	(24)	[2]0.2	(4)	[2]<0.1	-	-	-	-
Loke Theen Fatt	KTI Landmark	Loke Theen Fatt	Loke Theen Fatt is our Promoter, substantial shareholder and Managing Director / Chief Executive Officer	Repayment from KTI Landmark to Loke Theen Fatt	-	-	-	-	-	-	(9)	[1]<0.1	-	-
	KTISB			Repayment from Loke Theen Fatt to KTISB	(60)	[1]<0.1	-	-	(64)	[1]<0.1	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value FYE 2020 RM'000	FYE 2020 %	FYE 2021 RM'000	FYE 2021 %	FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	1 January 2024 up to LPD RM'000	1 January 2024 up to LPD %
	KTID			Repayment from KTID to Loke Theen Fatt	(2,100)	(1)1.9	-	-	(118)	(1)<0.1	(62)	(1)<0.1	-	-
	KTI Hotel & Resort			Advances from Loke Theen Fatt to KTI Hotel & Resort	-	-	-	-	10	(1)<0.1	-	-	-	-
				Repayment from KTI Hotel & Resort to Loke Theen Fatt	-	-	-	-	-	-	(10)	(1)<0.1	-	-
Chin Mee Leen	KTI Landmark	Chin Mee Leen	Chin Mee Leen is our Promoter and substantial shareholder. She is also the director of our subsidiaries	Repayment from KTI Landmark to Chin Mee Leen	-	-	-	-	-	-	(9)	(1)<0.1	-	-
	KTISB			Advances from Chin Mee Leen to KTISB	-	-	1,545	(1)1.2	-	-	-	-	-	-
				Repayment from KTISB to Chin Mee Leen	-	-	-	-	(1,465)	(1)1.1	(77)	(1)<0.1	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value FYE 2020 RM'000	FYE 2020 %	FYE 2021 RM'000	FYE 2021 %	FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	1 January 2024 up to LPD RM'000	1 January 2024 up to LPD %
	Landmark Property			Advances from Chin Mee Leen to Landmark Property	377	(1)0.3	-	-	-	-	-	-	-	-
				Repayment from Landmark Property to Chin Mee Leen	-	-	(125)	(1)<0.1	(1,585)	(1)1.1	(939)	(1)0.7	-	-
	KTI Hotel & Resort			Repayment from KTI Hotel & Resort to Chin Mee Leen	-	-	-	-	(10)	(1)<0.1	-	-	-	-
Wilson Loke Choon Syn	KTID	Wilson Loke Choon Syn	Wilson Loke Choon Syn is our Promoter and Executive Director	Disposal of vacant land known as Lot No. 82, Taman Lavender(7)	-	-	-	-	-	-	257	(1)0.2	-	-
				Disposal of vacant land known as Lot No. 83, Taman Lavender(7)	-	-	-	-	-	-	257	(1)0.2	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value FYE 2020 RM'000	FYE 2020 %	FYE 2021 RM'000	FYE 2021 %	FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	1 January 2024 up to LPD RM'000	1 January 2024 up to LPD %
Yap Kim Leng	KTID	Yap Kim Leng	Yap Kim Leng was our substantial shareholder(8)	Disposal of a detached house plot at Lot 203, Taman Lavender, Off Jalan Lintas, 88300 Kota Kinabalu, Sabah(8)	-	-	-	-	-	-	2,200	(1)1.6	-	-

Notes:

(1) Calculated based on our Group's NA for each of the respective financial years.

(2) Calculated based on our Group's administrative expenses for each of the respective financial years.

(3) This property was disposed to Loke Pei Lee, our Promoter and Director of Management under the HouzKEY home financing plan programme offered by Maybank Islamic Berhad. The property was sold at the same price offered to the public for similar units.

(4) Our Group rented such property for office use. The tenancy was for 5 years commencing from 1 September 2015 until 31 August 2020. The tenancy was subsequently renewed until 31 December 2024. Our Group intends to renew the tenancy upon its expiry.

(5) Our Group rented such property for office use. The tenancy is for 5 years commencing from 1 August 2022 until 31 July 2027. Our Group intends to renew the tenancy upon its expiry. Provided that our Group complies with the provisions in the tenancy agreement, our Group is entitled to, at least 6 months prior to the expiry of the tenancy, exercise the option to renew the tenancy for another 5 years at a revised monthly rental to be determined based on the prevailing market rates (subject to a maximum increase or decrease in rental of 15.0%). Our Group is also entitled to terminate the tenancy by giving the landlord 6 months prior notice in writing (or otherwise, 6 months' rent in lieu of notice), and the rental deposit of RM6,000 shall be forfeited by the landlord as agreed liquidated damages.

(6) Our Group rented such properties for office use. The tenancies were for 5 years commencing from 2 January 2017 to 1 January 2022. However, these rental arrangements were not renewed upon their expiry as our Group no longer requires the space.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

(7) Our Group entered into sale and purchase agreements dated 23 June 2023 with Wilson Loke Choon Syn, our Promoter and Executive Director, to dispose these properties (vacant residential lands located at Taman Lavender) pursuant to a special scheme for eligible Directors and employees of our Group, the purpose of which is to reward such eligible Directors and employees for their years of service to our Group by way of providing a discount rate of 60.0% to Directors and a discount rate of 40.0% to employees holding the position of manager and above with more than 10 years of service in respect of the remaining 6 vacant lots from the Taman Lavender project, as well as to encourage the sale of such remaining vacant lots under the Taman Lavender project. It is common for property developers to provide discounted rates to their eligible directors and employees in respect of the sale of their properties, whereby the terms of such schemes can vary from one company to another. The eligibility criteria for these schemes are usually determined by the directors of the company and may include factors such as the employee's length of service, position within the company and other employment-related factors as well as the pricing of the project and the take-up rate. This special scheme is still subsisting for the remaining 4 vacant lots of Taman Lavender and there has been no other transactions under this scheme except with Wilson Loke Choon Syn. Our Group has terminated this scheme in November 2023, and such schemes moving forward will be deliberated by our Board.

(8) Our Group entered into a sale and purchase agreement dated 22 December 2023 with Yap Kim Leng, our then substantial shareholder, to dispose of this property. On 3 April 2024, Yap Kim Leng transferred his share in our Company to Loke Theen Fatt and thereafter ceased to be a related party.

(9) Not applicable as we did not prepare any financial statement from 1 January 2024 up to LPD.

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10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Save for the rental of our offices from Chin Mee Leen and Chin Soo Wah as well as the motor vehicle repair and maintenance services provided by Chuan Soon Autocare, there are no subsisting agreements with related parties after our Listing. The total rental expenses from such rentals are less than RM0.9 million per annum and the tenancies will expire on 31 December 2023 and 31 July 2027 respectively. Further details on the rental are set out in Section 6.9.2. Our Audit and Risk Management Committee has reviewed the current rental terms for the rental of our offices from Chin Mee Leen and Chin Soo Wah and is of the opinion that it is fair, reasonable and on normal commercial terms and not detrimental to the interest of the non-interested shareholders of our Group and is in the best interest to our Group on the basis that the rental rates are below prevailing market rates at a reasonable discount (in comparison with the asking prices of similar properties).

The renewal terms of such rentals will be reviewed by our Audit and Risk Management Committee and our Board shall seek the relevant approval from our shareholders to enter into such recurrent related party transaction at a general meeting.

Our Directors are of the view, save for advances received of RM2.0 million in total from Chin Mee Leen (our Promoter and substantial shareholder) and Loke Theen Fatt (our Promoter, substantial shareholder and Managing Director / Chief Executive Officer) and repayments to them amounting RM5.3 million, which were not conducted on arm's length basis as they are interest free, as well as the disposal of 2 properties to Wilson Loke Choon Syn (our Promoter and Executive Director) at a discounted rate (i.e. 60.0% for directors) pursuant to a special scheme for the eligible Directors or employees of our Group, the material related party transactions of our Group in FYE 2020 to 2023 and up to LPD were carried out on an arm's length basis and on normal commercial terms which were not more favourable to the related parties than those generally available to the public and are not detrimental to our Group.

The advances received from Chin Mee Leen and Loke Theen Fatt are unsecured, interest free and repayable on demand. The abovementioned advances received were rendered as assistance to our subsidiaries as a matter of convenience, and are not expected to continue moving forward. All outstanding advances received from Chin Mee Leen and Loke Theen Fatt amounting to RM1.1 million as at 31 December 2022 has been fully repaid on 29 May 2023.

Moving forward, in order to ensure that related party transactions are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

(a) Recurrent related party transactions

(i) At least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine if the price and terms offered by related parties are fair and reasonable and comparable to those offered by other third parties for the same or substantially similar type of products / services and/or quantities; or

(ii) If quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by other third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at a general meeting. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

(b) Other related party transactions

(i) Whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;

(ii) The rationale for our Group to enter into the related party transaction and the nature of alternative transactions, if any; and

(iii) Whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and the nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

For related party transactions that require shareholders' approval, the Directors, major shareholders and/or persons connected with such Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Directors and/or major shareholders will also undertake that he shall ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting. The relevant directors who are deemed interested or conflicted in such transactions shall also abstain from our Board deliberations and voting on the Board resolutions relating to these transactions.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. If a member of our Audit and Risk Management Committee has an interest in any related party transaction, he is to abstain from participating in the review and approval process in relation to that transaction. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

10.2 OTHER TRANSACTIONS

10.2.1 Transactions entered into that are unusual in their nature or conditions

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party for FYE 2020 to FYE 2023 and up to LPD.

10.2.2 Outstanding loans (including guarantees of any kind)

(a) Outstanding loans and/or balances

As at the date of this Prospectus, there are no outstanding loans made by our Group to/for the benefit of a related party or granted by the related parties for the benefit of our Group.

(b) Guarantees

(i) Our Promoters, substantial shareholders, Directors and key senior management, namely Chin Mee Leen, Loke Theen Fatt, Wilson Loke Choon Syn, Stella Loke Pei Wen and Loke Pei Lee have jointly and severally provided personal guarantees for the banking and leasing facilities extended by Malayan Banking Berhad, Maybank Islamic Berhad, CIMB Islamic Bank Berhad, Hong Leong Islamic Bank Berhad, Hong Leong Bank Berhad, MBSB Bank Berhad, Bank Muamalat Malaysia Berhad, United Overseas Bank (Malaysia) Berhad, Sabah Development Bank Berhad and Small Medium Enterprise Development Bank Malaysia Berhad ("**Financiers**").

Financiers	**Type of facilities**	**Outstanding balance as at LPD**	**Facility limit**	**Guarantors**
		RM'000	**RM'000**	
Malayan Banking Berhad	1 overdraft facility and 3 trade facilities	11,000	36,600	• Chin Mee Leen • Loke Theen Fatt
	1 hire purchase facility	10	267	• Chin Mee Leen • Loke Theen Fatt • Loke Pei Lee • Stella Loke Pei Wen • Wilson Loke Choon Syn
Maybank Islamic Berhad	1 hire purchase facility	135	1,280	• Wilson Loke Choon Syn • Loke Theen Fatt
Maybank Islamic Berhad	1 hire purchase facility	240	300	• Loke Theen Fatt
Hong Leong Islamic Bank Berhad	1 term financing facility and 3 trade facilities	4,971	64,600	• Chin Mee Leen • Loke Theen Fatt
	6 hire purchase facilities	4,108	4,815	• Loke Theen Fatt • Chin Mee Leen
	1 term loan and 3 trade facilities	74,356	188,000	• Loke Theen Fatt • Chin Mee Leen

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Financiers	Type of facilities	Outstanding balance as at LPD	Facility limit	Guarantors
		RM'000	RM'000	
Hong Leong Bank Berhad	1 term loan and 1 overdraft facility	32,694	120,000	• Chin Mee Leen • Loke Theen Fatt • Stella Loke Pei Wen • Wilson Loke Choon Syn • Loke Pei Lee
MBSB Bank Berhad	15 hire purchase facilities	825	3,580	• Chin Mee Leen • Loke Theen Fatt • Loke Pei Lee • Stella Loke Pei Wen • Wilson Loke Choon Syn
United Overseas Bank (Malaysia) Berhad	1 term loan and 1 overdraft facility	231	2,200	• Chin Mee Leen • Loke Theen Fatt
Sabah Development Bank Berhad	1 term loan and 1 trade facility	89,174	300,000	• Chin Mee Leen • Loke Theen Fatt • Loke Pei Lee • Stella Loke Pei Wen • Wilson Loke Choon Syn
Small Medium Enterprise Development Bank Malaysia Berhad	1 trade facility	-	10,000	• Chin Mee Leen • Loke Theen Fatt • Stella Loke Pei Wen • Wilson Loke Choon Syn • Loke Pei Lee
		217,744	**731,642**	

In conjunction with our Listing, we have applied to the Financiers to obtain a release and/or discharge of the guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the Financiers. Until such release and/or discharge are obtained from the respective Financiers, our Promoters, substantial shareholders, Directors and key senior management will continue to guarantee the banking facilities extended to our Group.

As at LPD, we have obtained conditional consent from all financiers in respect of the release and/or discharge of the guarantees by substituting the same with a corporate guarantee from our Company, subject to the successful listing of our Company on the ACE Market.

(c) Financial assistance provided for the benefit of a related party

As at LPD, there is no financial assistance provided by us for the benefit of any related party.

10.2.3 Promotions of any material assets acquired / to be acquired within 4 financial years preceding the date of this Prospectus

Save for the rentals as disclosed in Section 10.1, none of our Directors or substantial shareholders had any interest, direct or indirect, in the promotion of or in any material assets which had been, within FYE 2020 to 2023, acquired, disposed or leased or proposed to be acquired, disposed or leased to/by us.

10.2.4 Transactions entered into with M & A Securities

Save as disclosed below, we have not entered into any transactions with M & A Securities who is the Adviser, Sponsor, Underwriter and Placement Agent for our Listing:

(a) Agreement dated 26 July 2018 between KTI Landmark and M & A Securities for the appointment of M & A Securities as Adviser, Sponsor, Underwriter and Placement Agent for our Listing; and

(b) Underwriting Agreement dated 16 April 2024 entered into between our Company and M & A Securities for the underwriting of 80,000,000 Issue Shares.

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11. CONFLICT OF INTEREST

11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND SUPPLIERS

Save as disclosed below, none of our Directors and substantial shareholders have any interest, direct or indirect, in other businesses and corporations which are carrying on a similar trade as our Group as at LPD:

No.	Company	Nature of interest
1.	Loke Theen Fatt Realty Sdn Bhd	• Chin Mee Leen is our Promoter and substantial shareholder. • She is the substantial shareholder of Loke Theen Fatt Realty Sdn Bhd, currently a dormant company which was previously a housing developer (previously a subsidiary of KTISB and was disposed to Chin Mee Leen).
2.	Pembangunan Buildharta Sdn Bhd (formerly known as Pembangunan K.T.I Sdn Bhd)	• Chin Mee Leen is our Promoter and substantial shareholder. • Loke Pei Lee is our Promoter and Director of Management. • Chin Mee Leen and Loke Pei Lee are the directors and substantial shareholders of Pembangunan Buildharta Sdn Bhd (formerly known as Pembangunan K.T.I Sdn Bhd), currently a dormant company which was previously a property developer (not part of our Group).
3.	Cerajuta Sdn Bhd	• Loke Theen Fatt is our Promoter, Managing Director / Chief Executive Officer and substantial shareholder. • Wilson Loke Choon Syn is our Promoter and Executive Director. • Loke Theen Fatt and Wilson Loke Choon Syn are the directors of Cerajuta Sdn Bhd. Loke Theen Fatt is also a shareholder of Cerajuta Sdn Bhd, currently a dormant company which was previously a property developer (not part of our Group).

11. CONFLICT OF INTEREST *(Cont'd)*

Our Board is of the view that the interests of our Directors and substantial shareholders in the above companies do not give rise to a conflict of interest situation after taking into consideration the following factors:

(a) Loke Theen Fatt Realty Sdn Bhd

Loke Theen Fatt Realty Sdn Bhd is a dormant company which was previously the developer for Phase 3 of Taman Nelly, which was the only project undertaken (it was formerly a part of our Group, being a former subsidiary of KTISB and was subsequently disposed to Chin Mee Leen), of which the individual titles are still pending issuance to the individual owners as at LPD, which are expected to complete within a period of 18 months. The company is and has been dormant since the completion of Phase 3 of Taman Nelly in 1991 and as at LPD, it does not carry out any business activities, and there is no intention for it to undertake any other business activities.

Upon completion of the issuance of the individual titles to the individual owners, the company will commence its striking off process.

Chin Mee Leen has irrevocably undertaken to take all the necessary steps to strike off the company upon issuance of the individual titles to the individual owners by May 2025, and not to undertake any business activities until it is struck off.

(b) Pembangunan Buildharta Sdn Bhd (formerly known as Pembangunan K.T.I Sdn Bhd)

Pembangunan Buildharta Sdn Bhd (formerly known as Pembangunan K.T.I Sdn Bhd) is a dormant company, and was previously a property developer, which is similar in nature to our Group's business. It has been dormant since the completion of Phase 2 and Phase 3 of Taman Kuala Menggatal (a joint venture project with LPPB) in 1998. As at LPD, it does not carry out any business activities save for holding residential properties owned by the family of Chin Mee Leen and Loke Pei Lee and another property which is pending issuance of individual title to the individual owner.

The change of name of Pembangunan K.T.I Sdn Bhd to Pembangunan Buildharta Sdn Bhd was effected on 8 August 2023.

Chin Mee Leen and Loke Pei Lee have irrevocably undertaken for Pembangunan Buildharta Sdn Bhd not to undertake any property development activities.

(c) Cerajuta Sdn Bhd

Cerajuta Sdn Bhd is a dormant company, and was previously a property developer, which is similar in nature to our Group's business. Cerajuta Sdn Bhd previously carried out construction works for the Government and subsequently became a property developer for Taman Kota Phase 2B and Phase 2C in Keningau.

As at LPD, the company holds 6 vacant detached (i.e. bungalow) lots which are intended to be disposed of being remaining lots from Phase 3 of Taman Kota, Keningau that were not developed. The company will commence its striking off process upon completion of the disposals.

There is no intention for the company to undertake any business activities until it is struck off.

Loke Theen Fatt and Wilson Loke Choon Syn have irrevocably undertaken to take all the necessary steps to strike off the company upon completion of disposal of the remaining lots thereon by July 2025, and not to undertake any business activities until it is struck off. Loke Theen Fatt and Wilson Loke Choon Syn have abstained in the assessment of the conflict of interest situations.

Moving forward, we have established procedures for related party transactions to ensure that they are carried out on an arm's length basis, on normal commercial terms which are not more favourable to our related parties than those generally available to the public, and are not to the detriment of our minority shareholders. Please refer to our procedures as disclosed in Section 10.1.

It is our Director's fiduciary duty to avoid conflict, and they are required to attend courses which provide them guidelines on their fiduciary duties. In order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nominating and Remuneration Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nominating and Remuneration Committee will then first evaluate if such Director's involvement gives rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. After a determination has been made on whether there is an actual or potential conflict of interest of a Director, our Nominating and Remuneration Committee will then:

(a) immediately inform our Audit and Risk Management Committee and Board of the conflict of interest situation;

(b) after deliberation with our Audit and Risk Management Committee, to make recommendations to our Board to direct the conflicted Director to:

    (i) withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and

    (ii) abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (b)(ii) above, the conflicted Director and persons connected to him (if applicable) shall be absent from any Board discussion relating to the recommendation of our Nominating and Remuneration Committee and the conflicted Director and persons connected to him (if applicable) shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of our Board, be present at our Board meeting to answer any questions.

In circumstances where a Director is determined to have a significant, ongoing and irreconcilable conflict of interest with our Group, and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary responsibility to our Group, our Nominating and Remuneration Committee may determine that a resignation of the conflicted Director from our Board is appropriate and necessary.

Where there are related party transactions between our Group with our Directors (or person connected to them) or companies in which our Directors (or person connected to them) have an interest, our Audit and Risk Management Committee will, amongst others, supervise and monitor such related party transaction and the terms thereof and report to our Board for further action. Please refer to Section 10.1 for the procedures to be taken to ensure that related party transactions (if any) are undertaken on arm's length basis.

11.2 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS

(a) M & A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Adviser, Sponsor, Placement Agent and Underwriter for our Listing;

(b) Rosli Dahlan Saravana Partnership has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Solicitors for our Listing;

(c) Jayasuriya Kah & Co has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Solicitors for our Listing in respect of Sabah law;

(d) Moore Stephens Associates PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing;

(e) Smith Zander International Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as IMR for our Listing; and

(f) Azmi & Co (Sabah) Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Independent Valuer for our Listing.

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12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

We were incorporated in Malaysia on 10 March 2016. Our historical financial information throughout FYE 2020 to FYE 2023 was prepared in accordance with MFRS and IFRS. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows. Our audited combined financial statements for FYE 2020 to FYE 2023 were not subject to any audit qualifications.

Our historical financial information presented in this section should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations set out in Section 12.2 and our Group's audited combined financial statements and the accompanying notes set out in the Accountants' Report included in Section 13.

12.1.1 Historical combined statements of profit or loss and other comprehensive income

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	90,193	98,518	112,880	120,167
Cost of sales	(61,969)	(69,397)	(82,073)	(84,580)
GP	**28,224**	**29,121**	**30,807**	**35,587**
Other income	2,328	4,187	2,919	1,773
Administrative expenses	(10,292)	(10,410)	(12,399)	(12,792)
Other expenses	-	-	(6)(389)	(30)
Selling and marketing expenses	(2,960)	(1,399)	(4,711)	(4,161)
Profit from operations	**17,300**	**21,499**	**16,227**	**20,377**
Finance cost	(1,784)	(2,103)	(2,241)	(3,076)
PBT	**15,516**	**19,396**	**13,986**	**17,301**
Tax expenses	(2,921)	(3,776)	(3,504)	(3,479)
PAT / Total comprehensive income	**12,595**	**15,620**	**10,482**	**13,822**
EBIT(1)	16,785	21,081	15,595	19,428
EBITDA(1)	18,418	22,629	17,147	20,790
GP margin (%)(2)	31.3	29.6	27.3	29.6
PBT margin (%)(3)	17.2	19.7	12.4	14.4
PAT margin (%)(3)	14.0	15.9	9.3	11.5
Effective tax rate (%)(4)	18.8	19.5	25.1	20.1
EPS (sen)(5)	1.6	2.0	1.3	1.7

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Notes:

(1) EBIT and EBITDA are calculated as follows:

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
PAT	12,595	15,620	10,482	13,822
Less:				
Interest income	(515)	(418)	(632)	(949)
Add:				
Finance cost	1,784	2,103	2,241	3,076
Tax expenses	2,921	3,776	3,504	3,479
EBIT	**16,785**	**21,081**	**15,595**	**19,428**
Add:				
Depreciation	1,633	1,548	1,552	1,362
EBITDA	**18,418**	**22,629**	**17,147**	**20,790**

(2) GP margin is computed based on GP divided by revenue.

(3) PBT and PAT margin is computed based on PBT and PAT divided by revenue.

(4) Effective tax rate is computed based on tax expenses divided by PBT.

(5) Calculated based on PAT divided by our enlarged share capital of 800,000,000 Shares after our IPO.

(6) Being interests charged by the arbitrator, deposits paid to court, summonses and other related costs, all arising from the Landmark Property v GC Architect ("**GCA**") arbitration case. Please refer to Section 12.7(iii) for further details.

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12.1.2 Historical combined statements of financial position

	Audited			
	As at 31 December			
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	11,854	27,247	39,865	68,871
Inventories[(1)]	1,921	1,921	1,921	851
Deferred tax assets	543	154	-	454
Total non-current assets	**14,318**	**29,322**	**41,786**	**70,176**
Current assets				
Inventories[(1)]	109,050	99,649	111,069	235,821
Trade receivables	10,724	8,411	7,141	9,451
Contract assets	20,824	27,501	19,829	18,320
Other receivables	3,324	2,265	11,289	6,207
Amount due from a Director	64	64	-	-
Tax recoverable	160	1,533	1,450	1,403
Fixed deposits with licensed bank	10,564	13,835	22,136	15,551
Cash and bank balances	23,147	50,807	35,456	19,598
Total current assets	**177,857**	**204,065**	**208,370**	**306,351**
TOTAL ASSETS	**192,175**	**233,387**	**250,156**	**376,527**
EQUITY AND LIABILITIES				
Equity				
Invested equity	2,000	2,000	2,000	2,000
Retained earnings	109,681	125,301	135,784	134,607
TOTAL EQUITY	**111,681**	**127,301**	**137,784**	**136,607**
Non-current liabilities				
Deferred tax liability	797	717	895	933
Lease liabilities	2,313	2,138	2,303	5,062
Borrowings	6,624	22,677	21,796	23,654
Total non-current liabilities	**9,734**	**25,532**	**24,994**	**29,649**
Current liabilities				
Trade payables	15,893	19,071	26,070	42,551
Contract liabilities	1,171	62	21,962	15,068
Other payables	18,555	13,680	7,834	7,157
Amount due to a related party	35	21	45	41
Amount due to Directors[(2)]	2,669	4,173	1,057	-
Lease liabilities	1,211	1,301	1,491	2,054
Borrowings	31,098	40,849	27,714	142,408
Tax payables	128	1,397	1,205	992
Total current liabilities	**70,760**	**80,554**	**87,378**	**210,271**
TOTAL LIABILITIES	**80,494**	**106,086**	**112,372**	**239,920**
TOTAL EQUITY AND LIABILITIES	**192,175**	**233,387**	**250,156**	**376,527**

12. FINANCIAL INFORMATION *(Cont'd)*

Notes:

(1) Inventories comprised of the following:

	Audited			
	As at 31 December			
	2020	**2021**	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current asset				
Land held for property development	1,921	1,921	1,921	851
	1,921	**1,921**	**1,921**	**851**
Current assets				
Property development costs	82,605	97,806	109,127	235,383
Completed properties	26,445	1,843	1,942	438
	109,050	**99,649**	**111,069**	**235,821**

(2) Being advances by Chin Mee Leen and Loke Theen Fatt for working capital requirements. These amounts were fully repaid on 29 May 2023.

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12. FINANCIAL INFORMATION *(Cont'd)*

12.1.3 Historical combined statements of cash flows

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from operating activities				
PBT	15,516	19,396	13,986	17,301
Adjustments for:				
Depreciation of property, plant and equipment	1,626	1,548	1,552	1,362
Depreciation of investment property	7	-	-	-
Forfeiture of deposit from customers	(8)	-	(10)	-
Gain on disposal of property, plant and equipment	*	(100)	(50)	(66)
Gain on disposal of investment property	(274)	-	-	-
Interest expense	1,784	2,103	2,241	3,075
Interest income	(515)	(418)	(632)	(949)
Other receivables written off	-	-	30	-
Property, plant and equipment written off	-	-	*	-
Operating profit before changes in working capital	**18,136**	**22,529**	**17,117**	**20,723**
Changes in working capital:				
Inventories	(24,787)	(3,470)	(10,035)	(47,746)
Receivables	26,701	2,288	(7,785)	2,773
Payables	6,086	(1,712)	1,194	15,801
Contract assets / liabilities	(4,309)	(7,785)	29,573	(5,385)
Cash generated from operations	**21,827**	**11,850**	**30,064**	**(13,834)**
Interest paid	(2,524)	(2,103)	(2,247)	(3,070)
Interest received	515	419	632	949
Tax paid	(2,638)	(3,573)	(3,689)	(4,061)
Tax refunded	-	-	408	-
Net cash from / (used in) operating activities	**17,180**	**6,593**	**25,168**	**(20,016)**
Cash flows from investing activities				
Acquisition of property, plant and equipment	(439)	(1,789)	(14,213)	(27,149)
Repayment from Directors	-	-	64	-
Decrease / (Increase) in housing development account	1,166	(371)	353	4
Proceeds from disposal of property, plant and equipment	1	100	50	72
Proceeds from disposal of investment property	790	-	-	-
Net cash from / (used in) investing activities	**1,518**	**(2,060)**	**(13,746)**	**(27,073)**

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from financing activities				
(Repayment to) / Advances from Directors	(1,569)	1,504	(3,116)	(1,057)
Decrease / (Increase) in pledged deposits placed with licensed banks	4,864	(3,252)	(281)	(863)
Dividend paid	-	-	-	(15,000)
Drawdown of banker's acceptance	19,360	15,192	17,789	22,723
Drawdown of trust receipts	99	1,283	-	4,122
Drawdown of term loans	-	27,817	10,000	35,807
Drawdown of Commodity Murabahah Flexi Term Financing-I ("**CMFTF-i**")	3,827	-	2,673	-
Drawdown of Commodity Murabahah Cashline-I ("**CMC-i**")	21,317	38,828	22,220	21,488
Drawdown revolving credit	-	-	-	902
Drawdown of bridging loan	-	-	-	15,000
Repayment of bankers' acceptance	(19,312)	(13,356)	(20,525)	(21,091)
Repayment of trust receipts	(260)	(489)	(794)	(1,813)
Repayment of term loans	(338)	(2,403)	(5,278)	(10,397)
Repayment of invoice financing	(365)	-	-	-
Repayment of CMFTF-i	(1,018)	(3,394)	(1,415)	(955)
Repayment of CMC-i	(17,863)	(27,484)	(38,297)	(23,974)
Refinance of lease liabilities	-	-	516	-
Repayment of revolving credit	-	-	-	(411)
Repayment of lease liabilities	(1,023)	(1,282)	(1,503)	(1,840)
Net cash from / (used in) financing activities	**7,719**	**32,964**	**(18,011)**	**22,641**
Cash and cash equivalents				
Net increase / (decrease) in cash and cash equivalent	26,417	37,497	(6,589)	(24,448)
At beginning of financial year	(13,168)	13,249	50,746	44,157
At end of financial year(1)	**13,249**	**50,746**	**44,157**	**19,709**

Note:

* Less than RM1,000.

(1) Cash and cash equivalents included in the combined statements of cash flows comprise the following statements of financial position amounts:

	As at 31 December			
	2020	**2021**	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed deposits with licensed bank	10,564	13,835	22,136	15,551
Cash and bank balances	23,147	50,807	35,456	19,598
	33,711	64,642	57,592	35,149
Less: Fixed deposit pledged as collaterals	(9,791)	(13,044)	(13,325)	(14,187)
Less: Housing development account	(93)	(463)	(110)	(107)
Less: Bank overdraft	(10,578)	(389)	-	(1,146)
	13,249	**50,746**	**44,157**	**19,709**

12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion and segmental analysis of our combined financial statements for FYE 2020 to 2023 should be read with the Accountants' Report included in Section 13.

12.2.1 Overview of our operations

(a) Principal activities

We are a property developer, principally involved in the provision of design and build construction services and property development. Our design and build construction projects and property development projects are located in Sabah, and it comprises residential properties, commercial properties and mixed developments.

Please refer to Section 7 for our Group's detailed business overview.

(b) Revenue

Our revenue is mainly derived from the sale of our developments and completed units. In terms of ongoing developments, our revenue is also dependent on the construction progress of the projects. The analysis of revenue by activity as set out in Section 12.2.2(a) shows how much of our revenue is derived from project sales, and separates it from sales of inventories i.e. our completed units.

Our revenue recognition criteria are as follows:

(i) Revenue generated from the sale of development properties refer to sales derived from our on-going development projects which units have been sold. This is accounted for using the percentage of completion method. The stage of completion is determined by reference to the project cost incurred to-date over the total estimated costs where the outcome of the projects can be reliably estimated. For avoidance of doubt, unsold units of the on-going projects will only be recognised upon being sold, or in the manner as per (ii) below if the development is completed; and

(ii) Revenue generated from the sale of completed development units refer to the sale of our existing inventory of completed unsold units from past projects. This is accounted for in full upon the transfer of control of the property (i.e. vacant possession) to the buyer.

For avoidance of doubt, the above revenue recognition criteria will apply to all projects, including our design and build construction services projects, as these projects are, in substance and nature, similar to property development.

(c) Cost of sales

Our cost of sales comprises property development expenditure which includes infrastructure costs such as groundwork or drainage, building construction cost undertaken by ourselves or contractors, land costs (including entitlements to project owners such as LPPB) and contributions to the relevant authorities.

(d) Other income

Other income comprises mainly interest income, back charges on materials used by contractor, administration charges for sub-sales, rental income for unsold property and machinery to contractors, reversal of contingency costs provided for projects which are longer required upon the project's completion, deposit forfeited and gain on disposal of property, plant and equipment and investment property.

(e) Administrative expenses

Administrative expenses mainly comprise overheads incurred to maintain our operations such as administrative staff costs, directors' remuneration, professional fees, and depreciation.

(f) Selling and marketing expenses

Selling and marketing expenses comprise mainly advertisement and promotion expenses, and sales commission.

(g) Finance cost

Finance cost comprises interest expense on our borrowings.

(h) Recent developments

Save for the Acquisitions, there were no other significant events subsequent to our Group's audited combined financial statements for FYE 2023 and there are no other significant events that may have a material effect on our financial position and results for FYE 2023.

(i) Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items during FYE 2020 to FYE 2023. In addition, our audited combined financial statements for FYE 2020 to FYE 2023 were not subjected to any audit qualifications.

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12.2.2 Review of our results of operations

(a) Revenue

Analysis of revenue by activities

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sales of development properties								
- From project sales, which are recognised over time based on completion progress	79,866	88.6	61,570	62.5	110,727	98.1	111,537	92.8
- From sales of our inventory of completed units, which is recognised at a point in time	10,327	11.4	36,948	37.5	2,153	1.9	1,916	1.6
- From sale of land held for property development, which is recognised at a point in time	-	-	-	-	-	-	6,714	5.6
	90,193	**100.0**	**98,518**	**100.0**	**112,880**	**100.0**	**120,167**	**100.0**

Analysis of revenue by development projects

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Provision of design and build construction services to LPPB								
On-going developments								
Taman Seri Lemawang Phase 1A	8,328	9.2	[1](110)	(0.1)	768	0.7	-	-
Taman Seri Lemawang Phase 1B[2]	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	2,595	2.1
Taman Seri Lemawang Phase 1E	-	-	-	-	3,543	3.1	25,311	21.1
Taman Seri Lemawang Phase 1F	149	0.2	9,689	9.8	6,619	5.9	264	0.2
Taman Seri Lemawang Phase 1G	38	*	13,495	13.7	11,856	10.5	6,934	5.8
Taman Seri Lemawang Phase 1H	-	-	73	0.1	21,343	18.9	11,323	9.4

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Taman Seri Lemawang Phase 1I	-	-	-	-	6,011	5.3	5,198	4.3
Plaza Seri Lemawang	-	-	3,650	3.7	5,710	5.1	-	-
Plaza Lemawang 2	-	-	-	-	-	-	96	0.1
Residensi Seri Akasia (Block A and B)	-	-	8,538	8.7	13,605	12.0	6,483	5.4
Residensi Seri Akasia (Block C and D)	-	-	-	-	860	0.8	15,835	13.2
Taman Bukit Alamanda	-	-	-	-	15,490	13.7	18,127	15.1
Puncak Gloxinia Phase 2 – Block D(2)	13,299	14.8	-	-	-	-	-	-
Puncak Gloxinia Phase 2 – Block E(2)	8,088	9.0	-	-	-	-	-	-
Puncak Gloxinia Phase 2 – Block F(2)	12,823	14.2	-	-	-	-	-	-
Total on-going developments	**79,866**	**88.6**	**61,570**	**62.5**	**93,320**	**82.7**	**92,166**	**76.7**
Completed properties								
Taman Nelly 8D	714	0.8	119	0.1	110	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(3)	-	-	-	-	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	(1)(24)	*	*	*	-	-
Puncak Gloxinia Phase 1 – Block C	296	0.3	-	-	-	-	-	-
Puncak Gloxinia Phase 2 – Block D(3)	3,672	4.1	17,472	17.7	577	0.5	-	-
Puncak Gloxinia Phase 2 – Block E(3)	1,419	1.6	12,789	13.0	1,211	1.1	-	-
Puncak Gloxinia Phase 2 – Block F(3)	1,551	1.7	6,255	6.4	-	-	-	-
Plaza Seri Lemawang	-	-	-	-	-	-	1,806	1.5
Total completed properties	**10,327**	**11.4**	**36,948**	**37.5**	**2,153**	**1.9**	**1,916**	**1.6**
Land held for property development								
Taman Lavender Land	-	-	-	-	-	-	6,714	5.6

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12. FINANCIAL INFORMATION *(Cont'd)*

	Audited							
	FYE 2020		**FYE 2021**		**FYE 2022**		**FYE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Own property development								
On-going developments								
The Logg – Parkhill	-	-	-	-	13,026	11.5	10,095	8.4
The Logg – Shorea^{n}Astoria	-	-	-	-	4,381	3.9	9,276	7.7
Total on-going developments	**-**	**-**	**-**	**-**	**17,407**	**15.4**	**19,371**	**16.1**
Grand total	**90,193**	**100.00**	**98,518**	**100.00**	**112,880**	**100.00**	**120,167**	**100.0**

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.

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The revenue unbilled for sold and unsold units as the end of FYE 2023 for our on-going projects are set out below:

Projects	Revenue unbilled for Sold units(1)	Revenue unbilled for Unsold units(2)
	RM'000	RM'000
Taman Seri Lemawang Phase 1E	30,658	506
Residensi Seri Akasia (Block A and B)	29,790	402
Residensi Seri Akasia (Block C and D)	18,510	12,290
The Logg – Parkhill	97,334	14,100
The Logg – Shorea^{n}Astoria	58,858	384,100
Taman Bukit Alamanda	35,716	-
Plaza Lemawang 2	712	28,336
	271,578	**439,734**

Notes:

(1) Revenue for sold units will be recognised over time based on completion progress.

(2) Revenue for unsold units are not yet recognised as they are not sold yet. The revenue will be recognised upon execution of sale and purchase agreement, along with the letter of offer from the end-financier, where required, up to the relevant stage of completion, and thereafter continue to be recognised over time based on completion progress.

Comparison between FYE 2020 and FYE 2021

Our revenue increased by RM8.3 million or 9.2% from RM90.2 million in FYE 2020 to RM98.5 million in FYE 2021 mainly due to:

(i) on-going development of Taman Seri Lemawang Phase 1D, Phase 1F and Phase 1G which achieved completion of 80.3%, 70.4% and 45.4% respectively in FYE 2021 as compared to 42.4%, 9.8% and 2.9% respectively in FYE 2020 and contributed an incremental revenue of RM32.9 million;

(ii) launching of Taman Seri Lemawang Phase 1H, Plaza Seri Lemawang and Residensi Seri Akasia (Block A and Block B) which contributed revenue of RM12.3 million; and

(iii) sales of completed units in Puncak Gloxinia Phase 2 (Block D, Block E and Block F) which contributed an incremental revenue of RM29.9 million.

This increase was offset by the decreased contribution from Taman Seri Lemawang Phase 1A to 1C by RM29.3 million as this project achieved higher completion stage of 97.4%, 92.1% and 71.2% respectively in FYE 2020 as well as the completion of Puncak Gloxinia Phase 2 (Block D, Block E and Block F) by RM34.2 million in FYE 2020.

Comparison between FYE 2021 and FYE 2022

Our Group's revenue increased by RM14.4 million or 14.6% from RM98.5 million in FYE 2021 to RM112.9 million in FYE 2022 mainly due to:

(i) on-going development of Taman Sri Lemawang Phase 1H, Plaza Seri Lemawang and Residensi Seri Akasia (Block A and Block B) which achieved higher stage of completion of 66.5%, 100.0% and 88.2% respectively in FYE 2022 as compared to 11.8%, 56.4% and 55.0% respectively in FYE 2021 and contributed an incremental revenue of RM28.4 million;

(ii) launching in FYE 2022 of Taman Seri Lemawang Phase 1E and Phase 1I, Residensi Seri Akasia (Block C) and Taman Bukit Alamanda which contributed revenue of RM25.9 million (Residensi Seri Akasia Block D was launched in April 2023 without any sales secured yet); and

(iii) launching of The Logg – Parkhill and The Logg – Shorea^{n}Astoria which contributed revenue of RM17.4 million.

This increase was partially offset by the decreased contribution from Taman Seri Lemawang Phase 1B to 1D by RM18.7 million as this project achieved higher completion stage of 98.7%, 91.7% and 80.3% respectively in FYE 2021. The increase was also partially offset by lower revenue contribution from sales of completed units in Puncak Gloxinia Phase 2 (Block D and Block E) (decrease of RM28.5 million) and the completion of Puncak Gloxinia Phase 2 – Block F (decrease of RM6.3 million) in FYE 2022.

Comparison between FYE 2022 and FYE 2023

Our Group's revenue increased by RM7.3 million or 6.5% from RM112.9 million in FYE 2022 to RM120.2 million in FYE 2023 mainly due to:

(i) on-going development of Taman Sri Lemawang Phase 1E and Taman Bukit Alamanda which achieved higher stage of completion of 94.1% and 94.1% respectively in FYE 2023 as compared to 39.9% and 60.8% respectively in FYE 2022 and contributed an incremental revenue of RM24.4 million;

(ii) launching in FYE 2023 of Plaza Lemawang 2 and Residensi Seri Akasia (Block C and Block D) which contributed revenue of RM15.9 million;

(iii) relaunching of The Logg – Shorea^{n}Astoria which contributed revenue of RM19.4 million; and

(iv) sales of completed units of Plaza Seri Lemawang and Taman Nelly 8D as well as sale of Taman Lavender Land which contributed revenue of RM8.6 million.

This increase was partially offset by the decreased contribution from Taman Seri Lemawang Phase 1D, 1F to 1I, Residensi Seri Akasia (Block A And B) and Plaza Seri Lemawang by RM37.4 million as these projects achieved higher completion stage of 91.9%, 98.4%, 78.5%, 66.5%, 65.0%, 88.2% and 100.0% respectively in FYE 2022. The increase of revenue recognised at the point of time by RM6.4 million from the sales of completed unit of Plaza Seri Lemawang and Taman Nelly 8D as well as sale of Taman Lavender Land which offset the decrease of RM2.0 million from the sales of completed units in FYE 2022 and the completion of Puncak Gloxinia Phase 2 – Block D and Block E and Taman Seri Lemawang Phase 1B in FYE 2022.

(b) Cost of sales, GP and GP margin

Analysis of cost of sales by activities

	Audited							
	FYE 2020		**FYE 2021**		**FYE 2022**		**FYE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Sales of development properties								
- From project sales, which are recognised over time based on completion progress	54,686	88.3	44,429	64.0	80,211	97.7	81,669	96.6
- From sales of our inventory of completed units, which is recognised at a point in time	6,772	10.9	24,602	35.5	1,510	1.8	1,505	1.8
- From sales of land held for property development, which is recognised at a point in time	-	-	-	-	-	-	1,070	1.2
	61,458	99.2	69,031	99.5	81,721	99.5	84,244	99.6
Other costs[(1)]	511	0.8	366	0.5	352	0.5	336	0.4
	61,969	**100.0**	**69,397**	**100.0**	**82,073**	**100.0**	**84,580**	**100.0**

Note:

(1) Being the costs incurred for the defect rectification works during the vacant possession period of the completed projects, which are not directly attributable to sales of on-going development projects or completed properties.

12. FINANCIAL INFORMATION *(Cont'd)*

Analysis of cost of sales by development projects

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Provision of design and build construction services to LPPB								
On-going development								
Taman Seri Lemawang Phase 1A	6,424	10.4	(85)	(0.1)	596	0.7	-	-
Taman Seri Lemawang Phase 1B	10,312	16.6	1,560	2.2	241	0.3	-	-
Taman Seri Lemawang Phase 1C	11,901	19.2	5,082	7.3	1,590	1.9	-	-
Taman Seri Lemawang Phase 1D	5,287	8.5	12,387	17.9	3,614	4.4	1,198	1.4
Taman Seri Lemawang Phase 1E	-	-	-	-	2,266	2.8	16,186	19.1
Taman Seri Lemawang Phase 1F	105	0.2	6,848	9.9	4,678	5.7	137	0.2
Taman Seri Lemawang Phase 1G	27	*	9,801	14.1	8,611	10.5	4,305	5.1
Taman Seri Lemawang Phase 1H	-	-	52	0.1	15,304	18.6	8,388	9.9
Taman Seri Lemawang Phase 1I	-	-	-	-	4,573	5.6	4,404	5.2
Plaza Seri Lemawang	-	-	2,526	3.6	4,107	5.0	-	-
Residensi Seri Akasia (Block A and Block B)	-	-	6,258	9.0	9,971	12.1	4,752	5.6
Residensi Seri Akasia (Block C and Block D)	-	-	-	-	618	0.8	11,377	13.5
Taman Bukit Alamanda	-	-	-	-	10,150	12.4	15,109	17.9
Puncak Gloxinia Phase 2 – Block D	8,097	13.1	-	-	-	-	-	-
Puncak Gloxinia Phase 2 – Block E	4,900	7.9	-	-	-	-	-	-
Puncak Gloxinia Phase 2 – Block F	7,633	12.3	-	-	-	-	-	-
Plaza Lemawang 2	-	-	-	-	-	-	65	0.1
Total on-going developments	**54,686**	**88.2**	**44,429**	**64.0**	**66,319**	**80.8**	**65,921**	**78.0**

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Completed properties								
Taman Nelly 8D	541	0.9	195	0.3	88	0.1	88	0.1
Taman Seri Lemawang Phase 1B	-	-	-	-	192	0.2	-	-
Taman La Gloxinia Phase 1	294	0.5	-	-	-	-	-	-
Puncak Gloxinia Phase 1 – Block A	682	1.1	228	0.3	-	-	-	-
Puncak Gloxinia Phase 1 – Block B	634	1.0	-	-	-	-	-	-
Puncak Gloxinia Phase 1 – Block C	193	0.3	-	-	-	-	-	-
Puncak Gloxinia Phase 2 – Block D	2,390	3.9	11,455	16.6	419	0.5	-	-
Puncak Gloxinia Phase 2 – Block E	1,014	1.6	8,845	12.7	811	1.0	-	-
Puncak Gloxinia Phase 2 – Block F	1,024	1.7	3,879	5.6	-	-	-	-
Plaza Seri Lemawang	-	-	-	-	-	-	1,417	1.7
Total completed properties	**6,772**	**11.0**	**24,602**	**35.5**	**1,510**	**1.8**	**1,505**	**1.8**
Land held for property development								
Taman Lavender Land	-	-	-	-	-	-	1,070	1.2
Own-property development								
On-going developments								
The Logg – Parkhill	-	-	-	-	10,688	13.1	8,425	9.9
The Logg – Shorea^{n}Astoria	-	-	-	-	3,204	3.9	7,323	8.7
Total on-going developments	**-**	**-**	**-**	**-**	**13,892**	**17.0**	**15,748**	**18.6**
Other costs[(1)]	**511**	**0.8**	**366**	**0.5**	**352**	**0.4**	**336**	**0.4**
Grand total	**61,969**	**100.0**	**69,397**	**100.0**	**82,073**	**100.0**	**84,579**	**100.0**

Note:

* Less than 0.1%

(1) Being the costs incurred for the defect rectification works during the vacant possession period of the completed projects, which are not directly attributable to sales of on-going development projects or completed properties.

Analysis of cost of sales by cost component

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Construction materials	7,471	12.1	7,036	10.1	9,926	12.1	7,370	8.7
Statutory contribution	55	0.1	1,302	1.9	297	0.4	2,601	3.1
Land costs	2,969	4.8	5,216	7.5	7,335	8.9	9,690	11.5
Professional fees	2,818	4.5	3,287	4.7	3,360	4.1	2,852	3.4
Infrastructure works	5,408	8.7	6,968	10.0	8,482	10.3	10,352	12.2
Building works	23,819	38.4	31,972	46.1	41,172	50.2	35,770	42.3
M&E works	4,710	7.6	5,147	7.4	4,572	5.6	5,189	6.1
Others(1)	14,208	22.9	8,103	11.7	6,577	8.0	10,419	12.3
	61,458	**99.2**	**69,031**	**99.5**	**81,721**	**99.6**	**84,243**	**99.6**
Rectification of defect works	511	0.8	366	0.5	352	0.4	336	0.4
Total	**61,969**	**100.0**	**69,397**	**100.0**	**82,073**	**100.0**	**84,579**	**100.0**

Note:

(1) Being the site expenses, provision for contingency costs and sub-contractor fees for other works such as drawings and site operation costs, as well as depreciation of plant and machinery.

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Analysis of GP and GP margin by activities

	Audited							
	FYE 2020		**FYE 2021**		**FYE 2022**		**FYE 2023**	
	GP	**GP margin**	**GP**	**GP margin**	**GP**	**GP margin**	**GP**	**GP margin**
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Sales of development properties								
- Recognised over time based on completion progress	25,180	31.5	17,141	27.8	30,516	27.6	29,868	26.8
- Recognised at a point in time for completed units	3,555	34.4	12,346	33.4	643	29.9	411	21.5
- Recognised at a point in time for land held for property development	-	-	-	-	-	-	5,644	84.1
	28,735	31.9	29,487	29.6	31,159	27.6	35,923	29.9
Other costs[1]	(511)	*	(366)	*	(352)	*	(336)	*
	28,224	**31.3**	**29,121**	**29.6**	**30,807**	**27.3**	**35,587**	**29.6**

Note:

* Less than 0.1%

(1) Being the costs incurred for defect rectification works during the vacant possession period of the completed projects, which are not directly attributable to sales of on-going development projects or completed properties.

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Analysis of GP and GP margin by development projects

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	GP	GP margin	GP	GP margin	GP	GP margin	GP	GP margin
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Provision of design and build construction services to LPPB								
On-going development								
Taman Seri Lemawang Phase 1A	1,904	22.9	(25)	22.7	172	22.4	-	-
Taman Seri Lemawang Phase 1B	3,359	24.6	508	24.6	79	24.7	-	-
Taman Seri Lemawang Phase 1C	4,186	26.0	1,788	26.0	559	26.0	-	-
Taman Seri Lemawang Phase 1D	2,096	28.4	4,910	28.4	1,432	28.4	1,397	53.8
Taman Seri Lemawang Phase 1E	-	-	-	-	1,277	36.0	9,125	36.1
Taman Seri Lemawang Phase 1F	44	29.5	2,841	29.3	1,941	29.3	127	48.1
Taman Seri Lemawang Phase 1G	11	28.9	3,694	27.4	3,245	27.4	2,629	37.9
Taman Seri Lemawang Phase 1H	-	-	21	28.8	6,039	28.3	2,935	25.9
Taman Seri Lemawang Phase 1I	-	-	-	-	1,438	23.9	794	15.3
Plaza Seri Lemawang	-	-	1,124	30.8	1,603	28.1	-	-
Residensi Seri Akasia (Block A and Block B)	-	-	2,280	26.7	3,634	26.7	1,731	26.7
Residensi Seri Akasia (Block C and Block D)	-	-	-	-	242	28.1	4,458	28.2
Taman Bukit Alamanda	-	-	-	-	5,340	34.5	3,018	16.6
Puncak Gloxinia Phase 2 – Block D	5,202	39.1	-	-	-	-	-	-
Puncak Gloxinia Phase 2 – Block E	3,188	39.4	-	-	-	-	-	-
Puncak Gloxinia Phase 2 – Block F	5,190	40.5	-	-	-	-	-	-
Plaza Lemawang 2	-	-	-	-	-	-	31	32.3
Total on-going developments	**25,180**	**31.5**	**17,141**	**27.8**	**27,001**	**28.9**	**26,245**	**28.5**
Completed properties								
Taman Nelly 8D	173	24.2	[(1)](76)	(63.9)	22	20.4	22	20.0
Taman Kota Phase 2A	188	100.0	-	-	-	-	-	-
Taman La Gloxinia Phase 1	186	38.8	-	-	-	-	-	-
Taman Seri Lemawang Phase 1B	-	-	-	-	63	24.7	-	-
Puncak Gloxinia Phase 1 – Block A	314	31.5	109	32.3	-	-	-	-
Puncak Gloxinia Phase 1 – Block B	377	37.3	[(1)](24)	(100.0)	-	-	-	-
Puncak Gloxinia Phase 1 – Block C	103	34.8	-	-	-	-	-	-

	Audited							
	FYE 2020		**FYE 2021**		**FYE 2022**		**FYE 2023**	
	GP	**GP margin**	**GP**	**GP margin**	**GP**	**GP margin**	**GP**	**GP margin**
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Puncak Gloxinia Phase 2 – Block D	1,282	34.9	6,017	34.4	158	27.3	-	-
Puncak Gloxinia Phase 2 – Block E	405	28.5	3,944	30.8	400	33.0	-	-
Puncak Gloxinia Phase 2 – Block F	527	34.0	2,376	38.0	-	-	-	-
Plaza Seri Lemawang	-	-	-	-	-	-	389	21.5
Total completed properties	**3,555**	**34.4**	**12,346**	**33.4**	**643**	**29.9**	**411**	**21.5**
Land held for property development								
Taman Lavender Land	-	-	-	-	-	-	5,644	84.1
Own property development								
On-going developments								
The Logg – Parkhill	-	-	-	-	2,338	17.9	1,670	16.6
The Logg – Shorea^{n}Astoria	-	-	-	-	1,177	26.9	1,953	21.1
Total on-going developments	**-**	**-**	**-**	**-**	**3,515**	**20.2**	**3,624**	**18.7**
Other costs[(2)]	**(511)**	*****	**(366)**	*****	**(352)**	*****	**(336)**	*****
Grand total	**28,224**	**31.3**	**29,121**	**29.6**	**30,807**	**27.3**	**35,587**	**29.6**

Notes:

* Less than 0.1%

(1) Being rebates given to customers.

(2) Being the costs incurred for the defect rectification works during the vacant possession period of the completed projects, which are not directly attributable to sales of on-going development projects or completed properties.

Comparison between FYE 2020 and FYE 2021

Our cost of sales increased by RM7.4 million or 12.0% from RM62.0 million in FYE 2020 to RM69.4 million in FYE 2021 was mainly due to the following:

(i) on-going development of Taman Seri Lemawang Phase 1D, Phase 1F and Phase 1G which achieved percentage of completion of 80.3%, 70.4% and 45.4% respectively in FYE 2021 as compared to 42.4%, 9.8% and 2.9% respectively in FYE 2020 and contributed an incremental cost of RM23.6 million;

(ii) launching of Taman Seri Lemawang Phase 1H, Plaza Seri Lemawang and Residensi Seri Akasia (Block A and Block B) which resulted in an incremental cost of RM8.8 million; and

(iii) sales of completed units in Puncak Gloxinia Phase 2 (Block D, Block E and Block F) which contributed an incremental cost of RM19.8 million.

This increase was offset by the lower property development costs from Taman Seri Lemawang Phase 1A to 1C by RM22.1 million due to more progress achieved in FYE 2020 as well as the completion of Puncak Gloxinia Phase 2 (Block D, Block E and Block F) by RM20.6 million in FYE 2020. Accordingly, our GP increased by RM0.9 million from RM28.2 million in FYE 2020 to RM29.1 million in FYE 2021 mainly due to higher contribution from Puncak Gloxinia Phase 2 (Block D, Block E and Block F) in line with the explanation of revenue above.

Our GP margin decreased from 31.3% in FYE 2020 to 29.6% in FYE 2021 due to the mix of contributions from projects with lower GP margins. The main contributors to this GP margin were sales of completed properties of Puncak Gloxinia Phase 2 (Block D, Block E and Block F) which commanded higher margins of between 39.2% to 44.2%. These projects commanded higher margins due to cost savings from lower building material prices such as steel bar, sanitary wares, tiles and wire mesh), resulting in a higher gross margin in FYE 2020. Conversely, this was balanced by lower GP margin contributions of between 24.6% to 30.8% from the on-going developments of Taman Seri Lemawang Phase 1B to 1H, Plaza Seri Lemawang and Residensi Seri Akasia (Block A and Block B). This was due to the predetermined selling prices under the Technical and Financial Proposal with LPPB which were of lower range, as agreed with LPPB. As a result, the flexibility to optimise margins through pricing adjustments was limited.

Comparison between FYE 2021 and FYE 2022

Our cost of sales increased by RM12.7 million or 18.3% from RM69.4 million in FYE 2021 to RM82.1 million in FYE 2022 was mainly due to the following:

(i) on-going development of Taman Sri Lemawang Phase 1H, Plaza Seri Lemawang and Residensi Seri Akasia (Block A and Block B) which achieved percentage of completion of 66.5%, 100.0% and 88.2% respectively in FYE 2022 as compared to 11.8%, 56.4% and 55.0% respectively in FYE 2021 and contributed an incremental cost of RM20.5 million;

(ii) launching of Taman Seri Lemawang Phase 1E and Phase 1I, Residensi Seri Akasia (Block C) and Taman Bukit Alamanda which resulted in an incremental cost of RM17.6 million; and

(iii) launching of The Logg – Parkhill and The Logg – Shorea^{n}Astoria which resulted in an incremental cost of RM13.9 million.

This increase was partially offset by the lower property development costs from Taman Seri Lemawang Phase 1B to 1D by RM13.6 million as this project recorded a higher completion stage of 98.7%, 91.7% and 80.3% respectively in FYE 2021. The increase was also partially offset by property development costs from sales of completed units in Puncak Gloxinia Phase 2 (Block D and Block E) (decrease of RM19.1 million) and the completion of Puncak Gloxinia Phase 2 – Block F (decrease of RM3.9 million) in FYE 2022.

Our GP margin decreased from 29.6% in FYE 2021 to 27.3% in FYE 2022 due to a mix of projects with lower GP margins for the year. The main contributors to this GP margin were on-going development projects from Taman Bukit Alamanda, Taman Seri Lemawang and Plaza Seri Lemawang and sales of completed units of Puncak Gloxinia Phase 2 which commanded margins of between 20.0% to 34.5%. Similarly, the predetermined selling prices as negotiated with LPPB were the key determinants of these GP margins. Additionally, we recorded lower GP margin of 17.9% from The Logg – Parkhill and 26.9% from The Logg – Shorea^{n}Astoria. These margins were impacted by the rebate package promotions offered to buyers, which led to a reduction in the gross profit realised from these projects.

Comparison between FYE 2022 and FYE 2023

Our cost of sales increased by RM2.5 million or 3.1% from RM82.1 million in FYE 2022 to RM84.6 million in FYE 2023 was mainly due to the following:

(i) on-going development of Taman Sri Lemawang Phase 1E and Taman Bukit Alamanda which achieved percentage of completion of 94.1% and 94.1%, respectively in FYE 2023 as compared to 39.9% and 60.8% respectively in FYE 2022 and contributed an incremental cost of RM18.9 million;

(ii) launching of Plaza Lemawang 2 and Residensi Seri Akasia (Block C and Block D), which resulted in an incremental cost of RM10.8 million;

(iii) relaunching of The Logg – Shorea^{n}Astoria which resulted in an incremental cost of RM4.1 million; and

(iv) sales of completed unit of Plaza Seri Lemawang and Taman Nelly 8D and sale of Taman Lavender Land which result in incremental cost of RM2.6 million.

This increase was partially offset by the lower property development costs from Taman Seri Lemawang Phase 1D, Phase 1F to 1I, Plaza Seri Lemawang and The Logg – Parkhill by RM24.7 million as these projects recorded a higher completion stage of 91.9%, 98.4%, 78.5%, 66.5%, 65.0%, 88.2% and 100% respectively in FYE 2022. The increase was also partially offset by a decrease of RM1.4 million in property development costs from the sale of completed units in Puncak Gloxinia Phase 2 (Block D and Block E) and Taman Seri Lemawang Phase 1B in FYE 2022.

Our GP margin increased from 27.3% in FYE 2022 to 29.6% in FYE 2023 due to a mix of projects with higher GP margins for the year. The main contributors to this GP margin were ongoing development projects from Taman Bukit Alamanda, Taman Seri Lemawang and Plaza Seri Lemawang as well as sale of Taman Lavender Land which commanded margins of between 20.0% to 84.1%. Similarly, the predetermined selling prices as negotiated with LPPB were the key determinants of these GP margins. Additionally, we recorded lower GP margin of 16.6% and 21.1% for The Logg – Parkhill and The Logg – Shorea^{n}Astoria respectively. These margins were impacted by the rebate package promotions offered to our buyers, which led to a reduction in GP realised from these projects.

(c) Other income

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Interest income	515	22.1	418	10.0	632	21.7	949	53.5
Gain on disposal of investment properties	274	11.8	-	-	-	-	-	-
Gain on disposal of plant & equipment	*	*	100	2.4	50	1.7	66	3.7
Rental income	220	9.5	27	0.7	78	2.7	86	4.9
Government grants	452	19.4	192	4.6	79	2.7	97	5.5
Back charge of material	21	0.9	62	1.5	20	0.7	36	2.0
Back charge of property development costs to subsidiary	669	28.7	-	-	-	-	-	-
Administrative charges for sub-sales	64	2.8	80	1.9	39	1.3	44	2.5
Reversal of provision of contingency costs on completed projects	-	-	3,263	77.9	1,655	56.7	81	4.6
Deposits forfeited	17	0.7	34	0.8	36	1.2	30	1.7
Others[(1)]	96	4.1	11	0.2	330	11.3	384	21.6
	2,328	**100.0**	**4,187**	**100.0**	**2,919**	**100.0**	**1,773**	**100.0**

Note:

* Less than RM1,000.

(1) Mainly comprise of refund from levy and reversal of provision for legal fees and imposed back charge of contractor.

Comparison between FYE 2020 and FYE 2021

Other income increased by RM1.9 million or 79.9% from RM2.3 million in FYE 2020 to RM4.2 million in FYE 2021 mainly attributable to the actual costs incurred during the completion of Puncak Gloxinia Phase 2 (Block D, Block E and Block F) being lower than the estimated contingency amounts. This resulted in a reversal in contingency costs that were originally estimated for the project which amounted to RM3.3 million. The increase in other income was partially offset by the decrease in professional fees incurred in relation to the hotel operator and design for The Logg (recorded as back charge of property development costs), decrease in government grants under: wage subsidy programme, hiring incentives, and training programme from Social Security Organisation (SOCSO) in FYE 2021.

Comparison between FYE 2021 and FYE 2022

Other income decreased by RM1.3 million or 30.3% from RM4.2 million in FYE 2021 to RM2.9 million in FYE 2022. This was mainly due to reduction of RM1.6 million from reversal of provision of contingency costs for Puncak Gloxinia (Block D, Block E and Block F). These are the remaining provisions for contingency costs on Puncak Gloxinia (Block D, Block E and Block F) not fully utilised which were reversed back into other income. The decrease was partially offset by the increase in other income due to higher deposit placed with licensed banks and refund of levy and reversal of provision for legal fees.

Comparison between FYE 2022 and FYE 2023

Other income decreased by RM1.1 million or 39.3% from RM2.9 million in FYE 2022 to RM1.8 million in FYE 2023. This was mainly due to reduction of RM1.6 million from the reversal of provision of contingency costs for Puncak Gloxinia Phase 2 (Block D, Block E and Block F) in prior year. These are the remaining provisions for contingency costs on Puncak Gloxinia Phase 2 (Block D, Block E and Block F) not fully utilised which were reversed back into other income. The decrease in other income was partially offset by the increase in deposit placed with licensed banks and other income generated from the imposition of back charge of contractor for the defect works.

(d) Administrative expenses

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Auditors' remuneration	72	0.7	118	1.1	168	1.3	188	1.5
Bank charges	165	1.6	563	5.4	606	4.9	548	4.3
Depreciation of property, plant and equipment	1,633	15.9	1,548	14.9	1,553	12.5	1,362	10.6
Directors' remuneration	1,590	15.5	1,369	13.2	1,745	14.1	2,542	19.9
Legal and professional fee	549	5.3	1,352	13.0	1,877	15.2	1,378	10.8
Printing, stationery and postage	59	0.6	84	0.8	105	0.9	115	0.9
Rental	104	1.0	95	0.9	64	0.5	62	0.5
Repair and maintenance	174	1.7	192	1.8	178	1.4	584	4.6
Staff costs	3,345	32.5	3,699	35.5	4,197	33.9	4,006	31.3
Stamp duty	1,502	14.6	84	0.8	3	*	50	0.4
Sundry and other expenses(1)	770	7.4	890	8.6	1,546	12.4	1,546	12.0
Utility charges	197	1.9	336	3.2	205	1.7	248	1.9
Travel and vehicle running expenses	132	1.3	80	0.8	152	1.2	163	1.3
	10,292	**100.0**	**10,410**	**100.0**	**12,399**	**100.0**	**12,792**	**100.0**

Note:

* Less than 0.1%

(1) Comprises advertisement, donation, entertainment, insurance, promotional expenses, penalty and quit rent and assessment.

Comparison between FYE 2020 and FYE 2021

Administrative expenses increased by RM0.1 million or 1.2% from RM10.3 million in FYE 2020 to RM10.4 million in FYE 2021. We recorded an increase of RM0.8 million related to legal and professional fees for solicitors to carry out arbitration of RM0.2 million, and legal fees we bear for the benefit of purchasers of RM0.7 million and legal fees incurred for additional credit facilities of RM0.1 million. Conversely, there were minimal stamp duty expenses incurred for the year (reduced by RM1.4 million) due to fewer bank facilities undertaken in comparison to the previous year.

Comparison between FYE 2021 and FYE 2022

Administrative expenses increased by RM2.0 million or 19.1% from RM10.4 million in FYE 2021 to RM12.4 million in FYE 2022. We recorded an increase of RM0.5 million in legal and professional fees for the proposed listing exercise, directors' remuneration of RM0.3 million, staff cost of RM0.5 million, sundry and other expenses of RM0.7 million and other miscellaneous expenses of RM0.4 million.

Comparison between FYE 2022 and FYE 2023

Administrative expenses increased by RM0.4 million or 3.2% from RM12.4 million in FYE 2022 to RM12.8 million in FYE 2023. We recorded an increase of RM0.8 million in directors' remuneration as well as repair and maintenance of RM0.4 million which offset against the decrease in other expenses of RM0.5 million.

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(e) Selling and marketing expenses

	Audited							
	FYE 2020		**FYE 2021**		**FYE 2022**		**FYE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Advertisement	385	13.0	350	25.1	288	6.1	5	0.1
Commission to sales agent	2,202	74.4	591	42.2	1,761	37.4	2,027	48.7
Promotional expenses	373	12.6	458	32.7	2,662	56.5	2,129	51.2
	2,960	**100.0**	**1,399**	**100.0**	**4,711**	**100.0**	**4,161**	**100.0**

Comparison between FYE 2020 and FYE 2021

Selling and marketing expenses decreased by RM1.6 million or 52.7% from RM3.0 million in FYE 2020 to RM1.4 million in FYE 2021. The decrease was mainly attributable to reversal of overprovision for commission of RM1.0 million provided in FYE 2020 which was offset against the commission paid to freelance sales agents for Taman Seri Lemawang Phase 1A, Phase 1B, Phase 1C, Phase 1D and Phase 1F.

Comparison between FYE 2021 and FYE 2022

Selling and marketing expenses increased by RM3.3 million or 236.7% from RM1.4 million in FYE 2021 to RM4.7 million in FYE 2022. The increase was mainly attributable to an increased commission scheme to sales agents amounting to RM1.2 million for Taman Bukit Alamanda and Residensi Seri Akasia in order to achieve the targeted sales volume, as well as increase in promotional expenses, mainly being RM1.0 million for The Logg's marketing events and the building costs of The Logg's sales gallery of RM1.2 million. This was offset by a reduction of public advertisement costs of RM0.1 million.

Comparison between FYE 2022 and FYE 2023

Selling and marketing expenses decreased by RM0.5 million or 11.7% from RM4.7 million in FYE 2022 to RM4.2 million in FYE 2023. The decrease in advertisement costs of RM0.3 million and promotional expenses of RM0.5 million for The Logg, Taman Seri Lemawang and Residensi Seri Akasia. The decrease was offset by the increase of commissions paid to sale agents for The Logg – Shorea^{n}Astoria of RM0.3 million in order to achieve the targeted sales.

12. FINANCIAL INFORMATION *(Cont'd)*

(f) Finance cost

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Bank overdraft interest	183	10.3	121	5.8	49	2.2	109	3.5
Bank interest - trade facility / bank guarantee	407	22.8	171	8.1	180	8.0	446	14.5
Hire purchase interest	85	4.7	110	5.2	215	9.6	267	8.7
Bridging loan interest / Revolving credit interest	451	25.3	1,073	51.0	481	21.5	628	20.5
Term loan interest	658	36.9	628	29.9	1,316	58.7	1,626	52.8
	1,784	**100.0**	**2,103**	**100.0**	**2,241**	**100.0**	**3,076**	**100.0**

Comparison between FYE 2020 and FYE 2021

Finance cost increased by RM0.3 million or 17.9% from RM1.8 million in FYE 2020 to RM2.1 million in FYE 2021. The increase was mainly attributable to additional bridging loans drawdown for Taman Seri Lemawang Phase 1A to 1G, Plaza Seri Lemawang and Residensi Seri Akasia.

Comparison between FYE 2021 and FYE 2022

Finance cost increased by RM0.1 million or 6.6% from RM2.1 million in FYE 2021 to RM2.2 million in FYE 2022. The increase was mainly attributable to term loan interest of RM0.7 million for The Logg, which was offset against the redemption of bridging loans used to finance Taman Seri Lemawang, Plaza Seri Lemawang and Residensi Seri Akasia, resulting in reduction of related interest of RM0.6 million.

Comparison between FYE 2022 and FYE 2023

Finance cost increased by RM0.9 million or 37.2% from RM2.2 million in FYE 2022 to RM3.1 million in FYE 2023. The increase was mainly attributable to term loan interest of RM0.3 million for The Logg, bridging loan interests of RM0.2 million for The Logg and Residensi Seri Akasia (Block C and D), trade facility interest of RM0.3 million and bank overdraft interest of RM0.1 million.

(g) PBT and PBT margin

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
PBT (RM'000)	15,516	19,396	13,986	17,301
PBT margin (%)	17.2	19.7	12.4	14.4

Comparison between FYE 2020 and FYE 2021

Our PBT increased by RM3.9 million or 25.0% from RM15.5 million in FYE 2020 to RM19.4 million in FYE 2021 in line with our improved GP and other income. Accordingly, our PBT margin also increased from 17.2% to 19.7%, mainly due to the higher other income, in relation to RM3.3 million of contingency costs reversed, as well as lower selling and marketing expenses due to reversal in commissions overprovided.

Comparison between FYE 2021 and FYE 2022

Our PBT decreased by RM5.4 million or 27.9% from RM19.4 million in FYE 2021 to RM14.0 million in FYE 2022. PBT margin decreased from 19.7% to 12.4% mainly due to lower other income being the difference of RM1.6 million in reversal of contingency costs provided, and higher selling and marketing expenses being commissions paid for the sales of completed units of Taman Seri Lemawang and Taman Bukit Alamanda as well as promotional costs in relation to The Logg, Taman Seri Lemawang and Taman Bukit Alamanda in FYE 2022.

Comparison between FYE 2022 and FYE 2023

Our PBT increased by RM3.3 million or 23.7% from RM14.0 million in FYE 2022 to RM17.3 million in FYE 2023. PBT margin increased from 12.4% to 14.4% mainly due to increase in higher GP margin through the sale of Taman Lavender Land of RM5.6 million together with lower selling and marketing expenses and higher commissions paid for the sales of completed units of Taman Seri Lemawang and Taman Bukit Alamanda as well as promotional costs in relation to The Logg, Taman Seri Lemawang, Residensi Seri Akasia and Taman Bukit Alamanda in FYE 2023.

(h) Tax expenses

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Tax expenses	2,921	3,776	3,504	3,479
Effective tax rate (%)	18.8	19.5	25.1	20.1
Statutory tax rate (%)	24.0	24.0	24.0	24.0

FYE 2020

Our effective tax rate for FYE 2020 of 18.8% was lower than the statutory tax rate of 24.0%, due to grants received from Puncak Gloxinia project, which was offset by profit derived from Taman Seri Lemawang which was not entitled to the tax exemption. Additionally, we claimed capital allowances of RM2.2 million in relation to our purchase of a wet mix batching plant of RM0.6 million, modification of wall panel of RM0.2 million and purchase of a beam moulding of RM0.1 million in FYE 2020.

FYE 2021

Our effective tax rate for FYE 2021 of 19.5% was lower than the statutory tax rate of 24.0% mainly due to utilisation of capital allowances of RM2.4 million in relation to the purchase of property, plant and machinery in FYE 2021 amounting to RM3.0 million, which comprise crawler crane (RM1.2 million); 4 units of mixer trucks (RM0.6 million); 2 unit of cranes (RM 0.7 million); a steel bed (RM0.2 million); a wall plate (RM 0.2 million); and a staircase and wall moulding (RM0.1 million).

FYE 2022

Our effective tax rate for FYE 2022 of 25.1% was higher than the statutory tax rate of 24.0% mainly due to the building costs of The Logg's sales gallery and listing expenses, all of which are disallowed for tax deductions amounting to RM0.5 million, which was offset against the non-taxable grants received for Puncak Gloxinia (Block D, Block E and Block F) of RM0.3 million.

FYE 2023

Our effective tax rate for FYE 2023 of 20.1% was lower than the statutory tax rate of 24.0% mainly due to the unabsorbed capital allowance and tax losses which was brought forward from the non-taxable grants received for Puncak Gloxinia Phase 2 (Block D, Block E and Block F) and unabsorbed capital allowances of RM0.4 million, which offset against the RM0.3 million reversal of the deferred tax and also overprovision of tax of RM0.4 million.

12.2.3 Review of financial position

(a) Assets

	Audited			
	As at 31 December			
	2020	**2021**	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current assets				
Property, plant and equipment	11,854	27,247	39,865	68,871
Inventories	1,921	1,921	1,921	851
Deferred tax assets	543	154	-	454
Total non-current assets	**14,318**	**29,322**	**41,786**	**70,176**
Current assets				
Inventories	109,050	99,649	111,069	235,821
Trade receivables	10,724	8,411	7,141	9,451
Contract assets	20,824	27,501	19,829	18,320
Other receivables	3,324	2,265	11,289	6,207
Amount due from a Director	64	64	-	-
Tax recoverable	160	1,533	1,450	1,403
Fixed deposits with licensed bank	10,564	13,835	22,136	15,551
Cash and bank balances	23,147	50,807	35,456	19,598
Total current assets	**177,857**	**204,065**	**208,370**	**306,351**
Total assets	**192,175**	**233,387**	**250,156**	**376,527**

Comparison between FYE 2020 and FYE 2021

Non-current assets

Our non-current assets increased by RM15.0 million from RM14.3 million in FYE 2020 to RM29.3 million in FYE 2021, mainly due to reclassification of land costs for Avani Luyang @ The Logg of RM2.1 million, capitalisation of legal and professional fees to MHG of RM1.0 million and capitalisation of work-in-progress of RM11.9 million for Avani Luyang @ The Logg.

Current assets

Our current assets increased by RM26.2 million from RM177.9 million in FYE 2020 to RM204.1 million in FYE 2021, mainly due to:

(i) cash and bank balances arising from the drawdown of term loan to be used towards development of Avani Luyang @ The Logg amounting to RM18.0 million and drawdown of term loans amounting to RM10.0 million for the development of The Logg; and

(ii) increase in contract assets of RM6.7 million in line with development progress of Puncak Gloxinia Phase 2 (Block D, Block E and Block F) pending billings of the same.

The increase in current asset was offset by the decrease in inventories of RM9.4 million, mainly due to the disposal of completed units of Puncak Gloxinia Phase 2 (Block D, Block E and Block F).

Comparison between FYE 2021 and FYE 2022

Non-current assets

Our non-current assets increased by RM12.5 million from RM29.3 million in FYE 2021 to RM41.8 million in FYE 2022, mainly due to:

(i) capitalisation of work-in-progress of Avani Luyang @ The Logg of RM12.5 million; and

(ii) purchase of tower crane of RM0.9 million, 2 units of mobile crane of RM0.3 million, 1 unit of excavator of RM0.1 million, 1 unit of lorry crane of RM0.1 million and scaffolding together with accessories of RM0.6 million.

Conversely, the decrease in property, plant and machinery was due to yearly depreciation of RM3.0 million, office equipment and plant and machineries written off of RM0.1 million and disposals of motor vehicles amounting to RM0.1 million.

Current assets

Our current assets increased by RM4.3 million from RM204.1 million in FYE 2021 to RM208.4 million in FYE 2022, mainly due to:

(i) increase in inventories of RM11.4 million, mainly being property development costs for The Logg – Parkhill and The Logg – Shorea^{n}Astoria;

(ii) increase in other receivables mainly due to payment of deposits for the Alamesra Lands of RM7.4 million to the landowner, Millennium Amber Sdn Bhd, a RM0.5 million increase in payment for sales agents' commissions due to launching of Taman Seri Lemawang Phase 1E and 1I, Residensi Seri Akasia (Block C), Taman Bukit Alamanda and The Logg – Parkhill and the Logg - Shorea^{n}Astoria and a RM0.6 million increase in quit rent due from homebuyers; and

(iii) increase in placement of fixed deposit with licensed banks of RM8.3 million from excess cash generated from operations.

The increase in current assets was offset by:

(i) decrease in cash and bank balances of RM15.4 million used for the foregoing fixed deposits of RM8.3 million and payment of deposit for the Alamesra Lands of RM7.4 million; and

(ii) decrease in trade receivables of RM1.3 million in line with collections and decrease in contract assets of RM7.8 million for billings issued for all the on-going projects for The Logg, Residensi Seri Akasia and Taman Seri Lemawang.

Comparison between FYE 2022 and FYE 2023

Non-current assets

Our non-current assets increased by RM28.4 million from RM41.8 million in FYE 2022 to RM70.2 million in FYE 2023, mainly due to:

(i) capitalisation of construction work-in-progress of Avani Luyang @ The Logg of RM23.1 million; and

(ii) purchase 1 unit excavator of RM0.5 million, 1 unit of forklift of RM0.1 million, 3 units of motor vehicles of RM0.5 million, project site cabin of RM0.3 million, 1 unit of generator set of RM0.1 million, aluminium formwork of RM0.6 million, steel bed for wall panel of RM0.1 million, 1 set of podium lightrek formwork of RM1.7 million, 1 set of formwork system of RM0.9 million and scaffolding together with accessories of RM2.2 million.

The increase in non-current assets were offset by the decrease in depreciation of RM3.5 million and disposal of motor vehicles as well as generator set amounting to RM0.1 million.

Current assets

Our current assets increased by RM98.4 million from RM208.0 million in FYE 2022 to RM306.4 million in FYE 2023, mainly due to:

(i) increase in inventories of RM124.8 million, mainly being property development costs for The Logg – Parkhill and The Logg – Shorea^{n}Astoria (of RM40.6 million) and Ayuria Place project (of RM86.0 million) and Taman Seri Lemawang project (of RM6.2 million), which offset against the sale of completed units of Plaza Seri Lemawang and Taman Nelly 8D of RM1.4 million and RM0.1 million respectively; and

(ii) increase in trade receivables of RM2.3 million in line with the progress billings issued to the on-going projects for The Logg, Residensi Seri Akasia and Taman Seri Lemawang of RM16.8 million as well as decrease in contract asset of RM1.5 million.

The increase in current assets was offset by:

(i) decrease in cash and bank balances of RM15.9 million, being used for the property development expenditure for the ongoing project for The Logg, Residensi Seri Akasia and Taman Seri Lemawang;

(ii) upliftment of fixed deposit of RM6.6 million, being used for the working capital requirements for The Logg, Residensi Seri Akasia and Taman Seri Lemawang;

(iii) decrease in other receivables of RM5.1 million mainly due to reversal of prepayment of deposit for Alamesra Lands of RM7.5 million; increase in deposit payment of micro piles and protection screen of RM0.5 million; payment of promotional expenses for Ayuria Place project RM0.3 million; increase in amount to be back charged to contractor of RM0.2 million; prepayment of listing expenses of RM1.1 million; and

(iv) decrease in contract assets of RM1.5 million in line with progress billings issued for the development progress.

(b) Liabilities

	Audited			
	As at 31 December			
	2020	**2021**	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current liabilities				
Deferred tax liability	797	717	895	933
Lease liabilities	2,313	2,138	2,303	5,062
Borrowings	6,624	22,677	21,796	23,654
Total non-current liabilities	**9,734**	**25,532**	**24,994**	**29,649**
Current liabilities				
Trade payables	15,893	19,071	26,070	42,551
Contract liabilities	1,171	62	21,962	15,068
Other payables[(1)]	18,555	13,680	7,834	7,157
Amount due to a related party	35	21	45	41
Amount due to Directors	2,669	4,173	1,057	-
Lease liabilities	1,211	1,301	1,491	2,054
Borrowings	31,098	40,849	27,714	142,408
Tax payables	128	1,397	1,205	992
Total current liabilities	**70,760**	**80,554**	**87,378**	**210,271**
Total liabilities	**80,494**	**106,086**	**112,372**	**239,920**

Note:

(1) The breakdown of our other payables for FYE 2020 to 2023 are as follows:

	Audited			
	As at 31 December			
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Non-trade payables[a]	1,436	461	1,952	1,655
Accruals[b]	14,800	11,678	4,943	3,952
Accrued landowner's entitlement	1,076	228	935	1,489
Deposits received	1,233	1,304	-	-
Deposits payables	10	9	4	62
	18,555	**13,680**	**7,834**	**7,157**

(a) Comprises mainly fees in relation to our arbitration with GC Architect and sales commission owing to our sale agents.

(b) Comprises mainly provision of contingency cost, commission, salaries and bonus and audit fees.

Comparison between FYE 2020 and FYE 2021

Our non-current liabilities increased by RM15.8 million from RM9.7 million in FYE 2020 to RM25.5 million in FYE 2021, mainly due to the drawdown of term loan of RM18.5 million for the development of The Logg.

Our current liabilities increased by RM9.8 million from RM70.7 million in FYE 2020 to RM80.6 million in FYE 2021, mainly as a net effect of:

(i) increase in borrowings of RM65.4 million, being the drawdown of term loan of RM10.1 million (for The Logg); the drawdown of bridging loan of RM38.8 million (for Tuaran projects); and drawdown of trade facilities of RM16.5 million for ongoing projects;

(ii) increase in trade payables of RM3.2 million, being retention sum withheld from our contractor;

(iii) advances from our Director, Chin Mee Leen of RM1.5 million for working capital requirements; and

(iv) increase in income tax payable of RM1.3 million in line with our growing profits.

The increase in current liabilities was offset by the decrease of borrowings of RM55.7 million; decrease in other payables of RM4.9 million due to reversal of provision of contingency cost no longer required for Puncak Gloxinia Phase 2 (Block D, Block E and Block F) amounting RM3.3 million; and reversal of commission overprovided of RM1.0 million in FYE 2020.

Comparison between FYE 2021 and FYE 2022

Our non-current liabilities decreased marginally by RM0.5 million from RM25.5 million in FYE 2021 to RM25.0 million in FYE 2022, mainly due to repayment of term loans amounting to RM0.8 million in relation to The Logg and Taman Bukit Alamanda, which offset by the increase in lease liabilities of RM0.2 million and increase in deferred tax liability of RM0.2 million.

Our current liabilities increased by RM6.8 million from RM80.6 million in FYE 2021 to RM87.4 million in FYE 2022, mainly due to:

(i) increase in borrowings of RM52.7 million, being the drawdown of term loans of RM11.6 million (for The Logg and Taman Bukit Alamanda); drawdown of bridging loans of RM23.3 million (for Taman Bukit Alamanda and Taman Seri Lemawang) and drawdown of other trade facilities of RM17.8 million for ongoing projects;

(ii) increase in trade payables of RM7.0 million, being retention sum withheld from our contractors; and

(iii) increase in contract liabilities of RM21.9 million being billings issued for The Logg – Parkhill and Taman Seri Lemawang Phase 1G projects where construction is not yet done.

The increase in current liabilities was offset by:

(i) decrease in borrowings by RM67.6 million being repayment of term loans of RM5.0 million (for The Logg and Taman Bukit Alamanda); repayment of bridging loans of RM38.3 million (for Taman Bukit Alamanda and Taman Seri Lemawang); settlement of term loan of RM0.8 million (for Taman Seri Lemawang); and repayment of trade facilities of RM21.7 million for other ongoing projects;

(ii) repayment to our Directors, Chin Mee Leen and Loke Theen Fatt, of RM3.1 million and RM0.1 million respectively; and

(iii) decrease in other payables of RM5.8 million in relation to the reversal of provision for contingency cost which was no longer required amounting to RM1.6 million for Puncak Gloxinia Phase 2 (Block D, Block E and Block F) and reversal of provision of fees in relation to our arbitration with GC Architect of RM1.6 million, which was offset by the provision for contingency cost of RM1.2 million for the rectification works carried out for Puncak Gloxinia Phase 1 and Phase 2.

Comparison between FYE 2022 and FYE 2023

Non-current liabilities

Our non-current liabilities increased by RM4.7 million from RM25.0 million in FYE 2022 to RM29.7 million in FYE 2023, mainly due to:

(i) increase in borrowings of RM5.8 million, being the drawdown of term loan for The Logg; and

(ii) net payment of lease liabilities of RM2.7 million;

which were offset by the full settlement of term loans of RM3.9 million (being used to finance the construction costs of our headquarters and working capital requirements for Plaza Gloxinia project).

Current liabilities

Our current liabilities increased by RM122.9 million from RM87.4 million in FYE 2022 to RM210.3 million in FYE 2023, mainly due to:

(i) increase in trade payables of RM16.5 million, being increase in retention sum withheld from our contractors amounting to RM2.1 million and increase in trade payable of RM14.4 million from The Logg, Residensi Seri Akasia and Taman Seri Lemawang;

(ii) increase in lease liabilities of RM0.6 million, being additional lease finance incurred for motor vehicles, excavator, lightrek formwork and craneable scaffold, which net of payment existing lease payment; and

(iii) increase in borrowings by RM169.4 million, mainly from the drawdown of term loan of RM54.0 million (for the settlement of Alamesra Lands); drawdown of term loan of RM30.0 million (for The Logg); drawdown of bridging loans of RM36.5 million (for The Logg and Taman Seri Lemawang); drawdown of revolving credit of RM20.0 million (for the settlement of Alamesra Lands); and drawdown of trade facilities of RM28.9 million for our ongoing projects.

The increase in current liabilities was offset by:

(i) decrease in borrowings of RM54.7 million, being the repayment of term loans of RM5.9 million (for The Logg), settlement of term loans of RM1.5 million (for Taman Bukit Alamanda and Plaza Gloxinia); repayment of bridging loan of RM22.9 million (for Taman Sri Lemawang); settlement of bridging loan of RM1.1 million (for Taman Bukit Alamanda); and repayment of trade facilities of RM23.3 million for our ongoing projects;

(ii) repayment to our Directors, Chin Mee Leen and Loke Theen Fatt, of RM1.0 million and RM0.1 million respectively;

(iii) decrease in other payables of RM0.7 million in relation to the reversal of provision for contingency cost which was no longer required amounting to RM0.1 million for Taman Seri Lemawang Phase 1A, Phase 1B and Phase 1C and payment of other payables;

(iv) decrease in contract liabilities of RM6.9 million, being the billings issued for The Logg – Parkhill of RM4.2 million and Avani Luyang @ The Logg of RM2.7 million; and

(v) decrease in tax payable by RM0.2 million.

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12.2.4 Review of cash flows

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net cash from / (used in) operating activities	17,180	6,593	25,168	(20,016)
Net cash from / (used in) investing activities	1,518	(2,060)	(13,746)	(27,073)
Net cash from / (used in) financing activities	7,719	32,964	(18,011)	22,641
Net increase / (decrease) in cash and cash equivalents	26,417	37,497	(6,589)	(24,448)
Cash and cash equivalent at beginning of financial year	(13,168)	13,249	50,746	44,157
Cash and cash equivalent at end of financial year	**13,249**	**50,746**	**44,157**	**19,709**

Cash and cash equivalents comprise:				
Fixed deposits placed with licensed bank	10,564	13,835	22,136	19,598
Cash and bank balances	23,147	50,807	35,456	15,551
	33,711	64,642	57,592	35,149
Less: Fixed deposit pledged as collaterals	(9,791)	(13,044)	(13,325)	(14,187)
Less: Housing development account	(93)	(463)	(110)	(107)
Less: Bank overdraft	(10,578)	(389)	-	(1,146)
	13,249	**50,746**	**44,157**	**19,709**

FYE 2020

Net cash for operating activities

We recorded net cash inflow from operating activities of RM17.2 million, based on an operating profit of RM18.1 million and after taking into account the following working capital changes:

(a) increase in inventories of RM24.8 million mainly due to development progress for The Logg, and other on-going projects' property development costs incurred;

(b) decrease in trade and other receivables of RM26.7 million mainly due to collection of outstanding progress billings from Puncak Gloxinia Phase 2 (Block D, Block E and Block F);

(c) increase in trade and other payables of RM6.1 million due to provision for contingency costs to completion for Puncak Gloxinia Phase 2 (Block D, Block E and Block F) amounting to RM12.7 million and offset against the net decrease in trade payables of RM9.0 million being payment to our suppliers and contractors, and increase in accrual of land costs and deposits received of RM2.4 million in relation to other projects;

(d) increase in contract assets of RM4.3 million mainly in relation to the accrued billings for the commencement of the development for Taman Seri Lemawang Phase 1A to 1G; and

(e) interest paid of RM2.5 million and tax payments of RM2.6 million.

Net cash for investing activities

We recorded net cash inflow for our investing activities of RM1.5 million, mainly due to:

(a) utilisation of monies from housing development account of RM1.2 million;

(b) purchase of property, plant and machinery of RM0.4 million being the cash payments in relation to the batching plant for Tuaran, modification of moulding and other equipment; and

(c) proceeds from disposal of investment property in Plaza Gloxinia of RM0.8 million.

Net cash for financing activities

We recorded net cash inflow for our financing activities of RM7.7 million, mainly due to:

(a) repayment of lease liabilities of RM1.0 million;

(b) net drawdown of bank borrowings amounting RM5.4 million;

(c) repayment to our Director, Loke Theen Fatt of RM2.0 million offset against advances from our Director, Chin Mee Leen of RM0.5 million;

(d) upliftment of fixed deposit of RM4.9 million; and

(e) drawdown of bridging loans for Taman Seri Lemawang Phase 1A to 1F of RM21.3 million and offset against the redemption of RM17.9 million of bridging loans for the projects.

FYE 2021

Net cash for operating activities

We recorded net cash inflow from operating activities of RM6.6 million, based on an operating profit of RM22.5 million and after taking into account the following working capital changes:

(a) net increase in inventories of RM3.5 million, being mainly RM29.2 million property development costs for on-going projects, offset by decrease in inventories of RM24.6 million mainly due to disposal of completed units from Puncak Gloxinia Phase 2 (Block D, Block E and Block F) and capitalisation of RM1.1 million of depreciation;

(b) decrease in trade and other receivables of RM2.3 million mainly due to collection of outstanding progress billings from cash buyers and end-financiers for projects, mainly in relation to Puncak Gloxinia Phase 2 (Block D, Block E and Block F);

(c) increase in contract assets of RM7.8 million mainly in relation to the accrued billings for the commencement of the property development costs incurred for Taman Seri Lemawang Phase 1A to 1H, Plaza Seri Lemawang, Residensi Seri Akasia (Block A and Block B);

(d) decrease in trade and other payables of RM1.7 million, mainly due to reversal of contingency cost provided for Puncak Gloxinia Phase 2 (Block D, Block E and Block F) of RM3.3 million and other accruals amounting RM1.6 million comprising mainly land costs and utilisation of contingency sum provided for Puncak Gloxinia Phase 2 (Block D, Block E and Block F). This was offset by RM3.2 million net increase in trade payables in relation to our suppliers and contractors; and

(e) interest paid of RM2.1 million and tax payments of RM3.6 million.

Net cash for investing activities

We recorded net cash outflow for our investing activities of RM2.1 million mainly due to:

(a) payments of cash portions for purchases of property, plant and machinery of RM1.8 million being crawler crane, rough terrain crane, mobile crane, mixer truck, steel mould and other equipment for project usage;

(b) increase in housing development account of RM0.4 million; and

(c) proceeds from disposal of motor vehicles of RM0.1 million.

Net cash for financing activities

We recorded net cash inflow for our financing activities of RM33.0 million mainly due to:

(a) repayment of lease liabilities of RM1.3 million;

(b) net drawdown of bank borrowings of RM36.0 million for the development of The Logg, Taman Seri Lemawang (Phase 1A to 1D and 1F to 1H), Plaza Seri Lemawang and Residensi Seri Akasia (Block A and Block B);

(c) advance from our Director, Chin Mee Leen of RM1.5 million for our working capital; and

(d) increase in pledged fixed deposits of RM3.3 million from excess funds available.

FYE 2022

Net cash for operating activities

We recorded net cash inflow from operating activities of RM25.2 million, based on an operating profit of RM17.1 million and after taking into account the following working capital changes:

(a) net increase in inventories of RM10.0 million, mainly being property development costs for The Logg, Taman Bukit Alamanda, Residensi Seri Akasia (Block C and Block D) projects;

(b) increase in trade and other receivables of RM7.8 million mainly due to deposit paid for Alamesra Lands of RM7.4 million;

(c) decrease in contract assets of RM7.9 million mainly in relation to the accrued billings for the commencement of the property development costs incurred for Taman Seri Lemawang Phase 1E to 1I, Residensi Seri Akasia (Block C and Block D) and The Logg and increase in contract liabilities of RM21.9 million mainly due to progress billings exceeding construction progress for The Logg – Parkhill;

(d) increase in trade and other payables of RM1.2 million, mainly due increase in trade payable of RM7.0 million to suppliers and contractors for on-going development projects, and provision of contingency cost for the rectification work carried out for Puncak Gloxinia projects of RM1.2 million, offset by:

   (i) reversal of contingency cost provided upon completion of Puncak Gloxinia Phase 2 (Block D, Block E and Block F) of RM1.7 million;

(ii) reversal of provision of architect fees in relation to our arbitration with GC Architect of RM1.6 million; and

(iii) deposits received from purchasers of The Logg – Parkhill of RM1.3 million; and

(e) interest paid of RM2.2 million and tax payments of RM3.7 million.

Net cash for investing activities

We recorded net cash outflow for our investing activities of RM13.7 million, mainly due to:

(a) increase in property, plant and machinery of RM14.2 million being:

(i) work-in-progress for Avani Luyang @ The Logg in which we intend to own of RM12.5 million;

(ii) purchase of plant and machinery such as tower crane, lorry crane, mobile crane, mini excavator, double cab, water truck, scaffolding and accessories of RM1.1 million for project usage; and

(iii) office equipment and motor vehicles amounting of RM0.6 million;

(b) net decrease in housing development account of RM0.4 million;

(c) repayment from a director of RM0.06 million; and

(d) proceeds from disposal of motor vehicles of RM0.05 million.

Net cash for financing activities

We recorded net cash outflow for our financing activities of RM18.0 million, mainly due to:

(a) net repayment of lease liabilities of RM1.0 million;

(b) net repayment of bank borrowings of RM13.6 million for The Logg, Taman Bukit Alamanda, Taman Seri Lemawang, Plaza Seri Lemawang and Residensi Seri Akasia on the land and bridging financing;

(c) repayment to our Director, Chin Mee Leen of RM3.1 million; and

(d) net placement of fixed deposits of RM0.3 million.

FYE 2023

Net cash for operating activities

We recorded net cash outflow from operating activities of RM20.0 million, based on an operating profit of RM17.3 million and after taking into account the following working capital changes:

(a) net increase in inventories of RM47.8 million, mainly being property development costs for The Logg of RM39.0 million, Tuaran project (which include Residensi Seri Akasia Taman Seri Lemawang and Plaza Lemawang 2) of RM7.1 million, Residensi Seri Akasia (Block C and Block D) projects and Ayuria Place projects of RM86.5 million, which offset by:

   (i) decrease in property development cost for Taman Bukit Alamanda of RM5.3 million;

   (ii) sales of completed units of Taman Nelly 8D and Plaza Seri Lemawang as well as sale of land held for property development (i.e. Taman Lavender Land) of RM1.6 million; and

   (iii) settlement of Alamesra Lands of RM74.0 million (including the depreciation costs capitalised of RM1.9 million);

(b) decrease in trade and other receivables of RM2.8 million mainly due to reversal of deposit paid for Alamesra Lands of RM7.4 million, which is offset by the increase in trade receivable of RM2.3 million and increase in other receivables for deposit payments and other debtors of RM4.6 million;

(c) decrease in contract assets of RM5.4 million mainly in relation to the accrued billings for the commencement of the property development costs incurred for Taman Seri Lemawang Phase 1E, Residensi Seri Akasia (Block C and Block D), Residensi Seri Akasia (Block E & F), Plaza Seri Lemawang and The Logg;

(d) increase in trade and other payables of RM15.8 million, mainly due increase in trade payable of RM16.5 million to suppliers and contractors for ongoing development projects, which offset by reversal of contingency cost provided upon completion of Taman Seri Lemawang Phase 1A to Phase 1C of RM0.1 million and decrease in other payables of RM0.6 million; and

(e) interest paid of RM3.1 million and tax payments of RM4.1 million.

Net cash for investing activities

We recorded net cash outflow for our investing activities of RM27.1 million, mainly due to:

(a) increase in property, plant and machinery of RM27.1 million being:

   (i) capitalisation of work-in-progress for Avani Luyang @ The Logg of RM23.1 million;

   (ii) purchase of plant machinery such as excavator, generator set, office cabin, staff modular cabin, aluminum formwork, steel bed for wall panel, podium lightrek formwork, formwork system and scaffolding together with accessories of RM6.3 million;

   (iii) purchase of office equipment and motor vehicles amounting of RM1.1 million; and

(iv) the lease of a land of RM1.6 million for Alamesra site casting yard; and

(b) proceeds from disposal of motor vehicle and equipment of RM0.1 million.

Net cash for financing activities

We recorded net cash inflow for our financing activities of RM22.6 million, mainly due to:

(a) net drawdown of bank borrowings of RM41.4 million The Logg, Taman Bukit Alamanda, Taman Seri Lemawang, Plaza Seri Lemawang and Residensi Seri Akasia as well as the settlement of Alamesra Lands;

(b) repayment to our Director, Chin Mee Leen and Loke Theen Fatt of RM1.1 million;

(c) upliftment of fixed deposits of RM0.9 million; and

(d) dividend paid of RM15.0 million.

12.3 LIQUIDITY AND CAPITAL RESOURCES

12.3.1 Working capital

We have been financing our operations through existing cash and bank balances, cash generated from our operations, credit extended by our suppliers and external sources of funds. Our external sources of funds comprise mainly term loans, bridging loans, bank overdrafts, trade financing, as well as lease liabilities under hire purchase arrangement. The principal use of our borrowings is for working capital purpose and purchase of plant and machinery.

The decision to utilise either internally generated funds or borrowings for our business operations depends on, amongst others, our cash and bank balances, expected cash inflow and outflow, future working capital requirements, future capital expenditure requirements and the interest rate on borrowings.

After taking into consideration the following, our Board is of the view that our working capital will be sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus:

(a) our cash and cash equivalents as at LPD of approximately RM10.4 million (excluding RM4.1 million which is pledged as security for our banking facilities);

(b) our banking facilities (excluding lease liabilities) of up to a limit of RM634.7 million as at LPD, of which RM221.7 million has been utilised;

(c) our expected future cash flows from operations taking into account our on-going projects of RM820.2 million as at LPD, to be recognised progressively up to FYE 2026; and

(d) our pro forma NA position of RM165.8 million and gearing level of 0.9 times as at 31 December 2023, after accounting for the Public Issue and utilisation of proceeds.

At this juncture, we do not foresee any circumstances which may materially affect our liquidity. We carefully consider our cash position and ability to obtain further financing before making significant capital commitments, such as new landbank acquisition and commencement of new property development projects.

12.4 BORROWINGS

All of our borrowings are secured and interest-bearing. Our total outstanding borrowings as at 31 December 2023 stood at RM173.2 million, details of which are set out below:

	Purpose	Security	Tenure	Effective interest rate	As at 31 December 2023
				%	RM'000
Interest bearing short-term borrowings, payable within 1 year:					
Banker's acceptance, trust receipts and overdraft	Trade financing	Third party first legal charge over project land, fixed deposit and joint and several guarantee by 3 directors[(1)]	1 to 3 months	3.85 – 7.90	9,131
Revolving credit	Trade financing	Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Bhd and joint and several guarantee by all directors[(1)]	4 months	6.85 – 7.00	491
CMC-i	Bridging finance	Third party first legal charge over the project land. Joint and several guarantee by 2 directors[(1)]	48 to 60 months	7.14 – 7.99	3,802
Term loan	Land and building	First party first legal charge over building. Joint and several guarantee by all directors[(1)]	54 to 180 months	4.70 – 7.31	39,978
Bridging loan	Land and building	First party first legal charge over building. Joint and several guarantee by all directors[(1)]	54 to 180 months	8.25	6
Revolving credit	Land and building	First party first legal charge over building. Joint and several guarantee by all directors[(1)]	36 to 180 months	5.78 – 6.21	20,000

	Purpose	Security	Tenure	Effective interest rate	As at 31 December 2023
				%	**RM'000**
Bridging loan	Land and building	First party first legal charge over building. Joint and several guarantee by all directors[(1)]	54 to 180 months	4.70 – 7.31	15,000
CMFTF-i	Land	First party first legal charge over land and first party legal charge over the commercial land with one unit of warehouse Lot 223 and third party first legal charge over commercial land of 5 storeys corporate office building Lot 222. Joint and several guarantee by 2 directors	54 to 156 months	7.14 – 7.39	54,000
Lease liabilities (hire purchase)	Plant, machinery and motor vehicle financing	Joint and several guarantee by all directors[(1)]	36 to 60 months	4.28 – 6.60	2,054
Interest bearing long-term borrowings, payable after 1 year:					
Term loan	Land, building and hotel financing	First party first legal charge over buildings and third party first legal charge over project land. Joint and several guarantee by all directors[(1)]	54 to 180 months	4.70 – 7.31	23,654
Lease liabilities (hire purchase)	Plant, machinery and motor vehicle financing	Joint and several guarantee by all directors[(1)]	36 to 60 months	4.28 – 6.60	5,062
Total borrowings					**173,178**
Gearing (times)					1.3

	Purpose	Security	Tenure	Effective interest rate	As at 31 December 2023
				%	RM'000
After Acquisitions and subsequent events but before Public Issue(3) (times)					1.4
After Acquisitions and subsequent events, Public Issue and utilisation of proceeds(3) (times)					0.9

Notes:

(1) In conjunction with the Listing, we have applied to the financiers to obtain a release and/or discharge of the guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the financiers. Until such release and/or discharge are obtained from the respective financiers, our Directors will continue to guarantee the banking facilities extended to our Group. In this respect, we have obtained a conditional release from all of our financiers. Please refer to Section 10.2.2(b) for further details.

(2) Computed based on our pro forma NA of RM121.6 million in the pro forma statements of financial position after the Acquisitions and subsequent events, but before Public Issue and proposed utilisation of proceeds.

(3) Computed based on our pro forma NA of RM165.8 million in the pro forma statements of financial position after the Acquisitions, and subsequent events, Public Issue and utilisation of proceeds which includes the repayment of bank borrowings of RM3.0 million.

As at LPD, we do not have any borrowings which are non-interest bearing and/or in foreign currency. We have not defaulted on payments of principal sums and/or interests in respect of any of our borrowings throughout FYE 2020 to 2023 and up to LPD.

As at LPD, neither our Company nor any of our subsidiaries is in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan which can materially affect our financial position and results or business operations or the investments by holders of our securities.

Over FYE 2020 to 2023, we have not experienced any claw back or reduction in the facilities limit granted to us by our lenders.

12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

Save as disclosed in Section 12.4 above, we do not have or utilise any other financial instruments or have any other treasury policies. All our financial instruments are used towards purchase of property, plant and equipment and our property development business. As at 31 December 2023, save for our lease liabilities which are based on fixed rates, all our other facilities with licensed financial institutions are based on base lending rate plus or minus a rate which varies depending on the type of facility.

12.6 MATERIAL CAPITAL COMMITMENTS

As at LPD, save as disclosed below, we do not have any other material capital commitments:

	To be funded internally or with borrowings	To be funded from proceeds of our Public Issue	Total
	RM'000	**RM'000**	**RM'000**
Land held for property development:			
Authorised and contracted for			
Taman Seri Lemawang, The Logg and Sandakan projects	**[(1)]46,935**	**20,700**	**67,635**

Note:

(1) In respect of Taman Seri Lemawang project, our Group has secured bank borrowings from Hong Leong Islamic Bank Berhad.

In respect of The Logg project, our Group has secured bank borrowings from Sabah Development Bank Berhad for the land and bridging financing, and Hong Leong Bank Berhad with respect to Avani Luyang @ The Logg.

In respect of the Sandakan project, our Group has not secured any bank borrowings as at LPD as our Group is in the midst of pursuing a revised development plan for such project.

The material capital commitment above shall be funded through the proceeds to be raised from our Public Issue, our internally generated funds and/or bank borrowings at our discretion. Further details are set out in Section 4.9.1(d).

12.7 MATERIAL LITIGATION AND CONTINGENT LIABILITIES

(a) Material litigation

Save as disclosed below, we are not been engaged in any government, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on the financial position or profitability of our Group as at LPD:

(i) Landmark Property v Ketua Pengarah Hasil Dalam Negeri and Lembaga Hasil Dalam Negeri Malaysia ("LHDN")

Pursuant to the letter dated 2 November 2020 from LHDN to Landmark Property, LHDN stated that the expenses incurred by Landmark Property in relation to the government grant awarded to Landmark Property of up to RM56,225,544 for the years of assessment 2016, 2017 and 2018 are not deductible for tax purposes pursuant to Paragraph 3 of the Income Tax (Exemption) (No.22) Order 2006 ("**Exemption Order**").

Landmark Property filed a judicial review application on 25 November 2020 ("**Judicial Review**") seeking for a declaration that the following notices are ultra vires the Exemption Order, Section 127(3)(b) of the Income Tax Act 1967 and accordingly are null and void in law:

(aa) the Notice of Assessment for the Year of Assessment 2016;

(bb) the Notice of Assessment for the Year of Assessment 2017; and

(cc) the Notice of Additional Assessment for the Year of Assessment 2018,

(collectively, "**the Impugned Assessments**").

On 23 December 2020, the High Court of Sabah & Sarawak at Kota Kinabalu ("**High Court**") granted Landmark Property leave to commence the said Judicial Review, and subsequently on 9 July 2021, the Judicial Review application was allowed by the High Court. Following that, LHDN filed a Notice of Appeal to the Court of Appeal against the decision of the High Court ("**Substantive Appeal**") and the Substantive Appeal has been stayed pending Landmark Property's appeal against the dismissal of their representing solicitor's ad hoc admission application ("**Ad Hoc Admission Application**").

The Ad Hoc Admission Appeal's hearing date is fixed on 18 July 2024. The Substantive Appeal will resume once the Ad Hoc Admission Application has concluded. The hearing for the Substantive Appeal has been fixed on 26 September 2024.

Landmark Property has made payment to LHDN up to July 2021 amounting to RM1,337,040.98 in accordance with an Impugned Assessments instalment scheme that was proposed for the settlement of the tax liabilities ("**Amount Paid**"), and Landmark Property has since ceased subsequent payments to be made in accordance with the abovementioned instalment scheme following the High Court's decision to allow the Judicial Review application. In the event the Substantive Appeal by LHDN is unsuccessful, the Amount Paid will be refunded by LHDN to Landmark Property accordingly. The total value of the Impugned Assessments (less all payments made) is RM14,670,037.27. This amount excludes any further interest which may be imposed as time passes up to the date of judgement, on the outstanding value of Impugned Assessments.

However, in the event Landmark Property fails to defend the Substantive Appeal, Landmark Property is required to continue to make payments under the proposed instalment scheme for the balance amount of the Impugned Assessments amounting to RM13.3 million together with any imposed interest on a monthly basis over a period of 29 months in accordance with the proposed instalment scheme.

Our representing solicitors are of the opinion that there is a more than even chance of success that Landmark Property will successfully defend the Substantive Appeal as the High Court has found that the Judicial Review had successfully established illegality, irrationality and breach of legitimate expectation by LHDN.

We have paid RM1,337,040.98 of the RM14,670,037.27 Impugned Assessments. The RM1,337,040.98 is accounted for under our financial statements as security deposit paid. The remaining balance of RM13,332,996.29 is not captured under the financial statements. We did not make a provision for the remaining balance of RM13,332,996.29 of Impugned Assessments by LHDN as the court case is still on-going, the legal advisers having opined a reasonable chance of success, as well as the indemnity provided by our Promoters. Our Promoters, Chin Mee Leen and Loke Theen Fatt have agreed to fully indemnify our Group for the amount in dispute amounting to RM13.3 million together with any imposed interest and any further legal costs arising from this litigation case, and may use the proceeds which they will receive as Selling Shareholders under the Offer for Sale or their personal funds, for this purpose. For avoidance of doubt, should the Offer for Sale not materialise, the Promoters are obliged to source for the necessary funds personally to fulfil their indemnity.

(ii) KTID v George Chong Ket Choi

George Chong Ket Choi ("**GC**") is an architect registered with the Board of Architects Malaysia and is the sole proprietor of GCA. In 2013, KTID had intentions to submit a tender to the Ministry of Local Government & Housing for a project in Beaufort, Sabah. The tender was subject to the approval of various federal ministries and agencies. GC and KTID entered into an oral agreement for GC to prepare a preliminary schematic and development plan ("**Plan**") for the Project. In early 2014, the Plan was prepared and subsequently submitted to various local authorities. Following that, pursuant to requests from the local authorities, a revised Plan was prepared and submitted in 2016.

KTID's tender was unsuccessful and it was not awarded the project. GC's contention is that KTID had orally agreed to pay GC professional fees for the preparation and submission of the Plan, whereas it is KTID's contention that the parties had orally agreed that GC would only be remunerated if KTID's tender was successful.

GC filed a writ of summons on 14 January 2021. In the amended statement of claim, GC claims that KTID purportedly owes him a total sum of RM431,118.37 as of 31 December 2020, being the alleged outstanding professional fees for work done.

Our representing solicitors are of the opinion that KTID has a reasonable chance of success based on the documentary evidence (subject to the witness' statements during the trial). Our solicitors take the view that GC had not adduced any evidence to show that there was an agreement to be remunerated by KTID, whereas KTID has written letters in 2018 and 2020 that there was no agreement to remunerate GC for the work done for this project.

The trial has already concluded on 20 February 2024 and the date to file the submission in reply has been fixed on 5 June 2024. The date for the decision of the Sessions Court has not been fixed.

In the event KTID fails to defend its claim, KTID is required to pay the defendant the professional fees purportedly owed amounting to RM0.4 million.

(iii) Landmark Property v GCA

Landmark Property and GCA entered into a Memorandum of Agreement / Conditions of Engagement dated 3 November 2010 ("**Contract**") for the provision of professional services by GCA for Landmark Property's project called "Proposed Commercial & Housing Development on Country Lease No. 025341940 at Kinarut South, Papar, Sabah" ("**Project**"). The Project is divided into Phase 1 to 3 and Phase 4.

In respect of Phase 1 to 3, GCA claims an alleged total sum of RM2,490,341.59 as at 30 June 2021 for work done. In respect of Phase 4, GCA claims an alleged total sum of RM7,659,459.80 as at 30 June 2021 for work done.

Landmark Property counterclaimed against GCA for the following reliefs:

(aa) a declaration that the suspension by GCA of its professional services in failing or refusing to issue the *Perumahan Penjawat Awam Malaysia* (PPAM) certification for Phase 4 of the Project was unlawful and a repudiation of the Contract;

(bb) a declaration that Landmark Property has lawfully terminated the Contract; and

(cc) that GCA is to pay to Landmark Property the sum of RM3,825,460.50 (excluding interest and cost) as at 19 August 2021 comprising of financing costs or interest charges, additional cost to carry out valuation or quantity surveying works, additional cost incurred to appoint another prime consultant and two other consultants, interest and costs.

On 2 June 2022, the final arbitration award was rendered against Landmark Property in the following terms:

(aa) the outstanding professional fees and 6.0% sales and service tax amounting to RM2,092,777.34 for Phases 1 to 3 and the amount of RM2,192,522.50 for Phase 4 was awarded to GCA;

(bb) the simple interest at the rate of 5.0% per annum on the amount of RM2,092,777.34 for Phases 1 to 3 and on the amount of RM2,192,522.50 for Phase 4 awarded to GCA calculated from the date of the final award to the date of full realisation; and

(cc) Landmark Property will pay GCA's cost and the cost of GCA's solicitor on a client-solicitor basis taxed by the court, including all costs and expenses and payments already incurred and/or disbursed for this arbitration.

On 7 July 2022, the High Court registered the final award as a court order. Landmark Property's application to set aside the final award ("**Main Suit**") was dismissed on 16 January 2023. Subsequent thereto, Landmark Property fully paid the sums due, amounting to RM4.29 million pursuant to the court order to GCA in early 2023. Despite having lost in the High Court in respect of the Main Suit, Landmark Property has filed a notice of appeal to the Court of Appeal. The parties received the grounds of judgment of the High Court on 3 October 2023, and the Court of Appeal has fixed the hearing on 13 November 2024.

In the event Landmark Property fails to defend its appeal, there will be no further amount due to be paid save for legal costs. Conversely, if Landmark Property is successful in its appeal, Landmark Property may potentially recover the amounts paid to GCA.

(b) Contingent liabilities

As at LPD, save for the value of the Impugned Assessments and amount claimed by GC, amounting to RM14,670,037.27 and RM431,118.37 as disclosed in (a)(i) and (ii) above respectively, there are no contingent liabilities incurred by us, our subsidiaries, which upon becoming enforceable, may have a material effect on our financial position or our subsidiaries' financial position.

12.8 KEY FINANCIAL RATIOS

The key financial ratios of our Group for FYE 2020 to 2023 are as follows:

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Trade receivables turnover (days)[(1)]	104	38	19	28
Trade payables turnover (days)[(2)]	59	43	41	53
Current ratio (times)[(3)]	1.0	1.3	1.1	0.9
Gearing ratio (times)[(4)]	0.4	0.5	0.4	1.3

Notes:

(1) Computed based on average trade receivables (excluding retention sum) as at year end over progress billings for the year multiplied by 365/366 days for each financial year.

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Average closing balance of trade receivables	24,422	9,568	7,776	8,296
Progress billings	85,885	90,732	146,137	108,069
Trade receivables turnover (days)	104	38	19	28

(2) Computed based on average trade payables (excluding retention sum) as at year end over project development cost for the year multiplied by 365/366 days for each financial year.

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Average closing balance of trade payables (excluding retention sum)	13,595	8,430	11,033	19,936
Project development cost	84,227	71,486	99,326	137,875
Trade payables turnover (days)	59	43	41	53

(3) Computed based on current assets (excluding inventories which consists of completed units and property development costs) as these items are not readily convertible into cash) over current liabilities as at each financial year end.

(4) Computed based on total borrowings and lease liabilities (excluding lease liabilities arising from rental of offices) over total equity as at each financial year.

12.8.1 Trade receivables turnover

The normal credit period granted by our Group to our buyers as provided in the sales and purchase agreements is 30 days from the date of progress billings. As the revenue for our property development activities will be recognised using the percentage of completion method, the movements in our Group's revenue from property development activities may not be in line with the movements in the trade receivables turnover days as trade receivables are recorded based on progress billings issued to the end buyers.

Our trade receivables turnover days for FYE 2020 to 2023 were between 19 to 104 days, which have exceeded the credit period granted to our buyers mainly due to longer processing time taken by the end-financiers before releasing payment to us, and deposit payments from buyers being paid by instalments.

The ageing analysis of our trade receivables as at 31 December 2023 is as follows:

	Trade receivables as at 31 December 2023		Amount collected subsequent from 1 January 2024 up to LPD		Trade receivables net of subsequent collections	
	RM'000	Percentage of trade receivables	RM'000	Percentage collected	RM'000	Percentage of trade receivables net of subsequent collections
	(a)	(a) / total of (a)	(b)	(b) / (a)	(c) = (a)-(b)	(c) / total of (c)
Neither past due nor impaired	2,917	30.9	1,904	65.3	1,013	16.9
Past due but not impaired:						
• 1 to 30 days	2,739	29.0	207	7.6	2,532	42.3
• 31 to 60 days	1,034	10.9	578	55.9	456	7.6
• More than 60 to 90 days	633	6.7	75	11.9	558	9.3
• More than 90 days	2,128	22.5	704	33.1	1,424	23.8
	6,534	69.1	1,564	23.9	4,970	83.1
Total	**9,451**	**100.0**	**3,468**	**36.7**	**5,983**	**100.0**

The high trade receivable turnover of 104 days in FYE 2020 was mainly due to slower payment by some purchasers who were allowed to pay by instalments, and slower release of payment by end-financiers of the Puncak Gloxinia projects, as government financing takes longer to approve in light of the MCO. Correspondingly, the subsequent decrease from 104 days to 38 days was mainly due to collections from Puncak Gloxinia projects.

Our Group does not have any significant credit risk as we are principally a property developer and we sell our properties to a large number of buyers using financing from reputable end-financiers or government financing.

Our Group has not encountered any major disputes with our debtors. With respect to overdue debts, we have generally been able to collect payment eventually as evident by our subsequent collections after FYE 2023. As such, our management was of the view that the overdue trade receivables were recoverable and no impairment was made in FYE 2023. Our management closely monitors the recoverability of our overdue trade receivables on a regular basis. Trade receivables comprise substantially of amounts due from buyers with end financing facilities.

12.8.2 Trade payables turnover

We award certain construction works of our property development projects to third party contractors and purchase material directly from suppliers. In this regard, trade payables are recognised at their original invoice amounts which represent their fair value on initial recognition. We have been granted credit terms of 60 to 90 days from the date of invoice by our contractors and suppliers. Our trade payables turnover days were between 41 to 59 days for the financial years under review. As at 31 December 2023, trade payables comprise 43.0% suppliers, 20.2% contractors, 36.2% of retention sum and 1.0% for consultant and sales agent.

The ageing analysis of our trade payables as at 31 December 2023 is as follows:

	Trade payables as at 31 December 2023		**Amount paid subsequent from 1 January 2024 up to LPD**		**Trade payables net of subsequent payment**	
	RM'000	**Percentage of trade payables**	**RM'000**	**Percentage paid**	**RM'000**	**Percentage of trade payables net of subsequent payments**
	(a)	**(a)/total of (a)**	**(b)**	**(b) /(a)**	**(c) = (a)-(b)**	**(c)/total of (c)**
Neither past due nor impaired	22,478	52.8	22,478	100.0	-	-
Past due but not impaired:						
• 1 to 30 days	3,679	8.6	3,322	90.3	357	2.5
• 31 to 120 days	795	1.9	657	82.6	138	0.9
• More than 120 days	190	0.5	67	64.7	123	0.8

	Trade payables as at 31 December 2023		Amount paid subsequent from 1 January 2024 up to LPD		Trade payables net of subsequent payment	
	RM'000	Percentage of trade payables	RM'000	Percentage paid	RM'000	Percentage of trade payables net of subsequent payments
	(a)	(a)/total of (a)	(b)	(b) /(a)	(c) = (a)-(b)	(c)/total of (c)
Retention sum(1)	15,409	36.2	1,438	9.3	13,971	95.8
Total	**42,551**	**100.0**	**27,962**	**65.7**	**14,589**	**100.0**

Notes:

* Less than 0.1%

(1) Held for various projects and is due between years 2013 to 2023.

Our trade payables turnover decreased from 59 days in FYE 2020 to 53 days in FYE 2023. Nonetheless, as at 31 December 2023, only 2.4% of our outstanding trade payables exceeded the credit period given by our suppliers.

These outstanding trade payables are all due to contractors, consultant and suppliers. They were overdue as overall payment processing was slow in general due to processing delays and/or ensuring that final measurement against contractors' claim is in order prior to payment. As at LPD, almost all of our overdue trade payables have been subsequently paid, save for the retention sum held for various projects, which were not due as at LPD. Save as disclosed in the table above, there are no outstanding trade payables which exceed their credit period.

Additionally, there are no disputes in respect of any trade payables and no legal action has been initiated by our suppliers to demand for payment. Nonetheless, our Group shall monitor its payment processes more closely to avoid future delays in payment.

12.8.3 Current ratio

Our current ratio for FYE 2020 to 2023 are as follows:

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Current assets(1)	68,807	104,416	97,301	70,530
Current liabilities	70,760	80,544	87,378	(2)81,414
Net current (liabilities) / assets	**(1,953)**	**23,872**	**9,923**	**(10,884)**
Current ratio (times)	1.0	1.3	1.1	0.9

Notes:

(1) Adjusted to exclude inventories which consists of completed units and property development costs as these items are not readily convertible into cash.

(2) Adjusted to exclude RM129.0 million in borrowings, comprising term loans of RM94.0 million, revolving credit of RM20.0 million, and bridging loan of RM15.0 million, being used for working capital of The Logg and the purchase of Alamesra Lands.

The first instalment of the term loans and bridging loan facilities are 24 months and 120 months from first drawdown in FYE 2023. However, our Group is also obliged to repay the said facilities in whole or in part upon receipt of redemption sums by lenders of the homebuyers. Further, the revolving credit facility rolls over every 6 months. On this basis, and pursuant to MFRS 101 Paragraph 69(a) and (d), the aforementioned borrowings are classified as current liabilities. Notwithstanding, our Group is not obliged to repay the aforementioned facilities in whole within FYE 2024 and will repay them as and when we receive the respective redemption sums by lenders.

As such, these borrowings were excluded from the computation of our current ratio for FYE 2023 vis-à-vis the exclusion of the corresponding RM235.8 million inventories which mainly comprise the same projects.

Our current ratio maintained throughout FYE 2020 to 2023, ranging from 0.9 to 1.3 times. Our Group is capable of meeting our current obligations as our current assets such as trade receivables, which can be readily converted to cash, together with our cash in the bank are enough to meet immediate our current liabilities. The increase in current ratio in FYE 2021 is mainly from RM18.0 million of cash and bank balances mainly from the drawdown of term loans for The Logg's projects.

Our current ratio decreased from 1.1 times for FYE 2022 to 0.9 times in FYE 2023 due to increase in trade payables incurred for the development of The Logg, Taman Seri Lemawang and Residensi Seri Akasia projects, where the corresponding property development costs recorded as inventories are excluded from the computation of current ratio, as they are not readily convertible to cash.

It should be noted that RM235.8 million in inventories which consist of completed units and property development costs were excluded from the current ratio computation. Nonetheless, we expect that the progressive sales and billings for The Logg and Ayuria Place projects in FYE 2024, as well as our accessibility to banking facilities of up to RM389.8 million as at LPD will be more than sufficient to address our current liabilities.

12.8.4 Gearing ratio

Our gearing ratio for FYE 2020 to 2023 are as follows:

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total borrowings	41,246	66,965	53,304	173,178
Total equity	111,681	127,301	137,785	136,607
Gearing ratio (times)	0.4	0.5	0.4	1.3

Note:

(1) Based on total borrowings and lease liabilities excluding lease liabilities arising from the rental of office.

The changes in gearing ratio was mainly due to movement in term loan balances due to additional term loans drawn down to purchase land for development or repayment of outstanding term loans. Our gearing ratio increased marginally from 0.4 times in FYE 2020 to 0.5 times in FYE 2021, mainly due to drawdown of term loans in relation to The Logg's projects, and decreased slightly to 0.4 times in FYE 2022 due to redemption of bridging loans under development and increased to 1.3 times in FYE 2023 mainly due to drawdown of term loan, bridging loan and revolving credit for working capital requirements for The Logg and purchase consideration of the Alamesra Lands.

12.8.5 Inventories ageing

Inventories held by our Group comprise land held for development, property development costs and completed units. For this analysis, we only consider the completed units. The completed units comprise various types of properties from many of our completed projects, namely Taman Nelly Phase 8D and Plaza Seri Lemawang.

Our Group's cost of sales for development properties is recognised based on the percentage of completion for each property development project. On the other hand, completed units which are unsold remain as inventories indefinitely until sold. The value of our inventories at the end of any financial year may not correspond to our cost of sales as each of our property development projects have specific project costing.

Based on the above, the calculation of inventory turnover (i.e. average inventories as at year end over cost of sales for the year) may be distorted in both the numerator and denominator, and as such, the ratio may not yield a meaningful analysis.

The ageing analysis of our inventories of completed units as at 31 December 2023 is as follows:

	Less than 1 year	**1 to 2 years**	**More than 2 years**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Inventories	-	-	438	438
% of total inventories	-	-	100.0	100.0

The Group does not have inventories aged less than 2 years as at 31 December 2023.

The inventories aged more than 2 years comprise Taman Nelly Phase 8D units, which are smaller units.

We do not have a specific impairment policy on unsold units and we assess them as and when we need to. In our experience, our unsold units have not depreciated in value in the past, but generally appreciate instead. In this respect, we have flexibility to price the unsold units at a discount / rebate to market value, close to the initial selling price, without incurring losses.

12.9 SIGNIFICANT FACTORS AFFECTING OUR REVENUE

Section 9 details a number of risk factors relating to our business and the industry in which we operate. Some of these risk factors have an impact on our Group's revenue and financial performance. The main factors which affect our revenues and profits include but are not limited to the following:

(a) Our Group is dependent on LPPB on sustain our pipeline of projects

Our Group is subject to risks associated with the provision of design and build construction services primarily to LPPB. Since 2010 and up to LPD, we have been providing our design and build construction services primarily to LPPB whereby LPPB is the state authority in Sabah involved in overseeing housing and township development, as well as the development of affordable housing in Sabah. A majority of the projects which contributed to our Group's revenue during FYE 2020 to 2023 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 in GDV are also projects awarded by/in participation with LPPB, save and except for the Ayuria Place project, which is an acquisition of lands from a third-party vendor for a purchase consideration of approximately RM74.0 million. In the event that there is a delay in the completion of projects with LPPB, our Group will be liable to pay the agreed liquidated damages stipulated in the respective sale and purchase agreements entered into between our Group, LPPB and the buyers of the units of the particular project. Our Group will also be required to indemnify and keep LPPB harmless against all such claims, loss and damages, if any.

In this regard, our Group is dependent on LPPB to sustain our pipeline of projects. In the event that LPPB ceases to award design and build construction projects to our Group, our financial performance may be adversely affected. Further, LPPB may decide to award the projects to other property developers in Sabah and this subjects us to the risk of competition from these developers. Notwithstanding that our Group has the expertise to continue sourcing for landbanks for our own development projects, there is no assurance that we will be able to complete the acquisition of the landbanks in a timely manner as well as to have sufficient landbank for development projects, in order to compensate for any loss in revenue if we fail to secure design and build construction services from LPPB.

(b) Our Group is subject to risks of possible delays in completing our design and build construction projects and property development projects

The timely completion of our design and build construction projects and property development projects is dependent on many external factors inherent in construction and property development, some of which may be beyond our control including, amongst others, the timely receipt of required licenses, permits or regulatory approvals, availability of construction materials, equipment and labour, availability of financing and appointment of qualified and competent consultants, professionals and subcontractors to complete the projects on time.

Any extensions of time in the completion of projects may result in project cost overrun and attract negative feedback from the consumer market. Further, prolonged interruptions or delays in completing a project may result in legal implications such as property buyers claiming LAD from us which may affect our revenue and profitability as well as cash flows.

(c) We are subject to potential liability claims for construction defects during the defect liability period

Construction defects may occur on our design and build construction projects and property development projects, and may arise sometime after completion of that particular project. While we may have recourse against our subcontractors in respect of such defects, such recourse may not be adequate or may only be available for a limited period, or that certain liabilities may only come to light after such recourse period has expired.

We extend a defect liability period of 18 months for all our design and build construction projects and property development projects. Any claims relating to defects on the properties may give rise to contractual and other liabilities. Unexpected levels of expenditure attributable to rectifying defects arising from a project may have a material adverse effect on the profitability generated from the particular project. Ultimately, it may also have an adverse effect on our Group's reputation, which in turn may adversely affect our business and financial performance.

(d) Our Group is subject to the prevailing market conditions in the property market in Malaysia and specifically in Sabah

As our design and build construction projects, property development projects and future landbanks are concentrated in Sabah, we are dependent on the prevailing market conditions of the property market in Malaysia and specifically, in Sabah, for the sales performance of our properties as well as the development planning of future projects. Further, our Group's business strategy is to continue strengthening our market position in Sabah where we currently operate.

Any negative performance of the Malaysian economy may adversely impact the employment market and consumers' purchasing power, causing consumers to be more cautious in their spending and investments which may subsequently affect the demand for properties. Any slowdown in the property market arising from situations like these may adversely affect the value of properties in Malaysia.

12.10 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 9.

12.11 IMPACT OF INFLATION

Although our phased property development projects typically take between 36 to 54 months to complete, we have entered into sale and purchase agreement with the buyers, with an agreed property price and have awarded the construction contract to the contractors, with an agreed contract sum. As such, we are not directly affected by inflation for FYE 2020 to 2023. However, there is no assurance that our financial performance will not be adversely affected by the impact of inflation moving forward.

12.12 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES ON OUR GROUP'S OPERATIONS

12.12.1 Impact of foreign exchange rates

Our transactions are solely denominated in RM.

12.12.2 Impact of interest rates

Exposure to changes in interest rate risk relates primarily to the borrowings from the banks. We do not generally hedge interest rate risks.

A sensitivity analysis has been performed on our Group based on the outstanding floating rate of the bank borrowings as at 31 December 2023, the PAT for FYE 31 December 2023 would increase or decrease by about RM2.1 million, as a result of higher or lower interest rates of 100 basis points on these borrowings.

Our Group's financial results for FYE 2020 to 2023 were not materially affected by fluctuations in interest rates. However, should we undertake significant bank borrowings, a major increase in interest rates would raise the cost of borrowings and our finance costs, which may have an adverse effect on the performance of our Group.

12.12.3 Impact of commodity prices

Our direct materials mainly consist of materials such as steel bar, steel reinforcement wire mesh, cement, stone and sand. These raw materials are widely available in Malaysia and from a large base of suppliers. We were not directly affected by fluctuations in commodity prices for FYE 2020 to 2023.

12.13 SIGNIFICANT CHANGES

There are no significant changes which may have a material effect on the financial position and results of our Group subsequent to FYE 2023 and up to LPD.

12.14 ORDER BOOK

The nature of our Group's business is property development and hence sales of properties are commonly on a one-off basis. As such, our Group does not have an order book.

12.15 DIRECTORS' STATEMENT ON OUR GROUP'S FINANCIAL PERFORMANCE

Our Board is of the opinion that:

(a) our Group's revenue will remain sustainable in line with the positive outlook of the property industry as set out in the IMR Report in Section 8, which is expected to experience slower demand in the near future;

(b) our liquidity will improve further subsequent to our Public Issue given the additional funds to be raised for our Group to carry out our business strategies as stated in Section 7.17; and

(c) our capital resources will strengthen, taking into account the amount to be raised from the IPO as well as internally generated funds. We may consider debt funding for our capital expansion should the need arises.

In addition to the above, our Board confirms that there are no circumstances which would result in a significant decline in our revenue and GP margins or know of any factors that are likely to have a material impact on our liquidity, revenue or profitability.

12.16 TREND INFORMATION

Based on our track record for FYE 2020 to 2023, the following trends may continue to affect our business:

(a) during FYE 2020 to 2023, revenue was derived from the design and build construction services and property development segment. We expect that these segments to continue contributing significantly to our revenue in the future;

(b) Sabah has been our main focus in terms of geographical locations and we will continue to focus in this location;

(c) the main components of our cost of sales are construction materials, land costs, infrastructure works, building works and M&E works which collectively accounted for more than 71.6%, 81.1%, 87.1% and 80.5% of our total cost of sales during FYE 2020 to 2023. Moving forward, our cost of sales is expected to fluctuate in tandem with the growth of our business and would depend on amongst others, the availability and price fluctuation of our direct materials and preliminaries; and

(d) we achieved GP margins of 31.3%, 29.6%, 27.3% and 29.6% for FYE 2020 to 2023, respectively. Moving forward, our GP margin will depend on, amongst others, our continued ability to manage our costs efficiently and price our properties competitively.

As at LPD, after all reasonable enquiries, our Board confirms that, our operations have not been and are not expected to be affected by any of the following:

(a) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in Sections 12.2, 12.9 and 12.12;

(b) material commitments for capital expenditure save as disclosed in Section 12.6;

(c) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Sections 12.2, 12.9 and 12.12;

(d) known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save for those that had been discussed in Sections 12.2, 12.9 and 12.12; and

(e) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not necessarily indicative of the future financial performance and position other than those discussed in Sections 12.2, 12.9 and 12.12.

Based on the above, our Board is optimistic about the future prospects of our Group given the positive outlook of the property industry in Sabah as set out in the IMR Report in Section 8, our Group's competitive strengths set out in Section 7.7 and our Group's intention to implement the business strategies as set out in Section 7.17.

12.17 DIVIDEND POLICY

As our Company is an investment holding company, our income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries, present or future. Our subsidiaries will require its financiers' consent as set out in the respective facility agreements to pay dividends to our Company. Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, there are no legal, financial, or economic restrictions on the ability of our existing subsidiary to transfer funds in the form of cash dividends, loans or advances to us. Moving forward, the payment of dividends or other distributions by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective boards of directors deem relevant.

Our Group presently does not have any formal dividend policy. The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board. It is our intention to pay dividends to shareholders in the future; however, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

Dividends declared and paid by our subsidiaries for FYE 2020 to 2023 and up to LPD are as follows:

	Audited				Unaudited
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**	**1 January 2024 up to LPD**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Dividends declared and paid	-	-	-	(1)15,000	(2)15,000

Notes:

(1) An interim dividend of RM15.0 million was declared on 31 March 2023 and paid on 3 April 2023.

(2) An interim dividend of RM15.0 million was declared on 31 January 2024 and paid on 1 February 2024.

The dividends declared and paid in FYE 2023 and up to LPD were funded via internally generated cash. The dividends will not affect the execution and implementation of our Group's future plans or business strategies. Together with the IPO proceeds, our Group believes that we have sufficient funding of cash from operations for the funding requirement for our operations and expansion plans. We do not intend to declare and pay any dividends from LPD up to the point of our Listing.

12.18 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness:

(a) Based on the latest unaudited financial information as at 31 March 2024; and

(b) After adjusting for the effects of Acquisitions and subsequent events, IPO and utilisation of proceeds.

		I	II	III
	As at 31 March 2024	**After Acquisitions**	**After I and IPO**	**After II and utilisation of proceeds**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Indebtedness				
Current				
Secured and guaranteed				
Borrowings	177,632	177,632	177,632	156,632
Lease liabilities	1,047	1,047	1,047	1,047
Secured and unguaranteed				
Lease liabilities	726	726	726	726
Unsecured and unguaranteed				
Lease liabilities	371	371	371	371
Non-current				
Secured and guaranteed				
Borrowings	32,808	32,808	32,808	32,808
Lease liabilities	802	802	802	802
Secured and unguaranteed				
Lease liabilities	2,854	2,854	2,854	2,854
Unsecured and unguaranteed				
Lease liabilities	1,661	1,661	1,661	1,661
Total borrowings	**217,901**	**217,901**	**217,901**	**196,901**
Total contingent liabilities[(1)]	15,101	15,101	15,101	15,101
Total indebtedness	**233,002**	**233,002**	**233,002**	**212,002**
Capitalisation				
Share capital	-	107,584	155,584	155,123
Invested capital	2,000	-	-	-
Total capitalisation	**2,000**	**107,584**	**155,584**	**155,123**
Total capitalisation and indebtedness	**235,002**	**340,586**	**388,586**	**367,125**
Gearing ratio (times)				
• Include contingent liabilities[(2)]	116.5	2.2	1.5	1.4
• Exclude contingent liabilities[(3)]	109.0	2.0	1.4	1.3

12. FINANCIAL INFORMATION *(Cont'd)*

Notes:

(1) Relates to the value of the Impugned Assessments and amount claimed by GC.

(2) Calculated based on total indebtedness divided by total capitalisation.

(3) Calculated based on total borrowings divided by total capitalisation.

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KTI LANDMARK BERHAD
Registration No.: 201601008159 (1179087-X)
(Incorporated in Malaysia)

ACCOUNTANTS' REPORT ON
COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED
31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022 AND
31 DECEMBER 2023

Moore Stephens Associates PLT
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Chartered Accountants [AF002096]
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THE BOARD OF DIRECTORS
KTI LANDMARK BERHAD
Lot 220 (Ground Floor),
221 (Ground Floor and 1st Floor) and
222 (Ground Floor to 3rd Floor),
Taman Nelly 9, Phase 4 Shoplot, Lorong Nelly Plaza,
Jalan Nountun, Kolombong,
88844 Kota Kinabalu, Sabah.

Dear Sir

REPORTING ACCOUNTANTS' OPINION ON THE COMBINED FINANCIAL STATEMENTS CONTAINED IN THE ACCOUNTANTS' REPORT OF KTI LANDMARK BERHAD

Opinion

We have audited the combined financial statements of KTI Landmark Berhad ("the Company") and its combining entities (collectively referred to as "the Group") which comprise the combined statements of financial position as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023, and the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for corresponding financial years then ended, and notes to the combined financial statements, including material accounting policies information as set out on pages 4 to 70.

The historical combined financial statements have been prepared for inclusion in the prospectus of KTI Landmark Berhad in connection with the listing of and quotation for the entire enlarged issued share capital of KTI Landmark Berhad on the ACE Market of Bursa Malaysia Securities Berhad ("Prospectus"). This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia ("the Guidelines") and is given for the purpose of complying with the Guidelines and for no other purposes.

K.T.I. Sdn. Bhd. and K.T.I Development Sdn. Bhd. became subsidiaries of the Company subsequent to 31 December 2023. The Company, K.T.I. Sdn. Bhd. and K.T.I Development Sdn. Bhd. are collectively referred to as "the Group".

In our opinion, the combined financial statements give a true and fair view of the combined financial position as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023, and of its combined financial performance and its combined cash flows for the years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements section* of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

Responsibilities of the Directors for the Combined Financial Statements

The Directors of the Company are responsible for the preparation of combined financial statements of the Group that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of combined financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements of the Group, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the combined financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

MOORE

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (cont'd)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Restriction on Distribution and Use

This report is made solely to the Group for inclusion in the prospectus of KTI Landmark Berhad in connection with the listing of and quotation of the entire enlarged issued shares of KTI Landmark Berhad on the ACE Market of Bursa Malaysia Securities Berhad. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member of employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

MOORE STEPHENS ASSOCIATES PLT
201304000972 (LLP0000963-LCA)
Chartered Accountants (AF002096)

TAN KEI HUI
03429/04/2025 J
Chartered Accountant

Petaling Jaya, Selangor
Date: 16 April 2024

KTI LANDMARK BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Note	<------- Audited -------			------->
		FYE 2020 RM	**FYE 2021 RM**	**FYE 2022 RM**	**FYE 2023 RM**
Revenue	4	90,193,490	98,517,752	112,880,173	120,166,504
Cost of sales	5	(61,968,976)	(69,396,949)	(82,072,781)	(84,579,430)
Gross profit		28,224,514	29,120,803	30,807,392	35,587,074
Other income		2,327,655	4,187,042	2,918,655	1,772,978
Selling and marketing expenses		(2,960,478)	(1,398,560)	(4,710,623)	(4,161,280)
Administrative expenses		(10,292,165)	(10,409,738)	(12,399,398)	(12,792,052)
Other expenses		-	-	(388,763)	(30,000)
Profit from operations	6	17,299,526	21,499,547	16,227,263	20,376,720
Finance costs	7	(1,784,012)	(2,102,654)	(2,240,586)	(3,075,379)
Profit before tax		15,515,514	19,396,893	13,986,677	17,301,341
Tax expense	8	(2,921,374)	(3,776,315)	(3,504,012)	(3,479,214)
Profit net of tax, representing total comprehensive income for the financial year		12,594,140	15,620,578	10,482,665	13,822,127
Earnings per share attributable to the Owners of the Group					
Basic/diluted earnings per share (sen)	33	1.57	1.95	1.31	1.73

The annexed notes form an integral part of,
and should be read in conjunction with, these combined financial statements.

KTI LANDMARK BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION

		<---------------- Audited as at 31 December ------------------>			
		2020	**2021**	**2022**	**2023**
	Note	**RM**	**RM**	**RM**	**RM**
ASSETS					
Non-Current Assets					
Property, plant and equipment	9	11,854,553	27,247,250	39,864,576	68,871,498
Inventories	11	1,920,620	1,920,620	1,920,620	851,071
Deferred tax assets	12	542,869	154,315	-	454,353
		14,318,042	29,322,185	41,785,196	70,176,922
Current Assets					
Inventories	11	109,049,580	99,649,173	111,068,937	235,820,536
Trade receivables	13	10,724,460	8,411,113	7,141,317	9,451,017
Contract assets	14	20,824,373	27,501,272	19,828,744	18,319,560
Other receivables	15	3,324,394	2,265,162	11,289,491	6,207,196
Amounts due from Directors	16	64,000	64,000	-	-
Tax recoverable		159,581	1,533,240	1,450,280	1,403,099
Fixed deposits with licensed banks	17	10,563,939	13,835,168	22,135,936	15,550,848
Cash and bank balances	18	23,147,147	50,806,638	35,456,322	19,597,951
		177,857,474	204,065,766	208,371,027	306,350,207
TOTAL ASSETS		192,175,516	233,387,951	250,156,223	376,527,129
EQUITY AND LIABILITIES					
Equity					
Invested equity		2,000,003	2,000,003	2,000,003	2,000,003
Retained earnings		109,681,414	125,301,992	135,784,657	134,606,784
Total Equity	19	111,681,417	127,301,995	137,784,660	136,606,787
Non-Current Liabilities					
Lease liabilities	20	2,313,403	2,138,323	2,303,431	5,062,169
Borrowings	21	6,624,024	22,676,568	21,796,435	23,654,272
Deferred tax liabilities	12	797,395	716,894	894,642	932,682
		9,734,822	25,531,785	24,994,508	29,649,123

KTI LANDMARK BERHAD
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COMBINED STATEMENTS OF FINANCIAL POSITION (cont'd)

		<----------------- Audited as at 31 December ------------------->			
		2020	**2021**	**2022**	**2023**
	Note	**RM**	**RM**	**RM**	**RM**
Current Liabilities					
Trade payables	22	15,892,798	19,070,505	26,069,508	42,551,293
Contract liabilities	14	1,170,711	62,003	21,962,462	15,068,142
Other payables	23	18,555,675	13,679,801	7,833,953	7,157,296
Amounts due to Directors	16	2,668,673	4,173,130	1,056,929	-
Amount due to a related party	24	35,020	21,161	44,793	41,063
Lease liabilities	20	1,211,043	1,301,198	1,491,039	2,053,817
Borrowings	21	31,097,502	40,849,338	27,713,686	142,407,979
Tax payables		127,855	1,397,035	1,204,685	991,629
		70,759,277	80,554,171	87,377,055	210,271,219
Total Liabilities		80,494,099	106,085,956	112,371,563	239,920,342
TOTAL EQUITY AND LIABILITIES		192,175,516	233,387,951	250,156,223	376,527,129

The annexed notes form an integral part of,
and should be read in conjunction with, these combined financial statements.

KTI LANDMARK BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Invested Equity RM	Distributable Retained Earnings RM	Total Equity RM
At 1 January 2020	2,000,003	97,087,274	99,087,277
Profit net of tax, representing total comprehensive income for the financial year	-	12,594,140	12,594,140
At 31 December 2020/At 1 January 2021	2,000,003	109,681,414	111,681,417
Profit net of tax, representing total comprehensive income for the financial year	-	15,620,578	15,620,578
At 31 December 2021/At 1 January 2022	2,000,003	125,301,992	127,301,995
Profit net of tax, representing total comprehensive income for the financial year	-	10,482,665	10,482,665
At 31 December 2022/1 January 2023	2,000,003	135,784,657	137,784,660
Profit net of tax, representing total comprehensive income for the financial year	-	13,822,127	13,822,127
Transaction with Owner of the Company			
Dividend (Note 25)	-	(15,000,000)	(15,000,000)
At 31 December 2023	2,000,003	134,606,784	136,606,787

The annexed notes form an integral part of,
and should be read in conjunction with, these combined financial statements.

KTI LANDMARK BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS

		<------ Audited		------>
		FYE	**FYE**	**FYE**	**FYE**
	Note	**2020 RM**	**2021 RM**	**2022 RM**	**2023 RM**
Cash Flows from Operating Activities					
Profit before tax		15,515,514	19,396,893	13,986,677	17,301,341
Adjustments for:					
Depreciation of property, plant and equipment		1,626,187	1,548,329	1,552,571	1,361,796
Depreciation of investment property		6,682	-	-	-
Forfeiture of deposit from customers		(7,500)	-	(10,000)	-
Gain on disposal of:					
- property, plant and equipment		(333)	(99,999)	(49,999)	(66,299)
- investment property		(274,155)	-	-	-
Interest expense		1,784,012	2,102,654	2,240,586	3,075,379
Interest income		(514,658)	(418,861)	(632,482)	(949,143)
Other receivable written off		-	-	30,000	-
Property, plant and equipment written off		-	-	2	-
Operating profit before changes in working capital		18,135,749	22,529,016	17,117,355	20,723,074
Changes in working capital:					
Inventories		(24,786,977)	(3,469,616)	(10,034,897)	(47,746,309)
Receivables		26,700,659	2,287,878	(7,784,533)	2,772,595
Payables		6,086,584	(1,712,026)	1,193,624	15,801,398
Contract assets/liabilities		(4,308,701)	(7,785,607)	29,572,987	(5,385,136)
Cash generated from/ (used in) operations		21,827,314	11,849,645	30,064,536	(13,834,378)
Interest paid		(2,524,217)	(2,102,654)	(2,247,423)	(3,069,693)
Interest received		514,658	418,861	632,482	949,143
Tax paid		(2,637,787)	(3,572,741)	(3,689,444)	(4,061,402)
Tax refunded		-	-	408,105	-
Net cash from/(used in) operating activities		17,179,968	6,593,111	25,168,256	(20,016,330)

KTI LANDMARK BERHAD
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COMBINED STATEMENTS OF CASH FLOWS (cont'd)

		<---- Audited ----			---->
	Note	**FYE 2020 RM**	**FYE 2021 RM**	**FYE 2022 RM**	**FYE 2023 RM**
Cash Flows from Investing Activities					
Acquisition of property, plant and equipment	9(vi)	(438,647)	(1,789,443)	(14,213,301)	(27,148,576)
Repayment from Directors		-	-	64,000	-
Decrease/(increase) in housing development account		1,165,875	(371,170)	352,913	4,126
Proceeds from disposal of:					
- property, plant and equipment		1,000	100,000	50,000	71,896
- investment property		790,000	-	-	-
Net cash from/(used in) investing activities		1,518,228	(2,060,613)	(13,746,388)	(27,072,554)
Cash Flows from Financing Activities					
(Repayment to)/advances from Directors		(1,569,397)	1,504,457	(3,116,201)	(1,056,929)
Withdraw/(Uplift) in plegded fixed deposits with licensed bank		4,863,924	(3,252,260)	(281,029)	(862,906)
Dividend paid		-	-	-	(15,000,000)
Drawdown of:					
- bankers' acceptance		19,360,000	15,192,210	17,788,831	22,723,430
- trust receipts		99,000	1,283,066	-	4,122,093
- Revolving Credit ("RC-i")		-	-	-	902,371
- term loans		-	27,816,897	10,000,000	35,806,891
- bridging loan		-	-	-	15,000,000
- Commodity Murabahah Flexi Term Financing-I ("CMFTF-i")		3,827,528	-	1,600,000	-
- Commodity Murabahah Cashline-I ("CMC-i")		21,317,135	38,827,571	23,292,785	21,487,721
Carried forward		47,898,190	81,371,941	49,284,386	83,122,671

KTI LANDMARK BERHAD

(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS (cont'd)

		<---------- Audited		---------->
	Note	**FYE 2020 RM**	**FYE 2021 RM**	**FYE 2022 RM**	**FYE 2023 RM**
Cash Flows from Financing Activities (cont'd)					
Brought forward		47,898,190	81,371,941	49,284,386	83,122,671
Repayment of:					
- bankers' acceptance		(19,312,000)	(13,355,830)	(20,525,211)	(21,091,430)
- trust receipts		(259,997)	(489,430)	(793,636)	(1,812,907)
- term loans		(337,571)	(2,402,921)	(5,277,942)	(10,397,433)
- invoice financing		(365,115)	-	-	-
- RC-i		-	-	-	(411,366)
- CMFTF-i		(1,018,221)	(3,393,982)	(1,415,103)	(955,000)
- CMC-i		(17,862,736)	(27,483,716)	(38,296,854)	(23,974,064)
Refinance of lease liabilities	(ii) & (iii)	-	-	516,000	-
Repayment of lease liabilities	(ii) & (iii)	(1,023,288)	(1,281,785)	(1,502,517)	(1,839,964)
Net cash from/(used in) financing activities		7,719,262	32,964,277	(18,010,877)	22,640,507
Net increase/(decrease) in cash and cash equivalents		26,417,458	37,496,775	(6,589,009)	(24,448,377)
Cash and cash equivalents at beginning of the financial year		(13,168,020)	13,249,438	50,746,213	44,157,204
Cash and cash equivalents at end of the financial year	(i)	13,249,438	50,746,213	44,157,204	19,708,827

KTI LANDMARK BERHAD
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COMBINED STATEMENTS OF CASH FLOWS (cont'd)

Note:

(i) Cash and cash equivalents comprise:

	<---------------------------- Audited			------------------------------>
	FYE 2020 RM	**FYE 2021 RM**	**FYE 2022 RM**	**FYE 2023 RM**
Fixed deposits placed with a licensed bank	10,563,939	13,835,168	22,135,936	15,550,848
Cash and bank balances	23,147,147	50,806,638	35,456,322	19,597,951
	33,711,086	64,641,806	57,592,258	35,148,799
Less: Fixed deposits pledged as collaterals	(9,791,235)	(13,043,495)	(13,324,524)	(14,187,430)
Housing development account	(92,273)	(463,443)	(110,530)	(106,404)
Bank overdrafts	(10,578,140)	(388,655)	-	(1,146,138)
	13,249,438	50,746,213	44,157,204	19,708,827

(ii) Cash outflows for leases as a lessee are as follows:

	<---------------------------- Audited			------------------------------>
	FYE 2020 RM	**FYE 2021 RM**	**FYE 2022 RM**	**FYE 2023 RM**
Included in net cash from/(used in) operating activities:				
- Interest paid in relation to lease liabilities	78,112	106,047	221,495	267,205
- Payment relating to short-term leases	104,211	94,800	64,969	61,730
Included in net cash from/ (used in) financing activities:				
- Payment for the principal portion of lease liabilities	1,023,288	1,281,785	1,502,517	1,839,964
Total cash outflows for leases	1,205,611	1,482,632	1,788,981	2,168,899

KTI LANDMARK BERHAD
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COMBINED STATEMENTS OF CASH FLOWS (cont'd)

Note:

(iii) The reconciliation of the movements of liabilities to cash flows arising from financing activities:

	<---- Audited			---->
	FYE 2020 RM	**FYE 2021 RM**	**FYE 2022 RM**	**FYE 2023 RM**
Lease liabilities				
At beginning of the year	4,019,228	3,524,446	3,439,521	3,794,470
Acquisition of new leases	522,000	1,196,860	1,341,466	5,161,480
Refinance of lease [Note 9(i)]	-	-	516,000	-
Repayment of principal	(1,023,288)	(1,281,785)	(1,502,517)	(1,839,964)
Net repayment of principal	(1,023,288)	(1,281,785)	(986,517)	(1,839,964)
Finance costs:				
Repayment of interest	(78,112)	(106,047)	(221,495)	(267,205)
Accrued interest	-	(4,276)	6,837	-
Finance costs charged during the year (Note 7)	84,618	110,323	214,658	267,205
	6,506	-	-	-
At end of the year	3,524,446	3,439,521	3,794,470	7,115,986

The annexed notes form an integral part of,
and should be read in conjunction with, these combined financial statements.

KTI LANDMARK BERHAD
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

KTI Landmark Berhad ("the Company") was incorporated under the Companies Act 1965 on 10 March 2016 under the name of KTI Property Berhad as a public limited company and is deemed registered under the Companies Act 2016. The Company is domiciled in Malaysia with issued and fully paid-up share capital of RM3 consisting of 3 ordinary shares. Subsequently on 14 July 2022, the Company changed its name to KTI Landmark Berhad. The Company was incorporated to undertake internal reorganisation for the purpose of the listing of and quotation of the entire enlarged share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("the Listing").

For the purpose of facilitating the Listing, the Company entered into 2 conditional share sale agreements on 19 June 2023 to acquire the entire issued and paid-up share capital of K.T.I. Sdn. Bhd. ("KTISB") and K.T.I Development Sdn. Bhd. ("KTID"), respectively, to be fully satisfied by the issuance of 639,999,997 new ordinary shares in the Company (herein referred to as the "Internal Reorganisation"), will be completed prior to the Listing and resulting thereof, KTISB and KTID became the wholly-owned subsidiaries of the Company. The Internal Reorganisation was completed on 2 April 2024.

Upon the completion of the listing, the entire enlarged share capital of the Company of approximately RM155,122,752 (after deducting the estimated listing expenses directly attributable to the issuance of new shares of RM461,250) comprising 800,000,000 ordinary shares will be listed and quoted on the ACE Market of Bursa Securities.

The registered office of the Company is located at Lot 221 & 222, Taman Nelly 9, Phase 4 Shoplot, Lorong Nelly Plaza, Jalan Nountun, Kolombong, 88844 Kota Kinabalu, Sabah.

The principal place of business of the Company is located at Lot 220 (Ground Floor), 221 (Ground Floor and 1st Floor) and 222 (Ground Floor to 3rd Floor), Taman Nelly 9, Phase 4 Shoplot, Lorong Nelly Plaza, Jalan Nountun, Kolombong, 88844 Kota Kinabalu, Sabah.

The principal activity of the Company is investment holding. The principal activities and other information of the combining entities are as follows:

Combining Entities	**Country of Incorporation**	**Principal Activities**
K.T.I. Sdn. Bhd. ("KTISB")	Malaysia	Property development, carrying out construction work under contract, manufacturing of industrialised building system and investment holding.
K.T.I Development Sdn. Bhd. ("KTID")	Malaysia	Property development, carrying out construction work under contract and investment holding.
Subsidiaries of K.T.I. Sdn. Bhd.		
- Dataran Jayamakmur Sdn. Bhd. ("DJSB")	Malaysia	Property development.
- K.T.I. Industrial Sdn. Bhd. ("KTII")	Malaysia	Dormant. Intended for property development.

KTI LANDMARK BERHAD
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NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. GENERAL INFORMATION (cont'd)

The principal activity of the Company is investment holding. The principal activities and other information of the combining entities are as follows: (cont'd)

Combining Entities	Country of Incorporation	Principal Activities
Subsidiary of K.T.I Development Sdn. Bhd.		
- Landmark Property Sdn. Bhd. ("LPSB")	Malaysia	Property development.
Subsidiary of Landmark Property Sdn. Bhd.		
- KTI Hotel & Resort Sdn. Bhd. ("KTIHR")	Malaysia	Property investment and hotel owner/operator.

There have been no significant changes in the nature of the principal activities during these financial years under review.

This Accountants' report comprises the historical combined financial statements of KTI Landmark Berhad and its combining entities ("the Group"), which include the combined statements of financial position of the Group as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023, and notes to the financial statements, including a material accounting policies information and other explanatory notes (together, the "historical combined financial statements"), as set out on pages 4 to 70.

2. BASIS OF PREPARATION

The combined financial statements have been prepared for inclusion in the Prospectus in connection with the proposed listing of the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad and for no other purpose.

The combined financial statements for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 consist of the following entities under common control (collectively hereinafter referred to as the "Group") for each of the financial years under review:

	Financial year ended ("FYE") 31 December			
	2020	**2021**	**2022**	**2023**
Entities under common control:				
KTI Landmark Berhad	✓	✓	✓	✓
K.T.I. Sdn. Bhd.	✓	✓	✓	✓
K.T.I Development Sdn. Bhd.	✓	✓	✓	✓
Dataran Jayamakmur Sdn. Bhd.	✓	✓	✓	✓
K.T.I. Industrial Sdn. Bhd.	✓	✓	✓	✓
Landmark Property Sdn. Bhd.	✓	✓	✓	✓
KTI Hotel & Resort Sdn. Bhd.	✓	✓	✓	✓

✓ *The combined financial statements include the financial statements of these combining entities for the respective financial years.*

The audited financial statements of the combining entities within the Group for the respective financial years as reported above were not subject to any qualification or modification.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory ("commonly controlled entities"). Control exists when the same parties have, as a result of common shareholders and contractual agreements, ultimate collective power to govern the financial and operating policies of each of the commonly controlled entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The combined financial statements for the relevant periods were prepared in a manner similar to the "pooling-of-interest" method, as if the entities under common control were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of the entities, whichever is later. Such manner of preparation reflects the economic substance of the combining entities, which were under common control throughout the relevant periods.

The financial information presented in the combined financial statements may not correspond to those in the consolidated financial statements had the relevant proposed transactions to legally constitute a group been incorporated in the consolidated financial statements for the respective years. Such financial information in the combined financial statements does not purport to predict the financial position, results and the cash flows of the entities under common control for those financial years.

2. BASIS OF PREPARATION (cont'd)

Common control business combination

For such common control business combinations, the "pooling-of-interest" method is used to account for the assets, liabilities, results, equity changes and cash flows in the combined financial statements.

Under the "pooling-of-interest" method, the results of the Group are presented as if the "pooling-of-interest" had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholders at the end of transfer of their shareholdings to KTI Landmark Berhad.

The effect of all transactions and balances, and any unrealised income and expenses occurring between the combining entities are eliminated in preparing the combined financial statements.

(a) Statement of compliance

The combined financial statements for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRSs") and the Guidance Note on "Combined Financial Statements" issued by the Malaysian Institute of Accountants on 28 November 2018.

Application of New Standards, Amendments and Interpretation

In the preparation of the combined financial statements, the Directors have applied consistently throughout the four financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023, a number of new accounting pronouncements that became effective mandatorily during the current financial year.

The Group has also considered the new accounting pronouncements in the preparation of the combined financial statements.

(i) Accounting pronouncements that are effective and adopted during the financial year ended 31 December 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9—Comparative Information
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform – Pillar Two Model Rules

The Group has adopted Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 – *Disclosures of Accounting Policies* from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the applicable of materiality to disclose of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

(i) Accounting pronouncements that are effective and adopted during the financial year ended 31 December 2023 (cont'd)

Although the amendments did not result in any changes to the Group's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed Note 3.

Other than above, the adoption of the above accounting pronouncements did not have any significant effect on the financial statements of the Group.

(ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted

The Group has not adopted the following new accounting pronouncements that have been issued as at the date of authorisation of these combined financial statements but are not yet effective for the Group:-

Effective for financial periods beginning on or after 1 January 2024

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current
Amendments to MFRS 7 and MFRS 107	Supplier Finance Arrangements

Effective for financial periods beginning on or after 1 January 2025

Amendments to MFRS 121	Lack of Exchangeability

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group will adopt the above accounting pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect to the combined financial statements upon their initial applications.

(b) Basis of measurement

These combined financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

The individual financial statements of each entity are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The combined financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group's functional currency, unless otherwise stated.

2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group's results of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's accounting policies.

Estimates, assumptions concerning the future and judgements are made in the preparation of the combined financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

(i) Property development revenue

Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (i.e. by reference to the property development costs incurred to date as a percentage of the estimated total costs of the contract). In making the estimate, management relies on opinion/service of experts, past experience and a continuous monitoring mechanism.

(ii) Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by MFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iii) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these combined financial statements, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive, The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, if it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business Combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

3. MATERIAL ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(iii) Entities under common control

For acquisition of entities under a reorganisation scheme that does not result in any change in economic substance, the consolidated financial statements of the Company is a continuation of the acquired entities and is accounted for as follows:

- The results of entities are presented as if the reorganisation occurred from the beginning o the earliest period presented in the financial statements;
- The Company will consolidate the assets and liabilities of the acquired entities at their pre-combination carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the reorganisation that would otherwise be done under the acquisition method; and
- No new goodwill is recognised as a result of the reorganisation. The only goodwill that is recognised is the existing goodwill relating to the combining entities. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as reorganisation reserve or deficit.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Revenue and other income recognition

Revenue from contracts with customers

The details of the performance obligations in contracts with customers are disclosed in Note 4.

<u>Incremental costs of obtaining a contract with a customer</u>

The Group pays sales commissions to external sales agent and employees as an incentive for sales of each unit of on-going property development to the customers. Sales commissions have been determined to be an incremental cost of obtaining a contract and are capitalised as contract costs when the Group expects these costs to be recovered over a period of more than one year.

Contract costs are amortised over the revenue recognition by reference to the progress towards complete satisfaction of the performance obligation. For contract costs with an amortisation period of less than one year, the Group has elected to apply the practical expedient to recognise as an expense when incurred. Amortisation of contract costs are included as part of selling and marketing expenses in the profit or loss, based on the nature of commission costs, and not under amortisation expenses.

3. **MATERIAL ACCOUNTING POLICIES** (cont'd)

(b) Revenue and other income recognition (cont'd)

Contract assets and contract liabilities

Contract asset is the right to consideration in exchange for goods or services transferred to the customers. The Group's contract asset is the excess of cumulative revenue earned over the billings to-date.

When there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration or have billed the customer. The Group's contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities are recognised as revenue when the Group performs their obligation under the contract.

(c) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3. MATERIAL ACCOUNTING POLICIES (cont'd)

(d) Leases

As a lessee

The Group recognises a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU assets are presented as part of the property, plant and equipment in the statements of financial position.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment.

In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability. The Group applies MFRS 136 to determine whether a ROU asset is impaired and account for any identified impairment loss as described in Note 3(h)(ii).

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at less than RM20,000 each when purchased new.

3. MATERIAL ACCOUNTING POLICIES (cont'd)

(e) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised in the profit or loss on straight line basis over its estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold land and buildings	50 years
Plant and machineries	5 years
Information technology ("IT") equipment	5 years
Furniture, fittings and office equipment	5 - 10 years
Motor vehicles	5 years
Renovation	5 - 10 years

Freehold land and construction-in-progress are not depreciated.

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted as appropriate.

Fully depreciated property, plant and equipment are retained in the combined financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The inventories of the Group are made up of land held for property development, property development costs and completed unsold properties.

(i) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

3. **MATERIAL ACCOUNTING POLICIES** (cont'd)

(f) Inventories (cont'd)

(i) Property development costs (cont'd)

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

(ii) Land held for property development

Land held for property development consists of land where no development activities have been carried out or when development activities are not expected to be completed within the normal operating cycle.

Land held for property development is reclassified as property development costs (classified within current assets) when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Land held for property development comprises costs associated with the acquisition of land and all costs incurred subsequent to the acquisition but prior to the transfer to property development costs on activities necessary to prepare the land for its intended use.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

(iii) Unsold completed properties

The cost of unsold completed properties is stated at the lower of cost and net realisable value. Cost includes the relevant cost of land and development expenditure.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

(g) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the combined statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

3. MATERIAL ACCOUNTING POLICIES (cont'd)

(g) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement

The Group categorises financial instruments as follows:

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see note 3(h)(i)) where the effective interest rate is applied to the amortised cost.

Financial liabilities

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the combined statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

3. **MATERIAL ACCOUNTING POLICIES** (cont'd)

(g) **Financial instruments** (cont'd)

(iv) **Regular way purchase or sale of financial assets**

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) **Derecognition**

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(h) **Impairment**

(i) **Financial assets**

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

Loss allowances of the Group are measured on either of the following basis:

(i) 12-month ECLs - represents the ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

(ii) Lifetime ECLs - represents the ECLs that will result from all possible default events over the expected life of a financial instrument and contract assets.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

3. MATERIAL ACCOUNTING POLICIES (cont'd)

(h) Impairment (cont'd)

(i) Financial assets (cont'd)

General approach - other financial instruments

The Group applies the general approach to provide for ECLs on all other financial instruments, which requires the loss allowance to be measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information, where available.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is significantly past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Credit impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost is credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or significant past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider (e.g. the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

3. **MATERIAL ACCOUNTING POLICIES** (cont'd)

(h) **Impairment** (cont'd)

(i) **Financial assets** (cont'd)

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Any recoveries made are recognised in the profit or loss.

(ii) **Non-financial assets**

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in the profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in profit or loss.

3. **MATERIAL ACCOUNTING POLICIES** (cont'd)

(i) Contingent liabilities/assets

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the combined statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

Where it is not probable that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the combined statements of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

(j) Earnings per share

Basis earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the financial period for the effects of all dilutive potential ordinary shares.

(k) Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

4. REVENUE

	2020 RM	2021 RM	2022 RM	2023 RM
Property development revenue	71,605,674	61,569,404	110,727,559	111,537,436
Sales of completed properties	8,201,524	28,596,895	1,623,527	1,915,500
Sales of land held for property development	-	-	-	6,713,568
Project facilitation services revenue:				
- property development	8,260,726	-	-	-
- completed properties	2,125,566	8,351,453	529,087	-
	10,386,292	8,351,453	529,087	-
	90,193,490	98,517,752	112,880,173	120,166,504
Timing of revenue recognition:				
- Point in time	10,327,090	36,948,348	2,152,614	8,629,068
- Over time	79,866,400	61,569,404	110,727,559	111,537,436
	90,193,490	98,517,752	112,880,173	120,166,504

<u>Property development revenue</u>

This is in respect of residential and commercial units under construction. The Group has entered into contract with customers for the development of these residential and commercial properties. Revenue recognition is based on stage of completion method. The stage of completion method is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Each of the obligations are not distinct and is unable to be performed separately. Accordingly, contracts with respective customers are considered as a single PO and are not separately identifiable. The performance obligation ("PO") is satisfied upon the customer simultaneously receives and consumes the benefits provided by the Group's performance. The duration of the contract generally takes 36 to 54 months to complete. Payment is generally due within 30 days upon issuance of progress billing and tax invoice to customer.

Revenue is recognised when the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date. The residential and commercial units sold have generally no alternative use for the Group due to contractual restrictions. The Group has an enforceable right to payment for the certified work performed over the contract period as promised in the Sale and Purchase Agreement. Therefore, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that aforesaid PO.

4. REVENUE (cont'd)

Sales of completed properties

Revenue from sale of completed properties is recognised in profit or loss at the point when the control of the properties has been transferred to the purchaser. The performance obligation is satisfied upon delivery of "Vacant Possession" of the completed property to purchaser and payment is generally due within 14 to 120 days from date of Sale and Purchase Agreement.

Project facilitation services

The Government of Sabah has provided facilitation fund to the Group for the benefit of the qualified purchasers to bridge the difference between the gross development cost and the gross development value for each unit of property under Perumahan Penjawat Awam Malaysia ("PPAM") scheme for certain property development projects. Revenue is recognised when there is reasonable assurance that the conditions attaching to it will be complied with and revenue recognition is based on stage of completion in constructing the residential units.

(a) Property development

Performance obligation is satisfied over the period of the contract and payment is generally due upon issuance of drawdown notice to the Government of Sabah.

(b) Completed properties

Performance obligation is satisfied at point in time when control of the properties has been transferred to the purchaser and payment is generally due upon issuance of drawdown notice to the Government of Sabah.

Sales of land held for property development

Revenue from sales of land held for property development is recognised in profit or loss at the point when the control of the properties has been transferred to the purchaser. The performance obligation is satisfied upon the delivery of "Vacant Possession" of the land to purchaser and payment is generally due within 90 days from date of Sale and Purchase Agreement.

4. REVENUE (cont'd)

Unsatisfied long-term contracts

The following table shows unsatisfied POs resulting from property development revenue.

(a) Property development revenue

	2020 RM	2021 RM	2022 RM	2023 RM
Total property development revenue, net	90,330,000	169,781,000	388,067,890	478,912,650
Less: Cummulative property development revenue recognised, net	(68,168,133)	(129,737,537)	(240,465,096)	(352,002,532)
Aggregate amount of the transaction price allocated to property development revenue that are partially or fully satisfied as at 31 December	22,161,867	40,043,463	147,602,794	126,910,118

The remaining unsatisfied performance obligations are expected to be recognised as below:

	2020 RM	2021 RM	2022 RM	2023 RM
Within 1 year	19,714,793	22,908,608	67,850,375	58,250,149
Between 1 and 3 years	2,447,074	17,134,855	79,752,419	68,659,969
	22,161,867	40,043,463	147,602,794	126,910,118

5. COST OF SALES

	2020 RM	2021 RM	2022 RM	2023 RM
Property development costs	54,685,963	44,428,775	80,210,439	81,668,862
Costs of completed properties sold	6,772,381	24,602,159	1,510,304	1,504,752
Costs of land held for property development sold	-	-	-	1,069,549
Rectification works	510,632	366,015	352,038	336,267
	61,968,976	69,396,949	82,072,781	84,579,430

6. PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging/(crediting):-

	Note	2020 RM	2021 RM	2022 RM	2023 RM
Auditors' remuneration					
- current year		72,000	118,000	168,000	188,000
Services rendered by Auditors'affiliate					
- Tax agent fee		40,400	44,200	58,900	58,900
- Other service		30,000	64,200	72,700	30,000
Depreciation of investment property		6,682	-	-	-
Depreciation of property, plant and equipment charged out as:					
- Administrative expenses		1,626,187	1,548,329	1,552,571	1,361,796
Directors' remuneration	(a)	1,590,432	1,368,774	1,745,349	2,542,290
Employee benefit expenses	(b)	4,874,425	4,985,275	4,536,653	4,459,942
Gain on disposal of property, plant and equipment		(333)	(99,999)	(49,999)	(66,299)
Property, plant and equipment written off		-	-	2	-
Other receivable written off		-	-	30,000	-
Interest income		(514,658)	(418,861)	(632,482)	(949,143)
Rental income		(220,314)	(26,785)	(77,949)	(86,036)
Short-term leases		104,211	94,800	64,969	61,730

(a) Directors' remuneration

	2020 RM	2021 RM	2022 RM	2023 RM
Fees	-	-	-	199,500
Salaries, bonuses and allowances	1,355,962	1,173,359	1,480,537	1,999,500
Contributions to defined contribution plan	222,678	188,150	246,149	312,860
Social security contributions	6,205	6,157	7,274	8,257
Other benefits	5,587	1,108	11,389	22,173
	1,590,432	1,368,774	1,745,349	2,542,290

6. **PROFIT FROM OPERATIONS** (cont'd)

(b) Employee benefit expenses

	2020 RM	**2021 RM**	**2022 RM**	**2023 RM**
Salaries, bonuses and allowances	4,245,735	4,348,044	3,897,124	3,754,429
Contributions to defined contribution plan	519,648	527,402	510,217	497,685
Social security contributions	64,082	58,340	49,960	55,115
Other benefits	44,960	51,489	79,352	152,713
	4,874,425	4,985,275	4,536,653	4,459,942

7. **FINANCE COSTS**

	2020 RM	**2021 RM**	**2022 RM**	**2023 RM**
Interest expense on:				
- bank guarantee	19,135	19,125	47,625	51,926
- bankers' acceptance, trust receipts and invoice financing	386,242	152,053	131,626	393,859
- bank overdrafts	183,146	121,082	49,303	108,616
- Commodity Murabahah Revolving Credit-I ("CMRC")	-	-	-	118,126
- CMC-i	454,057	1,071,980	481,100	410,876
- CMFTF-i	229,244	174,989	1,579	430,679
- lease liabilities	84,618	110,323	214,658	267,205
- bridging loan	-	-	-	286,027
- term loans	427,570	453,102	2,064,898	3,578,162
	1,784,012	2,102,654	2,990,789	5,645,476
Less:				
Capitalised as property, plant and equipment	-	-	(750,203)	(1,081,390)
Capitalised as inventories	-	-	-	(1,488,707)
	1,784,012	2,102,654	2,240,586	3,075,379

8. TAX EXPENSE

	2020 RM	2021 RM	2022 RM	2023 RM
Income tax:				
- Current year	1,376,292	2,966,941	3,422,552	3,891,656
- Under/(over)rprovision in prior year	636,544	501,321	(250,603)	3,871
	2,012,836	3,468,262	3,171,949	3,895,527
Deferred tax (Note 12)**:**				
- Relating to origination of temporary differences	979,383	612,003	514,885	41,646
- Overprovision in prior year	(70,845)	(303,950)	(182,822)	(457,959)
	908,538	308,053	332,063	(416,313)
Tax expense for the financial year	2,921,374	3,776,315	3,504,012	3,479,214

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year. Certain combining entities in year assessment 2020 being the resident company incorporated in Malaysia with paid-up capital of not more than RM2.5 million at the beginning of the basis period for a year of assessment and its gross income from business sources not exceeding RM50 million qualified for the preferential tax rates under *Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 ("ITA 1967")* and amendment to *ITA 1967* by the *Finance Act 2019 (Act 823)(amendment to Section 2)* as follows:

On the first RM600,000 (2022: RM600,000; 2021: RM600,000; 2020: RM500,000) of chargeable income: 17%
In excess of RM600,000 (2022: RM600,000; 2021: RM600,000; 2020: RM500,000) of chargeable income: 24%

8. TAX EXPENSE (cont'd)

The reconciliations from the tax amount at statutory income tax rate to the Group's tax expense are as follows:

	2020 RM	2021 RM	2022 RM	2023 RM
Profit before tax	15,515,514	19,396,893	13,986,677	17,301,341
Tax at the Malaysian statutory income tax rate of 24%	3,723,723	4,655,254	3,356,802	4,152,322
Effect of income subject to 17% preferential tax rate	(57,558)	-	-	-
Income not subject to tax	(2,374,871)	(2,121,260)	(511,795)	(3,168)
Expenses not deductible for tax purposes	849,580	533,071	2,165,497	346,914
Utilisation of deferred tax assets previously not recognised	(1,095,046)	-	(1,260,581)	(562,766)
Deferred tax assets not recognised	1,309,847	511,879	187,514	-
Under/(over)rprovision of income tax in prior year	636,544	501,321	(250,603)	3,871
Overprovision of deferred tax in prior year	(70,845)	(303,950)	(182,822)	(457,959)
Tax expense for the financial year	2,921,374	3,776,315	3,504,012	3,479,214

The Group has the following estimated unabsorbed capital allowances and unutilised tax losses to be carried forward to offset against future taxable profit:

	2020 RM	2021 RM	2022 RM	2023 RM
Unabsorbed capital allowance	1,319,225	113,022	1,001,433	-
Unutilised tax losses	309,963	5,985,238	12,751,582	11,160,355
	1,629,188	6,098,260	13,753,015	11,160,355

The availability of the unutilised tax losses will be subject to Inland Revenue Board discretion and approval to offset against future taxable profit. In the announcement of Malaysia 2022 Budget, the unutilised tax losses will be allowed to be carried forward for 10 consecutive years of assessment ("YA") deemed to be effective from YA 2019.

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold lands and buildings RM	Freehold land RM	Furniture, fittings and office equipment RM	IT equipment RM	Motor vehicles RM	Plant and machineries RM	Renovation RM	Lease of premises RM	Lease of land RM	Construction -in-progress RM	Total RM
Group											
Cost											
At 1 January 2020	3,444,894	356,084	2,141,635	89,500	4,829,164	15,343,867	994,819	-	-	-	27,199,963
Additions	-	-	75,454	44,086	3,250	837,857	-	-	-	-	960,647
Disposals	-	-	-	-	(2,000)	-	-	-	-	-	(2,000)
At 31 December 2020/ 1 January 2021	3,444,894	356,084	2,217,089	133,586	4,830,414	16,181,724	994,819	-	-	-	28,158,610
Additions	-	-	34,836	9,040	40,000	2,923,150	-	-	-	1,084,700	4,091,726
Transferred from inventories	2,127,640	-	-	-	-	-	-	-	-	11,874,935	14,002,575
Disposals	-	-	-	-	(377,000)	-	-	-	-	-	(377,000)
At 31 December 2021/ 1 January 2022	5,572,534	356,084	2,251,925	142,626	4,493,414	19,104,874	994,819	-	-	12,959,635	45,875,911
Additions	-	-	139,374	252,773	127,600	2,032,557	49,273	497,266	-	12,500,343	15,599,186
Disposals	-	-	-	-	(124,933)	-	-	-	-	-	(124,933)
Written off	-	-	(26,550)	-	-	(29,000)	-	-	-	-	(55,550)
At 31 December 2022/ 1 January 2023	5,572,534	356,084	2,364,749	395,399	4,496,081	21,108,431	1,044,092	497,266	-	25,459,978	61,294,614
Additions	-	-	342,716	213,016	542,146	6,161,461	433,954	200,873	1,572,015	23,097,227	32,563,408
Disposals	-	-	-	-	(77,250)	(21,500)	-	-	-	-	(98,750)
At 31 December 2023	5,572,534	356,084	2,707,465	608,415	4,960,977	27,248,392	1,478,046	698,139	1,572,015	48,557,205	93,759,272

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold lands and buildings RM	Freehold land RM	Furniture, fittings and office equipment RM	IT equipment RM	Motor vehicles RM	Plant and machineries RM	Renovation RM	Lease of premises RM	Lease of land RM	Construction -in-progress RM	Total RM
Accumulated depreciation											
At 1 January 2020	938,613	-	1,331,615	12,032	3,118,744	7,309,429	595,200	-	-	-	13,305,633
Charge for the financial year	68,898		248,829	26,492	462,402	2,065,422	127,714	-	-	-	2,999,757
Disposals	-	-	-	-	(1,333)	-	-	-	-	-	(1,333)
At 31 December 2020/ 1 January 2021	1,007,511	-	1,580,444	38,524	3,579,813	9,374,851	722,914	-	-	-	16,304,057
Charge for the financial year	60,569	-	155,964	27,308	442,546	1,948,102	67,114	-	-	-	2,701,603
Disposals	-	-	-	-	(376,999)	-	-	-	-	-	(376,999)
At 31 December 2021/ 1 January 2022	1,068,080	-	1,736,408	65,832	3,645,360	11,322,953	790,028	-	-	-	18,628,661
Charge for the financial year	63,442	-	133,174	66,731	409,611	2,213,778	58,622	36,499	-	-	2,981,857
Disposals	-	-	-	-	(124,932)	-	-	-	-	-	(124,932)
Written off	-	-	(26,549)	-	-	(28,999)	-	-	-	-	(55,548)
At 31 December 2022/ 1 January 2023	1,131,522	-	1,843,033	132,563	3,930,039	13,507,732	848,650	36,499	-	-	21,430,038
Charge for the financial year	63,443	-	163,381	90,018	391,151	2,618,587	84,509	117,966	21,834	-	3,550,889
Disposals	-	-	-	-	(71,654)	(21,499)	-	-	-	-	(93,153)
At 31 December 2023	1,194,965	-	2,006,414	222,581	4,249,536	16,104,820	933,159	154,465	21,834	-	24,887,774
Net carrying amount											
At 31 December 2020	2,437,383	356,084	636,645	95,062	1,250,601	6,806,873	271,905	-	-	-	11,854,553
At 31 December 2021	4,504,454	356,084	515,517	76,794	848,054	7,781,921	204,791	-	-	12,959,635	27,247,250
At 31 December 2022	4,441,012	356,084	521,716	262,836	566,042	7,600,699	195,442	460,767	-	25,459,978	39,864,576
At 31 December 2023	4,377,569	356,084	701,051	385,834	711,441	11,143,572	544,887	543,674	1,550,181	48,557,205	68,871,498

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(i) The ROU assets recognised by the Group are as follows:

	Motor vehicles RM	Plant and nachineries RM	Lease of premises RM	Lease of land RM	Total RM
Cost					
At 1 January 2020	1,903,039	4,470,737	-	-	6,373,776
Additions	-	580,000	-	-	580,000
Derecognition of ROU asset*	(124,933)	-	-	-	(124,933)
At 31 December 2020/1 January 2021	1,778,106	5,050,737	-	-	6,828,843
Additions	-	1,196,860	-	-	1,196,860
Derecognition of ROU asset*	-	(927,780)	-	-	(927,780)
At 31 December 2021/1 January 2022	1,778,106	5,319,817	-	-	7,097,923
Additions	-	938,000	497,266	-	1,435,266
Refinancing#	-	755,000	-	-	755,000
Derecognition of ROU asset*	-	(892,957)	-	-	(892,957)
At 31 December 2022/1 January 2023	1,778,106	6,119,860	497,266	-	8,395,232
Additions	-	3,401,676	200,873	1,572,015	5,174,564
Derecognition of ROU asset*	(763,694)	(1,116,000)	-	-	(1,879,694)
At 31 December 2023	1,014,412	8,405,536	698,139	1,572,015	11,690,102

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(i) The ROU assets recognised by the Group are as follows: (cont'd)

	Motor vehicles RM	Plant and machineries RM	Lease of premises RM	Lease of land RM	Total RM
Accumulated depreciation					
At 1 January 2020	450,829	972,216	-	-	1,423,045
Charge for the financial year	380,609	755,440	-	-	1,136,049
Derecognition of ROU asset*	(116,605)	-	-	-	(116,605)
At 31 December 2020/1 January 2021	714,833	1,727,656	-	-	2,442,489
Charge for the financial year	355,621	858,390	-	-	1,214,011
Derecognition of ROU asset*	-	(593,417)	-	-	(593,417)
At 31 December 2021/1 January 2022	1,070,454	1,992,629	-	-	3,063,083
Charge for the financial year	343,119	1,023,123	36,499	-	1,402,741
Refinancing#	-	117,750	-	-	117,750
Derecognition of ROU asset*	-	(349,742)	-	-	(349,742)
At 31 December 2022/1 January 2023	1,413,573	2,783,760	36,499	-	4,233,832
Charge for the financial year	244,073	1,157,012	117,966	21,834	1,540,885
Derecognition of ROU asset*	(682,178)	(1,116,000)	-	-	(1,798,178)
At 31 December 2023	975,468	2,824,772	154,465	21,834	3,976,539
Net carrying amount					
At 31 December 2020	1,063,273	3,323,081	-	-	4,386,354
At 31 December 2021	707,652	3,327,188	-	-	4,034,840
At 31 December 2022	364,533	3,336,100	460,767	-	4,161,400
At 31 December 2023	38,944	5,580,764	543,674	1,550,181	7,713,563

\# *Refinancing results from lease arrangements for plant and machineries which purchase in prior year.*

* *Derecognition of ROU assets resulted from full settlement of lease liabilities.*

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(ii) The long-term leasehold lands have remaining lease period of 888 and 901 (2022：889 and 902, 2021: 890 and 903; 2020: 891 and 904) years.

(iii) Leasehold land and buildings, freehold land and construction-in-progress of the Group with total net carrying amount of RM53,290,858 (2022: RM29,426,414, 2021: RM16,972,472; 2020: RM1,931,398) are charged to licensed banks for banking facilities granted to the Group as disclosed in Note 21.

(iv) Leasehold land and building of the Group with a net carrying amount of RM112,511 (2022: RM121,512, 2021: RM130,513; 2020: RM139,514) represent 1/3 share of a land title registered in the names of third parties.

(v) A freehold land with carrying amount of RM356,084 (2022: RM356,084, 2021: RM356,084; 2020: RM356,084) are registered with third party who hold the freehold land in trust on behalf of the Group.

(vi) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM32,563,408 (2022: RM15,599,186, 2021: RM18,094,301; 2020: RM960,647) which are satisfied by following arrangements:

	2020 **RM**	**2021** **RM**	**2022** **RM**	**2023** **RM**
Financed through lease arrangements	522,000	1,196,860	1,341,466	5,161,480
Transferred from prepayment	-	1,084,701	-	-
Capitalised of depreciation for construction -in-progress	-	20,722	44,419	253,352
Cash payments	438,647	1,789,443	14,213,301*	27,148,576*
	960,647	4,091,726	15,599,186	32,563,408

**Included in cash payments is the term loan capitalised amounting to RM1,081,390 (2022: RM750,203, 2021: RMNIL, 2020: RMNIL).*

(vii) Depreciation during the financial year:

	2020 **RM**	**2021** **RM**	**2022** **RM**	**2023** **RM**
Charged to administrative expenses	1,626,187	1,548,329	1,552,571	1,361,796
Capitalised as property development costs	1,373,570	1,132,552	1,384,867	1,935,741
Capitalised as construction-in-progress	-	20,722	44,419	253,352
	2,999,757	2,701,603	2,981,857	3,550,889

10. INVESTMENT PROPERTY

	2020 RM	2021 RM	2022 RM	2023 RM
Double storey shoplot				
Cost				
At 1 January	586,679	-	-	-
Disposal	(586,679)	-	-	-
At 31 December	-	-	-	-
Accumulated depreciation				
At 1 January	64,152	-	-	-
Charge for the financial year	6,682	-	-	-
Disposal	(70,834)	-	-	-
At 31 December	-	-	-	-
Net carrying amount				
At 31 December	-	-	-	-

The following is recognised in profit or loss in respect of investment property:

	2020 RM	2021 RM	2022 RM	2023 RM
Operating expenses:				
- Quit rent and assessment	2,338	-	-	-

11. INVENTORIES

	Note	2020 RM	2021 RM	2022 RM	2023 RM
Non-current assets					
Land held for property development	(i)	1,920,620	1,920,620	1,920,620	851,071
Current assets					
Property development costs	(ii)	82,604,395	97,806,147	109,126,634	235,382,985
Completed properties		26,445,185	1,843,026	1,942,303	437,551
		109,049,580	99,649,173	111,068,937	235,820,536
		110,970,200	101,569,793	112,989,557	236,671,607

11. INVENTORIES (cont'd)

(i) Land held for property development

	2020 RM	2021 RM	2022 RM	2023 RM
At 1 January	4,571,290	1,920,620	1,920,620	1,920,620
Less: Transfer to property development costs				
- Land costs	(2,650,670)	-	-	-
- Development costs	-	-	-	-
	(2,650,670)	-	-	-
Less: Disposal				
- Land costs	-	-	-	(274,058)
- Development costs	-	-	-	(795,491)
	-	-	-	(1,069,549)
At 31 December	1,920,620	1,920,620	1,920,620	851,071

(ii) Property development costs

	2020 RM	2021 RM	2022 RM	2023 RM
Cummulative property development costs				
At 1 January				
Land costs	25,472,736	28,616,199	40,510,978	45,876,183
Development costs	143,247,056	105,255,821	152,991,569	239,157,290
	168,719,792	133,872,020	193,502,547	285,033,473
Costs incurred during the financial year				
- Land cost	4,138,792	14,022,419	5,564,214	90,066,152
- Development costs	84,226,810	59,610,683	87,576,293	117,859,061
Transfer from land held for property development				
- Land cost	2,650,670	-	-	-
Carried forward	259,736,064	207,505,122	286,643,054	492,958,686

11. INVENTORIES (cont'd)

(ii) Property development costs (cont'd)

	2020 RM	2021 RM	2022 RM	2023 RM
Brought forward (cont'd)	259,736,064	207,505,122	286,643,054	492,958,686
Transfer to property, plant plant and equipment				
- Land cost	-	(2,127,640)	-	-
- Development costs	-	(11,874,935)	-	-
Less:				
- Transfer to completed properties	(29,837,862)	-	(1,609,581)	-
- Adjustment of completed project during the financial year	(96,026,182)	-	-	-
At 31 December	133,872,020	193,502,547	285,033,473	492,958,686
Cummulative costs recognised in statement of comprehensive income				
At 1 January	(92,607,844)	(51,267,625)	(95,696,400)	(175,906,839)
Recognised during the year	(54,685,963)	(44,428,775)	(80,210,439)	(81,668,862)
Adjustment of completed project during the financial year	96,026,182	-	-	-
	(51,267,625)	(95,696,400)	(175,906,839)	(257,575,701)
At 31 December	82,604,395	97,806,147	109,126,634	235,382,985

(a) The titles to certain lands under property development are in the name of third parties with full power of attorney obtained by the Group. The properties under development amounting to RM233,823,390 (2022: RM107,607,039, 2021: RM96,286,552, 2020: RM81,146,749) are charged to a licensed bank for the banking facilities granted to the Group as disclosed in Note 21.

(b) During financial year 2021, the Group has transferred a piece of land and developments costs incurred for hotel construction to property, plant and equipment as construction-in-progress due to change of intention of use.

(c) Included in the property development cost, is an amount of RM1,935,741 (2022: RM1,384,867, 2021: RM1,132,552; 2020: RM1,373,570), being capitalisation of depreciation of property, plant and equipment.

(d) Included in the property development cost, is an amount of RM1,488,708 (2022: RMNIL, 2021: RMNIL; 2020: RMNIL), being capitalisation of finance costs.

12. DEFERRED TAX (ASSETS)/LIABILITIES

The components and movements of deferred tax liabilities/(assets) during the financial year prior to offsetting are as follows:

	Property, plant and equipment RM	Lease Liabilities RM	Provision for contingency RM	Impairment RM	Unutilised tax losses RM	Unrealised profit RM	Others RM	Total RM
2020								
At 1 January	930,861	-	(173,334)	-	(22,716)	(1,388,823)	-	(654,012)
Recognised in profit or loss (Note 8)	94,996	-	(55,128)	-	22,716	845,954	-	908,538
At 31 December	1,025,857	-	(228,462)	-	-	(542,869)	-	254,526
2021								
At 1 January	1,025,857	-	(228,462)	-	-	(542,869)	-	254,526
Recognised in profit or loss (Note 8)	(247,038)	-	195,666	-	(23,448)	388,554	(5,681)	308,053
At 31 December	778,819	-	(32,796)	-	(23,448)	(154,315)	(5,681)	562,579
2022								
At 1 January	778,819	-	(32,796)	-	(23,448)	(154,315)	(5,681)	562,579
Recognised in profit or loss (Note 8)	254,070	(113,885)	32,796	(107,361)	4,512	323,017	(61,086)	332,063
At 31 December	1,032,889	(113,885)	-	(107,361)	(18,936)	168,702	(66,767)	894,642
2023								
At 1 January	1,032,889	(113,885)	-	(107,361)	(18,936)	168,702	(66,767)	894,642
Recognised in profit or loss (Note 8)	599,919	(395,380)	(13,151)	-	18,936	(623,055)	(3,582)	(416,313)
At 31 December	1,632,808	(509,265)	(13,151)	(107,361)	-	(454,353)	(70,349)	478,329

12. DEFERRED TAX (ASSETS)/LIABILITIES (cont'd)

The estimated amount of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows:

	2020 RM	2021 RM	2022 RM	2023 RM
Unabsorbed capital allowances	7,939	15,334	176,289	-
Unutilised tax losses	309,963	5,870,232	12,672,955	11,160,355
Other deductible temporary differences	14,134,948	10,443,341	3,419,042	2,763,071
	14,452,850	16,328,907	16,268,286	13,923,426

13. TRADE RECEIVABLES

The normal credit term of trade receivables is 14 to 30 days (2022: 14 to 30 days, 2021: 14 to 30 days; 2020: 14 to 30 days). Other credit terms are assessed and approved on a case-by-case basis.

14. CONTRACT ASSETS/(LIABILITIES)

Contract assets primarily relate to the Group's right to consideration for work completed on property development, project facilitation services and construction contracts but not yet billed at the reporting date, whereas contract liabilities primarily relate to the consideration for work completed on property development and sales of completed properties, being billed by the Group, but yet to recognise revenue at the reporting date.

	Note	2020 RM	2021 RM	2022 RM	2023 RM
Property development revenue	(i)	15,997,209	17,020,738	(2,133,718)	3,251,418
Sales of completed properties	(ii)	(1,077,679)	(62,002)	-	-
Project facilitation services revenue:					
- property development	(iii)	721,153	-	-	-
- completed properties	(iv)	4,012,979	10,480,533	-	-
		4,734,132	10,480,533	-	-
		19,653,662	27,439,269	(2,133,718)	3,251,418
Presented as:					
Contract assets		20,824,373	27,501,272	19,828,744	18,319,560
Contract liabilities		(1,170,711)	(62,003)	(21,962,462)	(15,068,142)
		19,653,662	27,439,269	(2,133,718)	3,251,418

14. CONTRACT ASSETS/(LIABILITIES) (cont'd)

(i) Property development

	2020 RM	2021 RM	2022 RM	2023 RM
At 1 January	9,292,837	15,997,209	17,020,738	(2,133,718)
Revenue recognised during the year (Note 4)	71,605,674	61,569,404	110,727,559	111,537,436
Progress billing during the year	(64,901,302)	(60,545,875)	(133,566,045)	(122,662,150)
Consideration payable/paid on behalf	-	-	3,684,030	16,509,850
At 31 December	15,997,209	17,020,738	(2,133,718)	3,251,418

(ii) Sales of completed properties

	2020 RM	2021 RM	2022 RM	2023 RM
At 1 January	-	(1,077,679)	(62,002)	-
Revenue recognised during the year (Note 4)	8,201,524	28,596,895	1,623,527	1,915,500
Progress billing during the year	(9,279,203)	(27,581,218)	(1,561,525)	(1,915,500)
At 31 December	(1,077,679)	(62,002)	-	-

(iii) Project facilitation services revenue – property development

	2020 RM	2021 RM	2022 RM	2023 RM
At 1 January	4,164,711	721,153	-	-
Revenue recognised during the year (Note 4)	8,260,726	-	-	-
Progress billing during the year	(11,704,284)	(721,153)	-	-
At 31 December	721,153	-	-	-

14. CONTRACT ASSETS/(LIABILITIES) (cont'd)

(iv) Project facilitation services revenue – sales of completed properties

	2020 RM	2021 RM	2022 RM	2023 RM
At 1 January	1,887,413	4,012,979	10,480,533	-
Revenue recognised during the year (Note 4)	2,125,566	8,351,453	529,087	-
Progress billing during the year	-	(1,883,899)	(11,009,620)	-
At 31 December	4,012,979	10,480,533	-	-

(v) Construction contract

	2020 RM	2021 RM	2022 RM	2023 RM
Construction costs incurred	1,558,227	1,558,227	1,558,227	1,558,227
Attributable loss	(37,339)	(37,339)	(37,339)	(37,339)
	1,520,888	1,520,888	1,520,888	1,520,888
Less: Progress billing	(1,073,551)	(1,073,551)	(1,073,551)	(1,073,551)
	447,337	447,337	447,337	447,337
Less: Impairment loss	(447,337)	(447,337)	(447,337)	(447,337)
	-	-	-	-

15. OTHER RECEIVABLES

	Note	2020 RM	2021 RM	2022 RM	2023 RM
Non-trade receivables		571,593	128,603	1,008,196	879,061
Deposits		832,555	990,553	1,030,992	1,556,987
Prepayments	(i)	1,471,396	471,251	7,828,419	2,126,569
Contract costs	(ii)	448,850	674,755	1,421,884	1,644,579
		3,324,394	2,265,162	11,289,491	6,207,196

(i) Included in the prepayments as at 31 December 2022 is an amount of RM7,399,972 representing 10% of the purchase consideration of project land as disclosed in Note 34.

(ii) Contract costs represent costs to obtain contracts relate to incremental sales personnel and agent commission for obtaining property sales contracts which are expected to be recovered through revenue recognition by reference to progress towards complete satisfaction of performance obligation with customers. These costs are subsequently expensed off as "selling and marketing expenses" by reference to the performance completed to date, consistent with the revenue recognition pattern.

During the financial year, the total costs to obtain contracts recognised by the Group as "selling and marketing expenses" in profit or loss amounted to RM2,027,325 (2022: RM1,620,690, 2021: RM251,121; 2020: RM2,166,968).

16. AMOUNTS DUE (TO)/FROM DIRECTORS

	Note	2020 RM	2021 RM	2022 RM	2023 RM
Amounts due from	(i)	64,000	64,000	-	-
Amounts due to	(ii)	(2,668,673)	(4,173,130)	(1,056,929)	-
		(2,604,673)	(4,109,130)	(1,056,929)	-

(i) These amounts are non-trade, unsecured and interest free advances which are receivable on demand.

(ii) These amounts are non-trade, unsecured and interest free advances which are repayable on demand.

17. FIXED DEPOSITS PLACED WITH LICENSED BANKS

The fixed deposits placed with licensed banks bore weighted average effective interest rates at the range of 1.60% to 3.10% (2022: 1.80% to 2.85%, 2021: 1.00% to 4.00%; 2020: 1.00% to 3.80%) per annum and had maturity period ranging from 1 to 24 months (2022: 3 to 12 months; 2021: 3 to 12 months; 2020: 3 to 12 months).

Included in fixed deposits of the Group are RM14,187,430 (2022: RM13,324,524, 2021: RM13,043,495; 2020: RM9,791,235) pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 21.

18. CASH AND BANK BALANCES

Included in the bank balances of the Group is an amount of RM106,404 (2022: RM110,530, 2021: RM463,443; 2020 RM92,273) respectively held under Housing Development Account pursuant to Section 8A of the Sabah Housing Development (Control and Licensing) Enactment, 1978.

19. TOTAL EQUITY

For the purpose of the combined financial statements, the invested equity and retained earnings at the end of the respective financial years is the aggregate of the share capital and the retained earnings of the combining entities.

The invested equity and retained earnings constitute the share capital and retained earnings of KTI Landmark Berhad, K.T.I. Sdn. Bhd. and K.T.I Development Sdn. Bhd. held by the common control shareholders.

20. LEASE LIABILITIES

	2020 RM	2021 RM	2022 RM	2023 RM
Non-current liabilities	2,313,403	2,138,323	2,303,431	5,062,169
Current liabilities	1,211,043	1,301,198	1,491,039	2,053,817
	3,524,446	3,439,521	3,794,470	7,115,986
Minimum lease payments:				
Repayable within one year	1,370,899	1,453,217	1,627,568	2,411,543
Repayable between one and two years	1,194,120	1,149,566	1,242,131	1,889,731
Repayable between two and five years	1,275,111	1,120,386	1,031,641	3,275,456
Repayable more than five years	-	-	326,271	527,813
	3,840,130	3,723,169	4,227,611	8,104,543
Less: Future finance charges	(315,684)	(283,648)	(433,141)	(988,557)
Present value of lease liabilities	3,524,446	3,439,521	3,794,470	7,115,986
Present value of lease liabilities:				
Repayable within one year (current)	1,211,043	1,301,198	1,491,039	2,053,817
Repayable between one and two years (non-current)	1,099,019	1,064,148	1,141,321	1,631,400
Repayable between two and five years (non-current)	1,214,384	1,074,175	937,367	2,960,167
Repayable more than five years (non-current)	-	-	224,743	470,602
	2,313,403	2,138,323	2,303,431	5,062,169
	3,524,446	3,439,521	3,794,470	7,115,986

The lease liabilities of the Group bear effective interest rates ranging from 4.28% to 6.60% (2022: 4.28% to 6.60%, 2021: 4.28% to 6.37%; 2020: 4.28% to 6.37%) per annum.

21. BORROWINGS

	Note	2020 RM	2021 RM	2022 RM	2023 RM
Current					
Bankers' acceptance	(i)	4,944,000	6,780,380	4,044,000	5,676,000
Trust receipts	(i)	-	793,636	-	2,309,186
RC-i	(i)	-	-	-	491,005
Bank overdrafts	(i)	10,578,140	388,655	-	1,146,138
Term loans	(ii)	1,462,152	10,823,584	16,425,775	39,977,396
Bridging loan	(iii)	-	-	-	15,005,959
CMFTF-i	(iv)	4,164,085	770,103	955,000	54,000,000
CMC-i	(iv)	9,949,125	21,292,980	6,288,911	3,802,295
CMRC-i	(iv)	-	-	-	20,000,000
		31,097,502	40,849,338	27,713,686	142,407,979
Non-current					
Term loans	(ii)	6,624,024	22,676,568	21,796,435	23,654,272
Total borrowings					
Bankers' acceptance	(i)	4,944,000	6,780,380	4,044,000	5,676,000
Trust receipts	(i)	-	793,636	-	2,309,186
RC-i	(i)	-	-	-	491,005
Bank overdrafts	(i)	10,578,140	388,655	-	1,146,138
Term loans	(ii)	8,086,176	33,500,152	38,222,210	63,631,668
Bridging loan	(iii)	-	-	-	15,005,959
CMFTF-i	(iv)	4,164,085	770,103	955,000	54,000,000
CMC-i	(iv)	9,949,125	21,292,980	6,288,911	3,802,295
CMRC-i	(iv)	-	-	-	20,000,000
		37,721,526	63,525,906	49,510,121	166,062,251

The effective interest rates per annum of the borrowings are as follows:

	2020 %	2021 %	2022 %	2023 %
Bankers' acceptance	2.32 - 4.81	2.26 - 3.31	3.73 - 3.99	3.84 - 4.03
Trust receipts	3.27 - 7.65	6.90	6.90 - 7.65	6.95 - 7.90
RC-i	-	-	-	6.85 - 7.00
Bank overdrafts	3.60 - 8.00	3.60 - 7.00	3.60 - 8.25	7.65 - 7.90
Term loans	3.70 - 8.50	3.69 - 8.25	3.63 - 8.50	4.70 - 7.31
Bridging loan	-	-	-	8.25
CMFTF-i	6.74 - 7.74	6.74	6.64 - 7.14	7.14 - 7.39
CMC-i	6.74 - 7.74	6.74	6.74 - 7.74	7.14 - 7.99
CMRC-i	-	-	-	5.78 - 6.21

21. BORROWINGS (cont'd)

(i) Bankers' acceptance, trust receipts, RC-i and bank overdrafts

These bank borrowings are secured by:-

(a) Leasehold lands and buildings as disclosed in Note 9;

(b) Fixed deposits as disclosed in Note 17;

(c) Jointly and severally guaranteed by the Directors of the Group;

(d) Third party first legal charge over a parcel of leasehold land held under CL045115919, District of Tuaran, Sabah;

(e) Cash collateral or Commodity Murabahah Deposit of placement of 10% security margin to be collected proportionately prior to every utilisation for the RC-I Line;

(f) Property development units in progress and unsold completed units pledged as disclosed in Note 11; and

(g) Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP") of 80% from the approved amount under the Pemulih Government Guarantee Scheme ("PGGS").

(ii) Term loans

	2020 **RM**	**2021** **RM**	**2022** **RM**	**2023** **RM**
Current:				
Repayable within one year	1,462,152	10,823,584	16,425,775	39,977,396
Non-current:				
Repayable between one and two years	1,100,392	762,964	751,217	135,078
Repayable between two and five years	2,446,669	11,549,892	11,441,865	23,519,194
Repayable more than five years	3,076,963	10,363,712	9,603,353	-
Repayable after one year	6,624,024	22,676,568	21,796,435	23,654,272
	8,086,176	33,500,152	38,222,210	63,631,668

The term loans are secured by:

(a) Freehold land and leasehold lands and buildings as disclosed in Note 9;

(b) Guaranteed by all five Directors in their personal capacities;

(c) Memorandum of charge over existing Fixed Return Account-i ("FRIA-I") principal amount of not less than RM1,000,000;

(d) Deed of Assignment and Power of Attorney over a third party's property held under Master title No. CL025341940 (Lot 10C, Lot 4, Lot 9 Block A and Lot 9 Block B), District of Papar Sabah;

21. BORROWINGS (cont'd)

(ii) Term loans (cont'd)

The term loans are secured by: (cont'd)

(e) Third party first legal charge over the project Land, being part of the Development Land held under Master Title Deed No. CL 015721276, situated in Luyang, Kota Kinabalu;

(f) Assignment over sales/end-finance proceed of the property development project;

(g) Assignment of rental proceeds of the commercial components of property development project;

(h) Assignment of all rights, title, interest and benefits of the Group under the insurance policies related to property development project;

(i) Assignment of all rights, title, interest and benefits of the Group under the construction contract executed between the Group and the appointed contractor;

(j) Debenture by way of fixed and floating charge on all the present and future fixed and floating assets of the Group;

(k) A deed of subordination of all present and future shareholders and Director advances to the Credit Facilities; and

(l) Assignment and charge over debt service reserve account and project account.

(iii) Bridging loans

The bridging loans are secured by:

(a) Third party first legal charge over the project Land, being part of the Development Land held under Master Title Deed No. CL 015721276, situated in Luyang, Kota Kinabalu;

(b) Assignment over sales/end-finance proceed of the property development project;

(c) Assignment of rental proceeds of the commercial components of property development project;

(d) Assignment of all rights, title, interest and benefits of the Group under the insurance policies related to property development project;

(e) Assignment of all rights, title, interest and benefits of the Group under the construction contract executed between the Group and the appointed contractor;

(f) Debenture by way of fixed and floating charge on all the present and future fixed and floating assets of the Group;

(g) A deed of subordination of all present and future shareholders and Director advances to the Credit Facilities;

(h) Assignment and charge over debt service reserve account and project account; and

(i) Guaranteed by all Directors of the Group in their personal capacities.

21. BORROWINGS (cont'd)

(iv) CMFTF-I, CMC-I and CMRC-I

The CMFTF-i, CMC-i and CMRC-i are secured by:-

(a) Freehold land and leasehold lands and buildings as disclosed in Note 9;

(b) Third party first legal charge over a parcel of leasehold land held under CL045115919, District of Tuaran, Sabah;

(c) Third party first legal charge over a parcel of leasehold vacant land of the Group located along Jalan Tun Hussien Onn, District of Papar held under CL025346507 as disclosed in Note 11 ;

(d) First party legal charge over a leasehold residential land of the Group held under Country Lease 015719874 and infrastructure lots of the Group under Country Lease 015719918, Country Lease 015719909, Country Lease 015719892, all in Locality Alamesra, District of Kota Kinabalu, Sabah as disclosed in Note 11;

(e) First party Letter of Set-off in the form and substance acceptable to the Bank over the cash deposit of RM4,000,000 together with all profits (if any) generated to be treated and form part of the Security placed with the Bank; and

(f) Jointly and severally guaranteed by two Directors of the Group.

22. TRADE PAYABLES

	Note	2020 RM	2021 RM	2022 RM	2023 RM
Trade payables	(i)	6,843,967	8,823,686	10,578,685	16,796,177
Retention sums	(i)	8,369,100	9,736,258	13,338,625	15,409,388
Accrued costs		679,731	510,561	2,152,198	10,345,728
		15,892,798	19,070,505	26,069,508	42,551,293

(i) The normal trade credit terms granted to the Group range from 30 to 90 (2022: 30 to 90, 2021: 30 to 90; 2020: 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis. Retention sums are to be released 24 (2022: 24, 2021: 24; 2020: 24) months upon completion of projects.

23. OTHER PAYABLES

	2020 RM	2021 RM	2022 RM	2023 RM
Non-trade payables	1,435,586	460,773	1,951,565	1,654,506
Accruals	14,800,550	11,678,354	4,942,844	3,952,132
Accrued landowners' entitlement	1,075,692	228,177	935,544	1,488,909
Deposits received	1,233,000	1,304,000	-	-
Deposit payables	10,847	8,497	4,000	61,749
	18,555,675	13,679,801	7,833,953	7,157,296

24. AMOUNTS DUE TO A RELATED PARTY

These amounts are trade in nature and subject to credit term of 30 days.

25. DIVIDENDS

	Per ordinary share RM	Total amount RM	Date of payment
Recognised during the financial year ended 31 December 2023	15.00	15,000,000	3 April 2023

26. RELATED PARTIES DISCLOSURES

(a) Identity of related parties

For the purpose of these combined financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties refer to the common Directors' related companies which are not within the group of companies under the listing exercises.

The Group has a related party relationship with its common Directors' related company and its Directors.

(b) Related party transactions

The related party balances are shown in Notes 16 and 24. The related party transactions of the Group are shown below.

	2020 RM	2021 RM	2022 RM	2023 RM
Transactions with Related Parties				
Motor vehicle repair and maintenance	253,744	192,351	268,976	493,848
Sales	-	-	-	(2,200,000)
Trade in of property, plant and equipment	-	-	-	(50,000)
Purchase of property, plant and equipment	-	-	-	190,000
Lease payment	-	-	3,000	36,000
Repayment from	-	-	-	2,200,000
(Repayment to)/ advances from	(218,724)	(206,210)	(248,344)	(673,578)

26. RELATED PARTIES DISCLOSURES (cont'd)

(b) Related party transactions (cont'd)

The related party balances are shown in Notes 16 and 24. The related party transactions of the Group are shown below.(cont'd)

	2020 RM	2021 RM	2022 RM	2023 RM
Transactions with Directors:				
Short-term lease payment	84,000	84,000	51,000	52,000
Progress billing issued	-	-	-	(175,200)
Sales of land	-	-	-	(513,568)
Dividend paid	-	-	-	(15,000,000)
Repayment from	-	-	-	688,768
(Repayment to)/ advances from	(1,653,397)	1,420,457	(3,103,201)	(1,108,929)

(c) Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel refer to all the Directors and certain member of senior management of the Group.

The remuneration of the Directors during the financial year are disclosed in Note 6(a).

The remuneration of other member of key management personnel of the Group during the financial year are as follows:

	2020 RM	2021 RM	2022 RM	2023 RM
Salaries, bonuses and allowances	602,502	449,930	514,531	531,960
Contributions to defined contribution plan	66,036	54,048	60,232	63,899
Social security contributions	1,753	1,753	1,755	1,902
	670,291	505,731	576,518	597,761

27. SEGMENT INFORMATION

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to operating segment in Malaysia, namely property developer which comprise development of residential and commercial properties.

Major customers

There is no single customer that contributed 10% or more to the Group's revenue.

28. CAPITAL COMMITMENTS

	2020 RM	2021 RM	2022 RM	2023 RM
Approved and contracted for:				
Landowners' entitlement for project development land	76,593,677	64,973,141	58,882,309	46,935,269
Approved but not contracted for:				
Acquisition of property development land	-	-	66,599,746	-
	76,593,677	64,973,141	125,482,055	46,935,269

29. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group's financial assets and financial liabilities are all categorised as amortised costs respectively.

Financial Risk Management Objectives and Policies

The Group's risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit risk, interest rate risk and liquidity risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions. The Group does not apply hedge accounting.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from their receivables (which consist of trade receivables, contract assets and other receivables). For other financial assets (including cash and cash equivalent), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objectives are to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to minimise the Group's exposure to bad debts.

<u>Trade receivables and contract assets</u>

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Group's association to business partners with good credit rating. Credit evaluations are performed on all customers requiring credit over a certain amount.

29. FINANCIAL INSTRUMENTS (cont'd)

(i) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Risk management objectives, policies and processes for managing the risk (cont'd)

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cashflows to repay the amounts subject to write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

Exposure to credit risk, credit quality and collateral

As at the end of the financial year, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statement of financial position.

Credit risk concentration profile

The Group has no major concentration of credit risk of their trade receivables as at the end of the reporting period.

As at 31 December 2023, the Group has significant concentration of credit risk arising from contract assets related to facilitation fund from Government of Sabah as stated in Note 4 with an amount of NIL (2022: RMNIL, 2021: RM10,480,533; 2020: RM4,734,132).

Recognition and measurement of impairment loss

The Group recognises a loss allowance for expected credit losses on a financial asset that is measured as receivable and contract asset if the credit risk on that financial instrument has increased significantly since initial recognition. The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition as the trade receivables and contract assets are determined to have low credit risk at the reporting date.

For the purposes of measuring expected credit losses, the estimate of expected cash shortfalls shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms and are not recognised separately by the Group. The estimate of expected cash shortfalls on a collateralised financial instrument reflects the amount and timing of cash flows that are expected from foreclosure on the collateral less the costs of obtaining and selling the collateral, irrespective of whether foreclosure is probable (i.e. the estimate of expected cash flows considers the probability of a foreclosure and the cash flows that would result from it).

The Group has possession of the legal right to the properties sold and this can be deemed as a collateral and in the event of defaults by the purchaser, the expected cash shortfall from selling the deemed collateral less the cost of obtaining and selling the collateral is immaterial.

29. FINANCIAL INSTRUMENTS (cont'd)

(i) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Impairment losses

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023, which are grouped together as they are expected to have similar risk nature:

	2020 RM	2021 RM	2022 RM	2023 RM
Neither past due nor impaired	2,151,595	3,591,960	2,424,144	2,916,855
Past due but not impaired:				
- Less than 30 days	1,732,180	1,726,453	1,600,955	2,739,077
- 31 days to 60 days	1,504,549	924,181	880,020	1,033,529
- 61 days to 90 days	943,260	613,525	486,490	633,230
- More than 90 days	4,392,876	1,554,994	1,749,708	2,128,326
	8,572,865	4,819,153	4,717,173	6,534,162
Total trade receivables, net	10,724,460	8,411,113	7,141,317	9,451,017
Contract assets, gross	21,271,710	27,948,609	20,276,081	18,766,897
Less: Credit impaired	(447,337)	(447,337)	(447,337)	(447,337)
Contract assets, net	20,824,373	27,501,272	19,828,744	18,319,560
	31,548,833	35,912,385	26,970,061	27,770,577

Credit impaired

Contract assets that are collectively determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties. These contract assets are not secured by any collateral or credit enhancements.

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired comprise property purchasers mostly with end financing facilities from reputable end-financiers whilst the others are creditworthy debtors with good payment records.

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired are secured in nature. The Directors are of the opinion that these debts should be realisable in full without material losses in the ordinary course of business.

29. FINANCIAL INSTRUMENTS (cont'd)

(i) Credit risk (cont'd)

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the combined statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

Other receivables

Other receivables and deposits are neither past due nor impaired. The Group believes that generally no allowance for doubtful debts is necessary in respect of other receivables and deposits that are neither past due nor impaired as these receivables and deposits are mainly arising from debtors that have good records of payment in the past.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities.

Exposure in interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	2020 RM	2021 RM	2022 RM	2023 RM
Floating rate instrument:				
Fixed deposits with licensed banks	10,563,939	13,835,168	22,135,936	15,220,081
Borrowings	(37,721,526)	(63,525,906)	(49,510,121)	(166,062,251)
	(27,157,587)	(49,690,738)	(27,374,185)	(150,842,170)

The Group is exposed to interest rate risk through the impact of rate changes in floating rate fixed deposits with licensed banks and borrowings. The interest rates of fixed deposits and borrowings are disclosed in Notes 17 and 21.

29. FINANCIAL INSTRUMENTS (cont'd)

(ii) Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

The following table detailed the sensitivity analysis to a reasonable possible change in the interest rates as the end of the reporting period, with all other variables held constant:

	2020 RM	2021 RM	2022 RM	2023 RM
Effects on profit after tax				
Increase of 100 basis points	(206,398)	(377,650)	(208,044)	(1,146,400)
Decrease of 100 basis points	206,398	377,650	208,044	1,146,400
Effects on equity				
Increase of 100 basis points	(206,398)	(377,650)	(208,044)	(1,146,400)
Decrease of 100 basis points	206,398	377,650	208,044	1,146,400

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposures to liquidity risk arises primarily from mismatches of financial assets and liabilities. The Group maintains sufficient levels of cash at a reasonable level to meet its working capital requirement.

The Group's liquidity risk management policy is to manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group maintains sufficient levels of cash and available banking facilities at a reasonable level to its overall debt position to meet its working capital requirement.

29. FINANCIAL INSTRUMENTS (cont'd)

(iii) Liquidity risk (cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

		<---------- Contractual Cash Flows ----------				
	Carrying Amount RM	**On demand/ Within 1 year RM**	**Between 1 and 2 years RM**	**Between 2 and 5 years RM**	**More than 5 years RM**	**Total RM**
2023						
Financial liabilities:						
Trade payables	42,551,293	42,551,293	-	-	-	42,551,293
Other payables	7,157,296	7,157,296	-	-	-	7,157,296
Amount due to a related party	41,063	41,063				41,063
Lease liabilities	7,115,986	2,411,543	1,889,731	3,275,456	527,813	8,104,543
Borrowings:						
- Bankers' acceptance	5,676,000	5,745,544	-	-	-	5,745,544
- Trust receipts	2,309,186	2,361,950	-	-	-	2,361,950
- RC-i	491,005	525,375	-	-	-	525,375
- Bank overdrafts	1,146,138	1,236,683	-	-	-	1,236,683
- Term loans	63,631,668	44,697,363	1,406,505	25,991,974	-	72,095,842
- Bridging loan	15,005,959	16,965,375	-	-	-	16,965,375
- CMFTF-i	54,000,000	57,990,600	-	-	-	57,990,600
- CMC-i	3,802,295	4,106,098	-	-	-	4,106,098
- CMRC-i	20,000,000	21,242,000	-	-	-	21,242,000
	222,927,889	207,032,183	3,296,236	29,267,430	527,813	240,123,662

29. FINANCIAL INSTRUMENTS (cont'd)

(iii) Liquidity risk (cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period): (cont'd)

		<------ Contractual Cash Flows ------>				
	Carrying Amount RM	**On demand/ Within 1 year RM**	**Between 1 and 2 years RM**	**Between 2 and 5 years RM**	**More than 5 years RM**	**Total RM**
2022						
Financial liabilities:						
Trade payables	26,069,508	26,069,508	-	-	-	26,069,508
Other payables	7,833,953	7,833,953	-	-	-	7,833,953
Amounts due to Directors	1,056,929	1,056,929	-	-	-	1,056,929
Amount due to a related party	44,793	44,793				44,793
Lease liabilities	3,794,470	1,627,568	1,242,131	1,031,641	326,271	4,227,611
Borrowings:						
- Bankers' acceptance	4,044,000	4,238,516	-	-	-	4,238,516
- Term loans	38,222,210	18,968,242	973,578	12,455,463	10,548,780	42,946,063
- CMFTF-i	955,000	1,028,917	-	-		1,028,917
- CMC-i	6,288,911	6,775,673	-	-	-	6,775,673
	88,309,774	67,644,099	2,215,709	13,487,104	10,875,051	94,221,963

29. FINANCIAL INSTRUMENTS (cont'd)

(iii) Liquidity risk (cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period): (cont'd)

		<------ Contractual Cash Flows				------>
	Carrying Amount RM	**On demand/ Within 1 year RM**	**Between 1 and 2 years RM**	**Between 2 and 5 years RM**	**More than 5 years RM**	**Total RM**
2021						
Financial liabilities:						
Trade payables	19,070,505	19,070,505	-	-	-	19,070,505
Other payables	13,679,801	13,679,801	-	-	-	13,679,801
Amounts due to Directors	4,173,130	4,173,130	-	-	-	4,173,130
Amount due to a related party	21,161	21,161	-	-	-	21,161
Lease liabilities	3,439,521	1,453,217	1,149,566	1,120,386	-	3,723,169
Borrowings:						-
- Bankers' acceptance	6,780,380	7,116,687	-	-	-	7,116,687
- Trust receipts	793,636	849,191				849,191
- Bank overdrafts	388,655	401,645	-	-	-	401,645
- Term loans	33,500,152	11,871,189	971,868	12,436,956	11,583,303	36,863,316
- CMFTF-i	770,103	816,117	-	-	-	816,117
- CMC-i	21,292,980	22,428,960	-	-	-	22,428,960
	103,910,024	81,881,603	2,121,434	13,557,342	11,583,303	109,143,682

29. FINANCIAL INSTRUMENTS (cont'd)

(iii) Liquidity risk (cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period): (cont'd)

		<------ Contractual Cash Flows				------>
	Carrying Amount RM	**On demand/ Within 1 year RM**	**Between 1 and 2 years RM**	**Between 2 and 5 years RM**	**More than 5 years RM**	**Total RM**
2020						
Financial liabilities:						
Trade payables	15,892,798	15,892,798	-	-	-	15,892,798
Other payables	18,555,675	18,555,675	-	-	-	18,555,675
Amounts due to Directors	2,668,673	2,668,673	-	-	-	2,668,673
Amount due to a related party	35,020	35,020	-	-	-	35,020
Lease liabilities	3,524,446	1,370,899	1,194,120	1,275,111	-	3,840,130
Borrowings:						
- Bankers' acceptance	4,944,000	5,155,429	-	-	-	5,155,429
- Bank overdrafts	10,578,140	11,133,527	-	-	-	11,133,527
- Term loans	8,086,176	1,803,955	1,387,176	3,034,044	3,341,881	9,567,056
- CMFTF-i	4,164,085	4,426,152	-	-	-	4,426,152
- CMC-i	9,949,125	10,619,977	-	-	-	10,619,977
	78,398,138	71,662,105	2,581,296	4,309,155	3,341,881	81,894,437

30. MATERIAL LITIGATIONS

(i) Landmark Property Sdn. Bhd. ("LPSB") vs Inland Revenue Board

LPSB filed a Judicial Review application on 25 November 2020 seeking for a declaration that the following notices are ultra vires the Income Tax (Exemption) (No.22) Order 2006 ("the Exemption Order"), section 127(3)(b) of the Income Tax Act 1967 ("the Act") and accordingly null and void in law:

(i) the Notice of Assessment for the Year of Assessment 2016;

(ii) the Notice of Assessment for the Year of Assessment 2017; and

(iii) the Notice of Additional Assessment for the Year of Assessment 2018.

(collectively, "the Impugned Assessments").

On 23 December 2020, the High Court granted LPSB leave to commence the said Judicial Review, subsequently on 9 July 2021, the Judicial Review application was allowed by the High Court. Following that, LHDN filed a Notice of Appeal to the Court of Appeal against the decision of the High Court ("Substantive Appeal") and the Substantive Appeal has been stayed pending Landmark Property's appeal against the dismissal of their representing solicitor's ad hoc admission application ("Ad Hoc Admission Application"). The Ad Hoc Admission Appeal's hearing date is fixed on 18 July 2024.

LPSB has made payment to LHDN up till July 2021 amounting to RM1,337,041 in accordance with an Impugned Assessments instalment scheme that was proposed for the settlement of the tax liabilities ("Amount Paid"), and LPSB has since ceased subsequent payments to be made in accordance with the abovementioned instalment scheme following the High Court's decision to allow the Judicial Review application. In the event the appeal by LHDN is unsuccessful, the Amount Paid will be refunded by LHDN accordingly. The total value of the Impugned Assessments (less all payments made) is RM14,670,037.27. This amount excludes any further interest which may be imposed as time passes up to the date of judgement on the outstanding value of Impugned Assessments.

The representing solicitors are of the opinion that the LHDN has no reasonable basis to issue the impugned Assessments. In light of the decision by the High Court that LPSB had successfully established illegality, breach of legitimate expectations and irrationality on the part of the LHDN and subsequently allowing LPSB's Judicial Review application, solicitors are of the considered opinion that LPSB had a good chance of succeeding in the pending Appeal before the Court of Appeal.

(ii) Landmark Property Sdn. Bhd. ("LPSB") vs GC Architect ("GC")

LPSB and GC entered into a Memorandum of Agreement/Condition of Engagement dated 3 November 2010 ("Contract") for the provision of professional services by GC for LPSB's project called "Proposed Commercial & Housing Development on Country Lease No. 025341940 at Kinarut South, Papar, Sabah" ("Project"). The Project is divided into Phases 1 – 3 and Phase 4.

In respect of Phases 1 – 3, GC claims an alleged total sum of RM2,490,342 as at 30 June 2021 for work done. In respect of Phase 4, GC claims an alleged total sum of RM7,659,460 as at 30 June 2021 for work done.

30. MATERIAL LITIGATIONS (cont'd)

(ii) Landmark Property Sdn. Bhd. ("LPSB") vs GC Architect ("GC") (cont'd)

LPSB counterclaimed against GC for the following reliefs:

(i) a declaration that the suspension by GC's professional services in failing or refusing to issue the Board of Architects Malaysia ("BAM") Certification for Phase 4 of the Project was unlawful and a repudiation of the Contract;
(ii) a declaration that LPSB has lawfully terminated the Contract;
(iii) that GC is to pay to LPSB the sum of RM3,825,461 (excluding interest and cost) as at 19 August 2021 comprising of financing costs/ interest charges, additional cost to carry out valuation/quantity surveying works, additional cost incurred to appoint another prime consultant and two other consultant; interest; and costs.

On 2 June 2022, the final arbitration award was handed down. The final award was entered against LPSB in the following terms:

(i) the outstanding professional fees and 6% SST amounting to RM2,092,777 for Phase 1 – 3 was awarded to GC and the amount of RM2,192,523 for phase 4 was awarded to GC;
(ii) the simple interest at the rate of 5% per annum on the amounts awarded to GC calculated from the date the award was handed down to the date of full realisation;
(iii) LPSB will pay GC's cost and the cost of GC's solicitor on a client-solicitor basis taxed by the court, including all costs and expenses and payments already incurred and/or disbursed for this arbitration;
(iv) LPSB shall pay the arbitrator's costs, including the cost of the award, arbitrator's fees, administrative and other relevant costs incurred by BAM;
(v) LPSB shall pay its own cost and the cost of its solicitors for this arbitration; and
(vi) that the costs of this application and of any judgement or order which may be entered hereunder be borne by LPSB.

On 7 July 2022, the High Court registered the final award as a court order. LPSB's application to set aside the final award ("Main Suit") was dismissed on 16 January 2023. Subsequent thereto, LPSB fully paid the sums due, amounting to RM4,644,062 pursuant to the court order to GCA in early 2023. Despite having lost in the High Court in respect of the Main Suit, LPSB has filed a notice of appeal to the Court of Appeal. The parties received the grounds of judgment of the High Court on 3 October 2023, and the Court of Appeal has fixed the hearing on 13 November 2024.

(iii) George Chong Ket Choi vs K.T.I Development Sdn Bhd ("KTID")

George Chong Ket Choi ("GC") is an architect registered with the Board of Architects Malaysia ("BAM"). In 2013, KTID submitted a tender to the Ministry of Local Government & Housing. The tender was subject to the approval of various federal ministries and agencies. George Chong Ket Choi ("GC") and KTID entered into an oral agreement for GC to prepare a preliminary schematic and development plan ("Plan") for the Project. In early 2014, the plan was prepared and subsequently submitted to various local authorities. Following that, pursuant to requests from the local authorities, a revised plan was prepared and submitted in 2016.

Albeit the tender being unsuccessful, GC's contention is that KTID had orally agreed to pay GC professional fees for the preparation and submission of the plan. Whereas it is KTID's contention that the parties had orally agreed that GC would only be remunerated if KTID's tender was successful.

GC filed a Writ of Summons on 14 January 2021. In the Amended Statement of Claim, GC claims that KTID purportedly owes him a total sum of RM431,118 as of 31 December 2020 being the alleged outstanding professional fees for work done.

30. MATERIAL LITIGATIONS (cont'd)

(iii) George Chong Ket Choi vs K.T.I Development Sdn Bhd ("KTID") (cont'd)

Our representing solicitors are of the opinion that KTID has a reasonable chance of success based on the documentary evidence (subject to the witness' statements during the trial). Our solicitors take the view that GC had not adduced any evidence to show that there was an agreement to be remunerated by KTID, whereas KTID has written letters in 2018 and 2020 that there was no agreement to remunerate GC for the work done for this project.

The trial has already concluded on 20 February 2024 and the parties are due to exchange their respective submissions on 30 April 2024. The date to file the submission in reply and for the decision of the Court of Appeal has not been fixed.

31. FAIR VALUES INFORMATION

In respect of the fair value hierarchy, there were no material transfer between Level 1, Level 2 and Level 3 during the financial year.

<u>Financial instrument other than those carried at fair value</u>

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values

The carrying amounts of the financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments and insignificant impact of discounting.

The carrying amounts of long-term floating rate loans approximate their fair values as the loans will be re-priced to market interest rate on or near reporting date.

32. CAPITAL MANAGEMENT

The primary objective of the combining entities capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the reporting years ended 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023.

The Group monitors capital using a gearing ratio, which is total debt divided by total capital. Total debt includes lease liabilities and borrowings, whilst total capital is the equity attributable to the Owners of the Group. The gearing ratio is not governed by the MFRS and its definition and calculation may vary from others.

32. CAPITAL MANAGEMENT (cont'd)

The gearing ratio at end of the reporting years are as follows:

	2020 RM	2021 RM	2022 RM	2023 RM
Lease liabilities	3,524,446	3,439,521	3,794,470	7,115,986
Borrowings	37,721,526	63,525,906	49,510,121	166,062,251
Total debts	41,245,972	66,965,427	53,304,591	173,178,237
Equity attributable to the Owners of the Group, representing total capital	111,681,417	127,301,995	137,784,660	136,606,787
	37%	53%	39%	127%

There were no changes in the Group's approach to capital management during the reporting years.

The Group is in compliance with all externally imposed capital requirements as follows:

(a) LPSB shall keep and maintain its present paid up share capital and any increases thereof;

(b) subordination of advances of RM20,000,000 from related parties (director/shareholders/related company) throughout the tenure with the financier;

(c) paid-up capital of KTIHR and has been increased to at least RM10,000,000; and

(d) The two combine entities must not declare and/or pay dividend in excess of 50% of its corresponding annual net income after tax or such other threshold without consent.

33. EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the profit attributable to Owners of the Group by the weighted average number of ordinary shares issued.

For the purpose of illustration, the number of ordinary shares for the respective financial year represents the weighted average number of ordinary shares issued of the Group.

	2020	2021	2022	2023
Profit after tax attributable to Owners of the Group (RM)	12,594,140	15,620,578	10,482,665	13,822,127
Number of enlarged ordinary shares (unit) *	800,000,000	800,000,000	800,000,000	800,000,000
Basic earnings per share (sen)	1.57	1.95	1.31	1.73

* *Based on the assumption of proposed existing issued and enlarged share capital upon completion of listing and private placement.*

The basis and diluted EPS are equal as the Group has no potential dilutive ordinary shares at the end of each financial year.

34. SIGNIFICANT EVENT

Acquisition of land for future development

On 9 January 2023, the Group entered into a sales and purchase agreement with Millennium Aber Sdn. Bhd. ("Millennium") to purchase land with a total area of approximately 82,451 square metres for the purpose of future development projects with a total purchase consideration of RM73,999,718 and 10% of the purchase consideration amount of RM7,399,972 had been paid to Millennium in FYE 2022 as per disclosed in Note 15(i).

During the financial year, the Group has settled the remaining purchase consideration of RM66,599,746 through bank financing.
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35. SUBSEQUENT EVENT

Dividend

On 31 January 2024, KTID declared an interim single tier dividend of RM15 per ordinary share for the financial year ended 31 December 2023 amounting to RM15,000,000 which was paid on 1 February 2024.

KTI LANDMARK BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the combined financial statements as set out on pages 4 to 70 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, so as to give a true and fair view of the combined financial position as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 of their combined financial performance and combined cash flows for the financial years then ended.

Approved and signed on behalf in accordance with a resolution of the Directors dated 16 April 2024.

LOKE THEEN FATT

STELLA LOKE PEI WEN

MOORE

Moore Stephens Associates PLT
[201304000972 (LLP0000963-LCA)]
Chartered Accountants [AF002096]
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16 April 2024

The Board of Directors
KTI Landmark Berhad
Lot 220 (Ground Floor),
221 (Ground Floor and 1st Floor) and
222 (Ground Floor to 3rd Floor), Taman Nelly 9,
Phase 4 Shoplot, Lorong Nelly Plaza, Jalan Nountun,
Kolombong, 88844 Kota Kinabalu, Sabah

Dear Sir,

KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP")

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 INCLUDED IN A PROSPECTUS

We have completed our assurance engagement to report on the compilation of the pro forma combined statements of financial position of the Group as at 31 December 2023 by the Directors. The pro forma combined statements of financial position for the purpose of identification only, have been prepared for inclusion in the prospectus ("the Prospectus") in connection with the listing of and quotation of the entire enlarged issued share capital of KTI Landmark on the ACE Market of Bursa Malaysia Securities Berhad ("the Listing").

The applicable criteria on the basis of which the Directors have compiled the pro forma combined statements of financial position are described in notes of the pro forma combined statements of financial position and are prepared in accordance with the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants ("Guidance Note").

The pro forma combined statements of financial position has been compiled by the Board of Directors to illustrate the impact of the transactions as set out in the notes thereon to the pro forma combined statements of financial position as at 31 December 2023 had the transactions been effected as at 31 December 2023. As part of this process, information about the Group's combined financial position has been extracted by the Directors from the audited financial statements of KTI Landmark, K.T.I. Sdn. Bhd. and K.T.I Development Sdn. Bhd. for the financial year ended 31 December 2023, on which an auditors' report has been issued by us to its members without any modifications.

Directors' Responsibility for the Pro Forma Combined Statements of Financial Position

The Directors of the Company are responsible for compiling the pro forma combined statements of financial position on the basis as set out in the notes thereon in accordance with the Prospectus Guidelines.

Reporting Accountants' Independence and Quality Control

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

MOORE

KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 INCLUDED IN A PROSPECTUS (cont'd)

Reporting Accountants' Independence and Quality Control (cont'd)

Our firm applies the International Standard on Quality Management 1 (ISQM 1), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, and Other Assurance or Related Services Engagements* adopted by the Malaysian Institute of Accountants and, accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the pro forma combined statements of financial position have been compiled, in all material respects, by the Directors on the basis set out in the notes thereon.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma combined statements of financial position on the basis set out in the notes thereon in accordance with the requirements of the Prospectus Guidelines.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma combined statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma combined statements of financial position.

The purpose of pro forma combined statements of financial position included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted statements of financial position of the entities as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction as at 31 December 2023, would have been as presented.

A reasonable assurance engagement to report on whether the pro forma combined statements of financial position has been compiled, in all material respects, on the basis as set out in the notes thereon involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma combined statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma combined statements of financial position reflects the proper application of those adjustments to the unadjusted statements of financial position.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma combined statements of financial position has been compiled, and other relevant engagement circumstances.

MOORE

KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 INCLUDED IN A PROSPECTUS (cont'd)

Reporting Accountants' Responsibilities (cont'd)

The engagement also involves evaluating the overall presentation of the pro forma combined statements of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma combined statements of financial position have been compiled, in all material respects by the Directors on the basis as set out in the notes thereon and in accordance with the requirements of the Prospectus Guidelines.

Other Matter

This report has been prepared solely for the purpose stated above, in connection with the Listing. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Moore

MOORE STEPHENS ASSOCIATES PLT
201304000972 (LLP0000963-LCA)
Chartered Accountants (AF002096)

TAN KEI HUI
03429/04/2025 J
Chartered Accountant

MOORE STEPHENS ASSOCIATES PLT
201304000972 (LLP0000963-LCA)
Chartered Accountants (AF002096)

For Identification Purposes Only

KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

1.0 PRO FORMA GROUP AND BASIS OF PREPARATION

1.1 INTRODUCTION

The pro forma combined statements of financial position as at 31 December 2023 together with the notes thereon, for which the Directors of KTI Landmark are solely responsible, has been prepared for illustration purposes only, for inclusion in the Prospectus in connection with the listing of and quotation of the entire enlarged issued share capital of KTI Landmark on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing").

1.2 BASIS OF PREPARATION

The pro forma combined statements of financial position of the Group has been prepared on the basis consistent with the format of financial statements of the Group and the accounting policies adopted by the Group, in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Prospectus Guidelines issued by the Securities Commission Malaysia.

The pro forma combined statements of financial position have been prepared based on audited financial statements of KTI Landmark and its proposed combined entities for the financial year ended 31 December 2023 as follows:

i) KTI Landmark Berhad ("KTI Landmark")
ii) K.T.I. Sdn. Bhd. ("KTISB")
iii) K.T.I Development Sdn. Bhd. ("KTID")

The audit opinion on the financial statements of KTI Landmark and its proposed combined entities for financial year ended 31 December 2023 were not subject to any modifications.

The Group is regarded as a continuing entity resulting from the reorganisation exercise as set out in Note 1.4 because the Directors of all the entities within the Group, which took part in the reorganisation exercise, was under the common control before and immediately after the reorganisation exercise. The Group has applied the merger method of accounting on a retrospective basis as if the merger had been effected throughout the current financial year.

When the merger method us used, the difference between the costs of investment recorded by KTI Landmark and the aggregate share capital of KTISB and KTID is accounted for as merger reserve in the proforma combined statements of financial position.

The pro forma combined statements of financial position, because of its nature, may not reflect the Group's actual financial position. Further, such information does not predict the Group's future financial position.

The pro forma combined statements of financial position of the Group comprises the combined statements of financial position as at 31 December 2023, adjusted for the impact of the Material Subsequent Transaction, Initial Public Offering ("IPO") Reorganisation and Listing Scheme as set out in Note 1.3, Note 1.4 and Note 1.5 respectively to the pro forma combined statements of financial position.

KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

1.0 PRO FORMA GROUP AND BASIS OF PREPARATION (cont'd)

1.3 MATERIAL SUBSEQUENT TRANSACTION OCCURING AFTER 31 DECEMBER 2023

On 31 January 2024, KTID declared a single-tier interim dividend of RM15.00 per ordinary share amounting to RM15,000,000 for the financial year ending 31 December 2023 which was paid on 1 February 2024.

The dividend is illustrated in the pro forma combined statements of financial position to show the effect of such dividend payment had it occurred on 31 December 2023 in accordance with Paragraph 9.20 of Chapter 9, Part II Division I: Equity of the Prospectus Guidelines.

The significant subsequent transaction is known as "After Subsequent Event" for the purpose of pro forma combined statements of financial position.

1.4 IPO REORGANISATION

1.4.1 Acquisitions

As part of the IPO Reorganisation, KTI Landmark had on 19 June 2023 entered into conditional shares sale agreements ("SSA") to acquire the entire equity interest of KTISB (including KTISB's subsidiaries) and KTID (including KTID's subsidiaries) respectively (collectively known as "Acquisitions") as detailed below:

Company	**Consideration**	
	Number of shares issued	**RM**
KTISB	308,532,000	51,864,229
KTID	331,467,997	55,719,770
Total	639,999,997	107,583,999

The total purchase consideration for the Acquisitions will be satisfied in full by the allotment and issuance of 639,999,997 ordinary shares in KTI Landmark ("KTI Landmark Shares" or "Shares") at an issue price of RM0.1681 per share.

The IPO Reorganisation has been completed on 2 April 2024.

The effect of Acquisitions has been incorporated into Pro Forma I.

1.5 LISTING SCHEME

In conjunction with, and as an integral part of the Listing, KTI Landmark proposes to undertake the following transactions:

1.5.1 IPO

(a) Public Issue

Public issue of 160,000,000 new KTI Landmark Shares ("Issue Shares") ("Public Issue"), representing 20.0% of the enlarged share capital are offered at an issue price of RM0.30 per Share. The Issue Shares shall be allocated in the following manner:

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Chartered Accountants (AF002096)
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KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

PRO FORMA GROUP AND BASIS OF PREPARATION (cont'd)

1.0 PRO FORMA GROUP AND BASIS OF PREPARATION (cont'd)

1.5 LISTING SCHEME (cont'd)

1.5.1 IPO (cont'd)

(a) Public Issue (cont'd)

(i) Malaysian public

40,000,000 Issue Shares, representing 5.0% of our enlarged share capital, are reserved for application by the Malaysian Public, to be allocated via balloting process as follows:

(i) 20,000,000 Issue Shares made available to public investors; and
(ii) 20,000,000 Issue Shares made available to Bumiputera public investors.

(ii) Eligible Director(s) and employee(s) and person(s) who have contributed to the success of the Group

40,000,000 Issue Shares, representing 5.0% of our enlarged share capital, are reserved for our eligible Director(s), employee(s) and person(s) who have contributed to the success of the Group under the Pink Form Allocations

(iii) Private placement to selected investors

80,000,000 Issue Shares, representing 10.0% of our enlarged share capital are reserved for private placement to selected Bumiputera investors approved by Ministry of Investment, Trade and Industry ("MITI").

(b) Offer for Sale

Our Selling Shareholders will undertake an offer for sale of 45,000,000 Offer Shares, representing 5.6% of our enlarged share capital at our IPO Price. The Offer Shares shall be undertaken by way of private placement in the following manner:

(i) 20,000,000 Offer Shares made available for selected Bumiputera investors approved by MITI; and

(ii) 25,000,000 Offer Shares made available for selected investors.

Our Offer for Sale is subject to the terms and conditions of this Prospectus.

(c) Listing

Upon completion of the IPO, the entire enlarged share capital of approximately RM155,122,752 (after deducting the estimated listing expenses directly attributable to the issuance of new shares of RM461,250) comprising 800,000,000 ordinary shares will be listed and quoted on the ACE Market of Bursa Securities.

KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

PRO FORMA GROUP AND BASIS OF PREPARATION (cont'd)

1.0 PRO FORMA GROUP AND BASIS OF PREPARATION (cont'd)

1.5 LISTING SCHEME (cont'd)

1.5.2 Utilisation of Proceeds from Public Issue

The gross proceeds from the Public Issue of RM48,000,000 are expected to be used as per Prospectus in the following manner:

	RM	%
Upgrading existing/expansion of the Group's casting yard/IBS faciltiy for its building division*	2,150,000	4.5%
Upgrade software and systems	350,000	0.7%
Working capital for project development	20,700,000	43.1%
Repayment of bank borrowings	21,000,000	43.8%
Estimated listing expenses^	3,800,000	7.9%
	48,000,000	100.0%

Estimated listing expenses to be charged to/set-off against:

	RM
- Share capital	461,250
- Profit or loss	3,338,750
	3,800,000

* *There are no supportable purchase orders, sale and purchase agreements or contractual binding agreements in relation to the upgrading existing/expansion of the Group's casting yard/IBS facility for its building division as well as working capital for project development. In view that the utilisation of proceeds for the purposes above are not factually supported, hence, such utilisation of proceeds will not be illustrated in this pro forma combined statements of financial position and has remained as cash and bank balances.*

^ *The estimated listing expenses totalling RM3,800,000 to be borne by the Company comprise, amongst others, underwriting, placement and brokerage fees, professional fees and miscellaneous expenses, of which RM1,447,975 had been paid and capitalised in prepayment of the Group up to 31 December 2023. A total of RM461,250 is assumed to be directly attributable to the issuance of new shares and as such, will be debited against the share capital of the Company and the remaining expenses of RM3,338,750 are assumed to be attributable to the Listing and as such, will be expensed off to the statement of comprehensive income.*

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KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

2.0 PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

The pro forma combined statements of financial position of KTI Landmark and its proposed combined entities as at 31 December 2023 has been prepared by the Directors for illustrative purposes only and after making such adjustments as considered necessary on the assumption that the listing of and quotation for the entire enlarged issued share capital on the ACE Market of Bursa Securities had been effected on 31 December 2023.

				Pro Forma I	Pro Forma II	Pro Forma III
	Note	As at 31.12.2023 RM	After Subsequent Event RM	After IPO Reorganisation RM	After Pro Forma I and Public Issue RM	After Pro Forma II and Utilisation of Proceeds RM
ASSETS						
Non-current assets						
Property, plant and equipment	3.1	68,871,498	68,871,498	68,871,498	68,871,498	69,221,498
Inventories		851,071	851,071	851,071	851,071	851,071
Deferred tax assets		454,353	454,353	454,353	454,353	454,353
		70,176,922	70,176,922	70,176,922	70,176,922	70,526,922
Current assets						
Inventories		235,820,536	235,820,536	235,820,536	235,820,536	235,820,536
Trade receivables		9,451,017	9,451,017	9,451,017	9,451,017	9,451,017
Contract assets		18,319,560	18,319,560	18,319,560	18,319,560	18,319,560
Other receivables	3.2	6,207,196	6,207,196	6,207,196	6,207,196	4,759,221
Tax recoverable		1,403,099	1,403,099	1,403,099	1,403,099	1,403,099
Fixed deposits with licensed banks		15,550,848	15,550,848	15,550,848	15,550,848	15,550,848
Cash and bank balances	3.3	19,597,951	4,597,951	4,597,951	52,597,951	28,895,926
		306,350,207	291,350,207	291,350,207	339,350,207	314,200,207
TOTAL ASSETS		376,527,129	361,527,129	361,527,129	409,527,129	384,727,129

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KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

2.0 PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (cont'd)

				Pro Forma I	Pro Forma II	Pro Forma III
	Note	As at 31.12.2023 RM	After Subsequent Event RM	After IPO Reorganisation RM	After Pro Forma I and Public Issue RM	After Pro Forma II and Utilisation of Proceeds RM
EQUITY AND LIABILITIES						
Share capital	3.4	-	-	107,584,002	155,584,002	155,122,752
Invested capital	3.4	2,000,003	2,000,003	-	-	-
Merger reserve	3.5	-	-	(105,583,999)	(105,583,999)	(105,583,999)
Retained earnings	3.6	134,606,784	119,606,784	119,606,784	119,606,784	116,268,034
		136,606,787	121,606,787	121,606,787	169,606,787	165,806,787
Non-current liabilities						
Lease liabilities		5,062,169	5,062,169	5,062,169	5,062,169	5,062,169
Borrowings	3.7	23,654,272	23,654,272	23,654,272	23,654,272	23,654,272
Deferred tax liabilities		932,682	932,682	932,682	932,682	932,682
		29,649,123	29,649,123	29,649,123	29,649,123	29,649,123

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KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

2.0 PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (cont'd)

	Note	As at 31.12.2023 RM	After Subsequent Event RM	Pro Forma I After IPO Reorganisation RM	Pro Forma II After Pro Forma I and Public Issue RM	Pro Forma III After Pro Forma II and Utilisation of Proceeds RM
Current liabilities						
Trade payables		42,551,293	42,551,293	42,551,293	42,551,293	42,551,293
Contract liabilities		15,068,142	15,068,142	15,068,142	15,068,142	15,068,142
Other payables		7,157,296	7,157,296	7,157,296	7,157,296	7,157,296
Amount due to a related party		41,063	41,063	41,063	41,063	41,063
Lease liabilities		2,053,817	2,053,817	2,053,817	2,053,817	2,053,817
Borrowings	3.7	142,407,979	142,407,979	142,407,979	142,407,979	121,407,979
Tax payables		991,629	991,629	991,629	991,629	991,629
		210,271,219	210,271,219	210,271,219	210,271,219	189,271,219
Total liabilities		239,920,342	239,920,342	239,920,342	239,920,342	218,920,342
TOTAL EQUITY AND LIABILITIES		376,527,129	361,527,129	361,527,129	409,527,129	384,727,129
Number of ordinary shares assumed in issue		2,000,003	2,000,003	640,000,000	800,000,000	800,000,000
Net assets per share (RM)		68.30	60.80	0.19	0.21	0.21
Borrowings and lease liabilities (RM)		173,178,237	173,178,237	173,178,237	173,178,237	152,178,237
Gearing (Times)		1.27	1.42	1.42	1.02	0.92

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KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

2.0 PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (cont'd)

2.1 After Subsequent Event

After Subsequent Event incorporates the effects of dividend declared and paid by KTID as disclosed in Note 1.3.

2.2 Pro Forma I

Pro Forma I incorporates the effects of IPO Reorganisation as set out in Note 1.4 after taking into account of the material subsequent transaction as set out in Note 1.3.

Upon completion of the IPO Reorganisation, the issued share capital of combined entities will increase from RM2,000,003 comprising 3 KTI Landmark Shares, 1,000,000 ordinary shares of KTISB and 1,000,000 ordinary shares of KTID to RM107,584,002 comprising 640,000,000 KTI Landmark Shares.

2.3 Pro Forma II

Pro Forma II incorporates the effects of Subsequent Event and Pro Forma I and the Public Issue.

Upon completion of the Public Issue, the issued share capital of KTI Landmark will increase from RM107,584,002 comprising 640,000,000 KTI Landmark Shares to RM155,584,002 comprising 800,000,000 KTI Landmark Shares.

2.4 Pro Forma III

Pro Forma III incorporates the effect of Subsequent Event, Pro Forma I, Pro Forma II and the utilisation of proceeds from the Public Issue.

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KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

3.0 NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

3.1 Property, plant and equipment

	RM
As at 31 December 2023/As per After Subsequent Event, and Pro Forma I to II	68,871,498
Pursuant to Utilisation of Proceeds	
- Upgrade software and systems	350,000
As per Pro Forma III	69,221,498

3.2 Other receivables

	RM
As at 31 December 2023/As per After Subsequent Event, and Pro Forma I to II	6,207,196
Pursuant to Utilisation of Proceeds	
- Estimated listing expenses	(1,447,975)
As per Pro Forma III	4,759,221

3.3 Cash and bank balances

	RM
As at 31 December 2023	19,597,951
Distribution of Dividend	(15,000,000)
As per After Subsequent Event and Pro Forma I	4,597,951
Pursuant to Public Issue	48,000,000
As per Pro Forma II	52,597,951
Pursuant to Utilisation of Proceeds	
- Upgrade software and systems	(350,000)
- Repayment of bank borrowings	(21,000,000)
- Estimated listing expenses	(2,352,025)
As per Pro Forma III	28,895,926

KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

3.0 NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (cont'd)

3.4 Share capital/Invested capital

	RM
As at 31 December 2023/As per After Subsequent Event	2,000,003
Pursuant to IPO Reorganisation	105,583,999
As per Pro Forma I	107,584,002
Pursuant to Public Issue	48,000,000
As per Pro Forma II	155,584,002
Pursuant to Utilisation of Proceeds - Estimated listing expenses	(461,250)
As per Pro Forma III	155,122,752

3.5 Merger reserve

	RM
As at 31 December 2023/As per After Subsequent Event	-
Pursuant to IPO Reorganisation	(105,583,999)
As per Pro Forma I to III	(105,583,999)

In conjunction with the Listing, the acquisitions as disclosed in Note 1.4.1 were accounted for under the merger method whereby the difference between the acquisition cost and the nominal value of the share capital of the subsidiaries is taken to the merger reserve.

3.6 Retained earnings

	RM
As at 31 December 2023	134,606,784
Distribution of Dividend	(15,000,000)
As per After Subsequent Event and Pro Forma I to II	119,606,784
Pursuant to Utilisation of Proceeds - Estimated listing expenses	(3,338,750)
As per Pro Forma III	116,268,034

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KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

3.0 NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (cont'd)

3.7 Borrowings

	Current Liabilities RM	**Non-current Liabilities RM**	**Total Liabilities RM**
As at 31 December 2023/As per After Subsequent Event, Pro Forma I to II	142,407,979	23,654,272	166,062,251
Pursuant to Utilisation of Proceeds	(21,000,000)	-	(21,000,000)
As per Pro Forma III	121,407,979	23,654,272	145,062,251

KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of KTI Landmark in accordance with a resolution dated 16 April 2024

Signed on behalf the Board of Directors,

STELLA LOKE PEI WEN

LOKE THEEN FATT

15. VALUATION CERTIFICATES

The table below sets out a summary of our material properties which have been valued by the Independent Valuer:

No.	Property detail	Market value as at 27 February 2023	Market value as at 31 December 2023
		(RM)	(RM)
1.	The joint venture rights to a 20.12 acres site proposed for a landed housing scheme, off Jalan Airport, 90000, Sandakan, Sabah and held under individual title CL No. 075428027	12,500,000	12,500,000

No.	Property details	Market value as at 28 February 2023	Market value as at 31 December 2023
		(RM)	(RM)
1.	The residual value of proposed Taman Bukit Alamanda at Kampung Nagapas, 89600, Papar, Sabah and held under joint venture rights to individual title CL No. 025346507	8,900,000	4,100,000
2.	The joint venture rights to a proposed township (over 169.8 acres) to be known as "Bandar Seri Lemawang" along Jalan Tuaran – Kota Belud, 89208, Tuaran, Sabah and held under master title CL No. 045115919	64,750,000	68,340,000
3.	The joint venture rights to an on-going mixed commercial / residential development known as The Logg, along Jalan Lintas, Luyang, 88300, District of Kota Kinabalu, Sabah and held under CL No. 015721276	190,000,000	225,000,000
4.	2 detached house plots at Taman Lavender, Off Jalan Lintas, 88300, Kota Kinabalu, Sabah and held under country leases - CL015654743 and CL015654770	12,700,000	(1)6,500,000
5.	5 studio apartments at Taman Nelly Phase 8D, Jalan Nountun, Kolombong, 88450, Kota Kinabalu, Sabah and held under a master title CL No. 015605419	760,000	760,000
6.	A corner 3-storey shopoffice known as Lot No. 68, Lorong Buah Pala 3, Wisma LTF, Taman Nelly, 88450 Kota Kinabalu, Sabah and held under individual title CL No. 015479197	1,600,000	1,600,000
7.	The 1st and 2nd floors of a corner 3-storey shopoffice known as Lot No. 69, Lorong Buah Pala 3, Wisma LTF, Taman Nelly, 88450, Kota Kinabalu, Sabah and held under 2/3 share of CL No. 015479204	1,100,000	1,100,000

15. VALUATION CERTIFICATES *(Cont'd)*

No.	Property details	Market value as at 28 February 2023 (RM)	Market value as at 31 December 2023 (RM)
8.	A corner 4-storey corporate office building known as Lot No. 222, Taman Nelly 9 (Sub-Phase 4), Lorong Nelly Plaza, Jalan Nountun, 88444, Kota Kinabalu, Sabah	7,200,000	7,200,000
9.	A double-storey office/showroom with double volume storage space known as Lot No. 223 (Building No. 32A), Lorong Nelly 9/2, Taman Nelly 9 (Sub-Phase 1), Kampung Nountun, Inanam, 88450, Kota Kinabalu, Sabah and held under master title NT013021308	19,000,000	19,000,000
10.	A double-storey detached shop known as Lot No. 17, Phase 3A, Plaza Lemawang (shop/offices), 89208, Tuaran, Sabah and held under master title CL No.045115919(2)	(2)2,000,000	-

No.	Property detail	Market value as at 6 October 2023 (RM)	Market value as at 31 December 2023 (RM)
1.	A 20.4 acres residential development site proposed for 5 blocks of 39-storeys apartments & 2-storeys superlink houses at Alamesra, off Sulaman Coastal Highway, 88450, Kota Kinabalu, Sabah and held under CL No. 015719874 and 3 others	88,900,000	98,900,000

Notes:

(1) 2 units of the detached house plot under country lease (namely, CL015654752 and CL015654761) have been sold to third parties subsequent to 28 February 2023 and were therefore excluded from the list of material properties of our Group as at 31 December 2023. Please refer to Section 6.5 for detailed information of the sale and purchase agreements for the said disposals.

(2) Subsequent to 28 February 2023, Plaza Lemawang has been fully sold, and is therefore not included in the list of material properties of our Group as at 31 December 2023.

RICS

[V0354 & E1101]

SR. WONG CHAW KOK
MRICS, MISM, ACIArb
Registered Valuer

SR. ZAMRI RAMLI
MRISM, MIPEAC
Registered Valuer

SR. MOHD ASRI MOHD ARIS
MRISM, MIPEAC
Registered Valuer

YEW TU LEONG
B. Surveying (Hons) Property Management
Registered Estate Agent

AZMI & CO

AZMI & CO (SABAH) SDN BHD
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Property Consultants, Valuers, Estate Agents & Property Managers

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Our Ref: 1.4946.24/WCK

4th April 2024

The Board of Directors
KTI LANDMARK BERHAD
(Formerly known as KTI Property Berhad)
Registration No. 201601008159 (Co. No. 1179087-X),
Lots 221 & 222, Taman Nelly 9,
Phase 4, Shoplots, Lorong Nelly Plaza,
Jalan Nountun, Kolombong, 88844,
Kota Kinabalu, Sabah.

Dear Sir,

UPDATE VALUATION CERTIFICATE FOR ELEVEN (11) REAL ESTATE ASSETS

We refer to your instructions to provide an update valuation certificate for the abovementioned assets ("**Subject Properties**") for the purpose of submission to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the Initial Public Offering of shares in conjunction with the listing of KTI Landmark Berhad on the ACE Market of Bursa Securities and inclusion in the prospectus.

The Subject Properties were provided with full valuation reports and valuation certificate on 21st October 2023 and have been reinspected with 31st December 2023 adopted as the material date of valuation for this Update Valuation.

Our valuations have been carried out in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards 6th Edition ("**MVS**") issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia and conducted with the necessary professional responsibility and due diligence.

The basis of valuation adopted is the Market Value which is defined by the MVS to be "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion."

This Update Valuation Certificate should be read with the full Valuation Reports dated 15th May 2023 and 19th October 2023 prepared by us, for submission to Bursa Securities, detailing the basis under which the valuations have been prepared.

RICS

AZMI & CO

Date: 4th April 2024
Our Ref: 1.4946.24/WCK

MARKET VALUE

Having taken into consideration all relevant and pertinent factors, we are of the opinion that the Market Value of the Subject Properties, on 31st December 2023 are: -

Property	:		Market Value
Taman Bukit Alamanda	:	RM4,100,000.00	(Ringgit Malaysia Four Million and One Hundred Thousand only)
Sandakan	:	RM12,500,000.00	(Ringgit Malaysia Twelve Million Five Hundred Thousand only)
Bandar Seri Lemawang	:	RM68,340,000.00	(Ringgit Malaysia Sixty-Eight Million Three Hundred and Forty Thousand only)
The Logg	:	RM225,000,000.00	(Ringgit Malaysia Two Hundred and Twenty-Five Million only)
Taman Lavender	:	RM6,500,000.00	(Ringgit Malaysia Six Million and Five Hundred Thousand only)
Nelly Studio	:	RM760,000.00	(Ringgit Malaysia Seven Hundred and Sixty Thousand only)
Lot 68	:	RM1,600,000.00	(Ringgit Malaysia One Million and Six Hundred Thousand only)
Lot 69	:	RM1,100,000.00	(Ringgit Malaysia One Million and One Hundred Thousand only)
Lot 222	:	RM7,200,000.00	(Ringgit Malaysia Seven Million and Two Hundred Thousand only)
Lot 223	:	RM19,000,000.00	(Ringgit Malaysia Nineteen Million only)
Alamesra	:	RM98,900,000.00	(Ringgit Malaysia Ninety-Eight Million and Nine Hundred Thousand Only)
Total Market Value	:	RM445,000,000.00	(Ringgit Malaysia Four Hundred And Forty-Five Million Only)

Note: As at 31st December 2023, we note that the double storey detached shop and 2 detached house plots identified as Lot No. 17, Phase 3A, Plaza Lemawang (Ref.: 1.4411(12).23.WCK/fd) and Lot 202 & Lot 203, Taman Lavender (Ref.: 1.4411(6).23.WCK/fd) were disposed with their sale completed on 9th June 2023 and 22nd December 2023 respectively. As such, for the purpose of this Update Valuation, we have excluded the aforesaid double storey detached shop and 2 detached house plots in our valuation.

The above Report and Valuation has been carried out by Sr. Wong Chaw Kok,
For and on behalf of Azmi & Co (Sabah) Sdn. Bhd.

SR. WONG CHAW KOK, MRICS, MRISM, ACIArb, MBVAM, ICVS
Chartered Surveyor & Registered Valuer (V-0354)
Note: This report was peer reviewed by En. Zamri Bin Ramli (Registered Valuer (V-0957) from Azmi & Co Sdn. Bhd.(HQ)

RICS AZMI & CO

Date: 4th April 2024
Our Ref: 1.4946.24/WCK

METHODS OF VALUATION

Depending on the individual case, one or more of the following methods have been used to arrive at their market values. These methods are the Investment Method (Income Approach), Contractor's Test (Cost Method), Comparison Method and Residual Method (Income Approach). The methods chosen are described in detail in our formal valuation reports and our certificate of value.

MARKET UPDATE COMMENTARY

In general, the market has remained stable since the date of our full reports. During the interim period, transaction activity picked up slightly despite higher interest rates. The improvement in activity is generally for affordable housing with patchy performances in the higher end market sectors. Overall, however transaction activity for the whole state decreased by less than 2% but transaction value increased by about 4%, reflecting an increase in value of about 6% after taking into account the drop in transaction activity. Tourism and hospitality sector also improved although still below pre pandemic levels. National economic growth is projected at 4.5%.

SIGNIFICANT CHANGES

Significant changes noted are the sales of the double storey detached shop at Plaza Lemawang and 2 detached house plots at Taman Lavender which have been excluded from our report. Besides, a new precinct (Plaza Lemawang 2) has been created by carving out of 4.4 acres and 0.29 acre from Residensi Seri Akasia and Lot 3 in Bandar Seri Lemawang township.

Changes in sales achievements and cost incurred are reflected in the Residual Method and the Comparison Method. Where applicable new comparables have been included. No other changes were noted (physical, legal and market) unless otherwise mentioned in this update.

For the purpose of this update valuation certificate, Joint Venture Agreement is referred to as JVA and Lembaga Pembangunan Perumahan dan Bandar is referred to LPPB.

1.0 INTEREST BEING VALUED : THE RESIDUAL VALUE OF ONGOING TAMAN BUKIT ALAMANDA PROJECT AT KAMPUNG NAGAPAS, 89600, PAPAR, SABAH HELD UNDER JOINT VENTURE RIGHTS TO INDIVIDUAL TITLE CL NO. 025346507.

Subject Property	A land parcel developed as a landed housing scheme, known as Taman Bukit Alamanda about 5 km from Papar Town
Particulars of Title	Based on title details extracted from the Central Land Registry on 16th April 2024, all details and endorsement of subject property are unchanged.
JVA	There is no change as LPPB's entitlement of RM2,500,000 was fully paid previously.
Development Status	An affordable landed housing scheme with 107 double storey terraced houses approved by Majlis Daerah Papar on 12th October 2021 as reported previously. Construction works is about 95% completed with 100% sales achievement. Completion date is extended from December 2023 to September 2024 due to delay in slope protection works caused by rainy weather and specialist treatment.
Market Condition	As market condition for affordable housing is healthy, this has been reflected in the fully sold status of the project.

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VALUATION METHOD

We have adopted the Residual Method in order to arrive at the market value of the joint venture rights to this property. As this project is at a highly advanced stage and nearing completion, there is no alternative method of valuation

Summary of the computation by this method is tabulated below:

Gross Development Value (GDV)	RM35,671,000
Gross Development Cost (GDC)	RM20,418,787
Developer's Profit	6.5%
Remaining Development Period	0.5 years
Present Value Discount Rate	4%

Summary of Gross Development Value (GDV)

All 107 units of this project have been sold at prices between RM313,000 to RM408,000 with an average rate of RM230 psf to RM260 psf.

Gross Development Value is derived by reference to concluded selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

Summary of Gross Development Cost (GDC)

No.	Items	Total Value of Estimated Costs	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, Landscaping Works & External Works, and Building Work including M&E	RM17,990,417	RM19,694,482	-RM1,704,065
2	Other costs	RM1,570,227	RM399,084	RM1,171,143
3	Professional Fees	RM858,143	RM497,966	RM360,177
4	Finance Charges	-	-	-
5	Developer's Profit	6.5%	-	RM2,318,615

Remarks to Cost items

1. The parameters adopted for items 1 and 2 and development period are based on our estimate derived from Construction Cost Handbook/Arcadis (2022) as per our previous valuation. The rates psf and percentages adopted remain the same. Professional fees is based on the percentage of 4.5% of the estimated cost in item 1. Nevertheless, certified amount for item 1 is higher than initial estimate due to extra costs incurred for external works particularly slope drainage and protection works. As the work is now almost complete, no further contingency cost (except for a small allowance of 0.5%) is expected thus reflecting a lower cost in item 2.
2. For item 4, finance charges are now zero as the remaining cost to complete is nil.
3. Total certified amount is RM23,091,532 including RM2,500,000 for JVA payment which is the cost incurred add back
4. Developer's Profit – As the project is nearing completion with 100% sales achievement and construction work at about 95%, market and completion risks are now minimal. Accordingly, we have adopted 6.5% of gross development value as developer's profits, reduced from 8%.

The Market Value derived by the residual method reflects the value of the remaining progress claim of the sold units and the cost to complete the project.

VALUATION

Having taken all factors known to us into consideration, we are of the opinion that the market value of the joint venture rights on the basis set out earlier as at 31st December 2023 is **RM4,100,000.00 (RINGGIT MALAYSIA FOUR MILLION AND ONE HUNDRED THOUSAND ONLY).**

RICS

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For this project, we have only relied on the Residual Method as there are no other projects with similar features, scale, sales achievements and work progress. In this case, sales achievement is 100% with about 90% progress claims and development cost incurred at about 97%.

2.0 INTEREST BEING VALUED : THE *JOINT VENTURE RIGHTS* TO A 20.12 ACRES SITE PROPOSED FOR A LANDED HOUSING SCHEME, OFF JALAN AIRPORT, 90000, SANDAKAN, SABAH. (SANDAKAN JV PROJECT)

Subject Property	A land parcel proposed for a landed housing scheme in an established locality about 9 km from Sandakan Town Centre
Particulars of Title	Based on title details extracted from the Central Land Registry on 16th April 2024, all details and endorsement of subject property are unchanged.
JVA	The amount paid to the landowner (LPPB) and outstanding balance remain unchanged as per our previous valuation.
Development Status	The proposed scheme for 310 units of double storey terrace houses was approved by Majlis Perbandaran Sandakan on 30th June 2020 as reported previously. The site remains in its original state as project *c*ommencement date was delayed from January 2024 to July 2024 due to approval delay for Building Plans. Accordingly, completion date is now expected in November 2027.
Market Condition	Market condition has remained generally stable since our last date of valuation. Demand for affordable houses remain healthy.

VALUATION METHODS

Residual Method *(Primary Method)*

As reported previously, the residual method has been adopted with the comparison method used as a check on its reasonableness and overall magnitude in order to arrive at the market value.

Summary of the computation by the residual method for this JV project is tabulated below:

Gross Development Value (GDV)	RM115,910,000
Gross Development Cost (GDC)	RM79,714,165
Developer's Profit	20%
Remaining Development Period	2½ years
Present Value Discount Rate	4%

Summary of Gross Development Value (GDV)

The total units of this project is 310 under 3 phases. On average, we have adopted at the price of RM365,000 to RM425,000.

Gross Development Value is derived by reference to concluded selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

Summary of Gross Development Cost (GDC)

No.	Items	Total Value of Estimated Costs	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, Landscaping Works & External Works, and Building Work including M&E	RM58,347,243	RM22,000	RM58,325,243

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2	Other costs	RM6,353,131	-	RM6,353,131
3	Professional Fees	RM2,783,106	RM231,065	RM2,552,041
4	Finance Charges	RM3,036,763	-	RM3,036,763
5	Unpaid JV Consideration	RM9,193,922	-	RM9,193,922
6	Developer's Profit	20%	-	RM23,182,000

Remarks to Cost items

1. The parameters adopted for items 1 and 2 and development period are based on our estimates derived from Construction Cost Handbook/Arcadis (2022) as per our previous valuation, with no changes. The rates psf and percentages adopted remain the same. Professional fees, unpaid JV consideration and developer's profit remain unchanged as per our valuation.
2. As the project has been delayed by about six months, we have maintained the development period which theoretically should be of 2½ years resulting in a residual value of RM12,300,000. However, based on the reconciliation values with the new comparables, we have maintained the value at RM12,500,000.

Principal macro factors remained unchanged as per our previous valuation.

Comparison Method *(Check Method)*

We have added 3 new comparables since our previous valuation i.e. Comparables 4 to 6.

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Title No.	CL 075099464	CL 075354228 & CL 075354237	CL 075394866	CL 075342004	CL 075382786	CL 075168320
Location	Sibuga Bypass, Jalan Lintas Sibuga	BT 7, Sg Ubar, Jalan Batu Putih, off Jalan Airport	Lot 3, Batu 11.5, Jalan Labuk	Batu 6, off Jalan Utara	Batu 8, Jalan Lai Fook Kim	Batu 7, Off Jalan Airport
Accessibility	Fronting Main Road	Inner layer lot, kampung access	Fronting Main Road	No access road	Fronting Main Road	Fronting Main Road
Locality Analysis	Undeveloped locality	Kg locality & next to squatter colony	Not within a residential suburb	Residential locality	Industrial locality	New residential locality with shops nearby
Property Status	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land
Visibility	Good	Fair	Good	Fair	Good	Good
Land Area (sq. ft.)	253,382	437,014	187,722	150,282	186,753	734,010
Land Shape	Almost Squarish	Irregular	Irregular	Trapezoidal	Almost Rectangular	Irregular
Tenure	999 years	99 years	999 years	999 years	999 years	999 years
Distance to subject property	7½ km	3¼ km	6½ km	3¼ km	1¾ km	1 km
Zoning	General Industry	High Density Residential	Mixed Development	Medium Density Residential	General Industry	Mixed Development
Lease Remaining	904 years	56 years	906 years	864 years	864 years	899 years
Transacted Price	RM3,875,200	RM4,700,000	RM3,448,000	RM2,760,000	RM5,992,000	RM22,000,000
Transacted Price	RM15 psf	RM11 psf	RM18 psf	RM18 psf	RM32 psf	RM30 psf
Transacted Date	14/9/2022	31/12/2021	29/9/2020	28/7/2023	19/4/2023	11/11/2022
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of location, property status, land area, land shape, tenure, zoning, benefit of development plan and time/market conditions					
Land Value After Adjustment	RM18 psf	RM17 psf	RM21 psf	RM22 psf	RM35 psf	RM25 psf

Adjustment percentages for relevant dissimilarities identified previously remained unchanged. After making adjustments, the values derived are between RM17 psf to RM35 psf. Comparable 6 is considered as the most suitable as it has the least dissimilarities and is only 1 km from the subject property. The rate adopted reflects a value of RM22,328,291. After allowing for unpaid JV amount, the value is derived at RM13,134,369.

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RECONCILIATION OF VALUES DERIVED

Residual Method	-	RM12,300,000.00
Comparison Method	-	RM13,134,369.00
Adopt	-	RM12,500,000.00

The value derived by the Residual Method remain unchanged but the Comparison Method yields a higher value due to value adopted based on Comparable 6. Of the two approaches, the Residual Method is regarded as the more reliable approach in this case in arriving at the Market Value of the subject property. This is because it reflects the approved concept of the project as a landed estate with double storey terrace houses, its development density and locational attributes. The comparables do not adequately capture such features and also adjustments undertaken are subjective and numerous. Accordingly, the Comparison Method is used as a check on the overall magnitude of our valuation.

VALUATION

Having taken all factors known to us into consideration, we are of the opinion that the market value of the joint venture rights on the basis set out earlier as at 31st December 2023 is **RM12,500,000 (RINGGIT MALAYSIA TWELVE MILLION AND FIVE HUNDRED THOUSAND ONLY).**

3.0 INTEREST BEING VALUED : THE *JOINT VENTURE RIGHTS* TO A PROPOSED TOWNSHIP (OVER 169.8 ACRES) TO BE KNOWN AS "BANDAR SERI LEMAWANG" ALONG JALAN TUARAN – KOTA BELUD, DISTRICT OF 89208, TUARAN, SABAH.

Subject Property: Extending to about 169.80 acres, the main bulk of the land (Parcel A) is along the south side of Jalan Tuaran – Kota Belud. It is being developed as a mixed township comprising landed housing scheme, apartments, shopping precinct and future development land which is parcelled into 8 lots. Details of the projects are as follows:

Lots No.	Property	Acres
1	Taman Seri Lemawang & Plaza Lemawang	52.33
2	Residensi Seri Akasia	15.68
3a & 3b	Plaza Lemawang 2	4.69
3	Future Development	1.02
4 – 7 & A	Proposed Developments	80.56
	Public Reserved	15.52
	Total	169.80

Plaza Lemawang 2 is carved out of Residensi Seri Akasia and Lot 3 which has been reduced from 20.08 acres to 15.68 acres and 1.31 acres to 1.02 acres respectively. This change occurred after submission of our full report.

Particulars of Title: Based on title details extracted from the Central Land Registry on 16th April 2024, all details and endorsement of subject property are unchanged.

Market Condition: Market condition has remained generally stable since our last date of valuation. Demand for affordable houses remain healthy.

JVA: Amount paid to the landowner (LPPB) has increased to RM17,759,017.80 with an outstanding balance of RM29,090,982.20.

RICS

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Taman Seri Lemawang

Development Status	This estate in Lot 1 has 811 double storey terraced houses developed in 9 phases (Phase 1A to Phase 1I) over 52.33 acres (2,279,786 sq. ft.). Six (6) phases have now been completed with Occupation Certificate issued, an increased of 3 phases. The remaining 3 phases with 252 units are the subject of our valuation which is Phase 1E, Phase 1H and 1I. Development was approved by Majlis Daerah Tuaran on 18th February 2021 as reported previously. Construction works is about 95% completed with 99% sales achievement. Completion date has been extended from December 2023 to May 2024 due to delay in arranging for cable connection from Sabah Electricity Sdn. Bhd. (SESB).

Residensi Seri Akasia

Development Status	The original 800 apartment units over 20.08 acres has been reduced to 480 units of 5-storey apartments over 15.68 acres (6.35 hectares) which are being built in 3 phases with Blocks A to F instead of 5 phases. Construction work in Blocks A & B are about 95% whilst Blocks C and D are at 90% and 60% respectively. Blocks E and F are about 15%-30% completed. Development was approved by Majlis Daerah Tuaran on 26th January 2021 as reported previously. There are 263 units sold out of 480 units, equivalent to 55% sales. Completion date has been shortened from March 2027 to June 2025 as 2 phases with 320 units have been replaced by Plaza Lemawang 2.

Plaza Lemawang 2

Development Status	This new development was approved by Majlis Daerah Tuaran on 8th December 2023 *(vide Ref: MDTRN:1000-1/1517 Jld.6/26).* Occupying Lots 3a and 3b, it comprises 41 units of 2-storey shoplots over 4.69 acres (1.9 hectares). Construction work is now at about 10%. Due to its recent launch, only 1 unit was sold as at 31st December 2023, equivalent to 2% sales. Subsequent sales have been encouraging. Commencement date is October 2023 and expected to be completed in June 2025.
Unit type details	Accommodation is generally open plan with toilet/w.c. to the rear right or left corner. Building sizes are about 2,100 sq. ft. to 2,600 sq. ft. including the corner units.

VALUATION METHOD

We have adopted the Residual Method for all 3 ongoing projects i.e. Taman Seri Lemawang (TSL), Residensi Seri Akasia (RSA) and Plaza Lemawang 2 at Bandar Seri Lemawang. As sales achievement and construction are at advanced stages, no other methods are applicable for the projects. The undeveloped lots for future development have been valued by the Comparison Method.

Summary of the computation by Residual Method for TSL is tabulated below:

Gross Development Value (GDV)	RM73,850,000
Gross Development Cost (GDC)	RM47,832,171
Developer's Profit	6%
Remaining Development Period	0.5 year
Present Value Discount Rate	4%

This project has 811 double storey terraced houses. 810 have been sold (99% sales) with 1 unit unsold. On average, the range of selling price is RM265,000 to RM390,000.

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Summary of Gross Development Value (GDV)

Gross Development Value is derived by reference to concluded selling prices of the units within the subject scheme and transacted prices of similar properties/projects. As our valuation is now reduced to 3 remaining phases, the GDV has been adjusted accordingly.

Summary of Gross Development Cost (GDC)

No.	Items	Total Value of Estimated Costs	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, Landscaping Works & External Works, and Building Work including M&E	RM40,983,160	RM44,264,581	-RM3,281,421
2	Other costs	RM3,424,566	RM1,879,372	RM1,545,194
3	Professional Fees	RM1,520,475	RM1,416,323	RM104,152
4	Finance Charges	RM413,354	-	RM413,354
5	Unpaid JV Consideration	RM1,490,616	-	RM1,490,616
6	Developer's Profit	6%	-	RM4,431,000

Remarks to Cost items

1. The parameters adopted for items 1 and 2 and development period are based on our estimate derived from Construction Cost Handbook/Arcadis (2022) as per our previous valuation. The rates psf and percentages adopted remain the same. Professional fees is based on the percentage of 3.5% of the estimated cost in item 1. Overall, costs have reduced due to remaining 3 phases.
2. Finance charges is nil against our estimate as sales revenue is sufficient to cover bridging loan.
3. Unpaid JV consideration has decrease from RM2,965,188 to RM1,490,616.
4. Developer's Profit - As the project is nearing completion with sales achievement at about 99% and construction work at about 95%, market and completion risks are now minimal. Accordingly, we have adopted 6% of gross development value as developer's profits, reduced from 8% previously.
5. An estimated development period of half (½) year has been allowed in our valuation reflecting the sales take-up of 99% and that the project is nearing completion.

Summary of the computation by Residual Method for RSA is tabulated below:

Gross Development Value (GDV)	RM97,220,000
Gross Development Cost (GDC)	RM65,283,754
Developer's Profit	15%
Remaining Development Period	2.5 years
Present Value Discount Rate	4%

Summary of Gross Development Value (GDV)

As the total units of this project is now 480 units under 3 phases with 263 units sold and 217 units unsold, GDV has been adjusted accordingly. The range of selling price is RM186,500 to RM234,000.

Gross Development Value is derived by reference to concluded selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

Summary of Gross Development Cost (GDC)

No.	Items	Total Value of Estimated Costs	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, Landscaping Works & External Works, and Building Work including M&E	RM53,393,875	RM40,257,538	RM13,136,337
2	Other costs	RM6,432,316	RM3,199,253	RM3,233,063

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3	Professional Fees	RM1,980,913	RM877,239	RM1,103,674
4	Finance Charges	RM3,476,650	RM363,726	RM3,112,924
5	Unpaid JV Consideration	-	-	-
6	Developer's Profit	15%	-	RM14,583,000

Remarks to Cost items

1. The parameters adopted for items 1 and 2 are based on our estimate derived from Construction Cost Handbook/Arcadis (2022) as per our previous valuation. The rates psf and percentages adopted remain the same. Costs have reduced due to the smaller scale of the project. Professional fees and developer's profit remain unchanged as per our valuation.
2. JV consideration has been fully paid at RM3,307,456.
3. An estimated development period of two and half (2½) years in our valuation has been adopted which in our opinion is considered realistic.

Summary of the computation by Residual Method for Plaza Lemawang 2 is tabulated below:

Gross Development Value (GDV)	RM29,500,000
Gross Development Cost (GDC)	RM17,962,951
Developer's Profit	18%
Remaining Development Period	2 years
Present Value Discount Rate	4%

Summary of Gross Development Value (GDV)

The total units of this project is 41 units with 1 unit sold with selling prices from RM700,000 to RM780,000.

Gross Development Value is derived by reference to concluded selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

Summary of Gross Development Cost (GDC)

No.	Items	Total Value of Estimated Costs	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, Landscaping Works & External Works, and Building Work including M&E	RM13,122,209	RM1,290,669	RM11,831,540
2	Other costs	RM1,541,166	RM121,447	RM1,419,719
3	Professional Fees	RM486,834	RM315,514	RM171,320
4	Finance Charges	RM681,759	RM479,733	RM202,026
5	Unpaid JV Consideration	RM2,130,983	-	RM2,130,983
6	Developer's Profit	18%	-	RM5,310,000

Remarks to Cost items

1. For items 1 and 2, we have based on our valuation computations for construction cost are estimated based on parameters derived from Construction Cost Handbook/Arcadis (2022). Item 2 covers capital contribution, contingencies, title subdivision & survey, admin, legal stamp duty & marketing fees. These figures are generally within industry average.
2. For building cost, based on the Construction Cost Handbook/Arcadis (2022) rate for this type property is in the range of RM100 to RM130 psf. Our analysed rate is RM100psf.
3. Professional fees is based on 3.5% of the estimated cost in item 1.
4. A sum of RM73,988 has been paid to the landowner (LPPB) with an outstanding sum of RM2,130,983.
5. Developer's Profit - As the project is ongoing, risks and uncertainties such as planning approval, site conditions, technical and legal issues have largely been removed. As sales achievement is about 2% (1 unit), with ongoing sales/bookings of 11 units to date, market risks have been reduced with completion risk a major factor. Accordingly, we have adopted 18% of gross development value as developer's profits.

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6. We have adopted an estimated development period of two (2) years in our valuation. We are of the opinion the estimated development period is considered realistic.

Principal macro factors remained unchanged as per our previous valuation.

Comparison method for Vacant Lots under future development

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Title No.	CL 045317306	CL 045132303	NT 043197539	CL 045323402	CL 045316176 & 2 others	CL 045314832
Location	Kg Tamparuli, Jalan Berunggis-Tamparuli	Kg Bakut, Off Jalan Tuaran	Kg Tamparuli, Off Jalan Tamparuli Lama	Kg Minangkob, Jalan Tamparuli-Ranau	Kg Dalit, Jalan Rasa Ria	Kg Batangan, Off Jalan Bulong
Location analysis	At Kg. Ulu Sapat, about 1⅓ km from Tamparuli Town and 4½ km south-east from Tuaran Town.	At Kg. Bakut. Telipok Town with public amenities is about 4 km south.	Next to a terraced housing estate and 1 km away from Tamparuli Town	At Kg. Minangkob. Tamparuli Town with public amenities is about 8 km west.	Next to Shangri-La Resort & Dalit Golf Club. Tuaran Town about 10 km south-east	½ km away from SK Tuaran, off Jalan Bolong, Tuaran town about 1 km south-east
Land Area	35,736 sq. ft.	2,029,964 sq. ft.	117,618 sq. ft.	172, 868 sq. ft.	493,206 sq. ft.	34,412 sq. ft.
Lease Remaining	5/7/2069	28/8/2924	Grant in Prepetuity	31/12/2084	31/12/2077 & 31/12/2076	31/12/2076
Transacted Date	5/10/2021	25/8/2022	24/11/2022	19/1/2023	5/2/2020	6/1/2021
Transacted Price	RM630,000	RM25,000,000	RM2,000,000	RM1,900,000	RM16,272,273	RM1,250,000
Transacted Price	RM17.64 psf	RM12.32 psf	RM17.00 psf	RM11.00 psf	RM33.00 psf	RM36.32 psf
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of location, neighbourhood/township amenities, land size, terrain, title type, tenure, benefits of DP and land improvements					
Land Value After Adjustment	RM20.28 psf	RM15.39 psf	RM19.04 psf	RM15.95 psf	RM42.57 psf	RM38.14 psf

The comparables and adjustments remain unchanged as per previous report. However, land size of Lot 3 has been reduced from 57,064 sq. ft. to 44,388 sq. ft. due to the new Plaza Lemawang 2 taking up part of its area.

Based on the slightly smaller total land area of 3,553,692 sq. ft. and a rate of RM15.50 psf the total value of the vacant lots is now RM55,080,509.00. After adjusting for the Unpaid JV Consideration, the total JV Rights Value is RM32,690,000.00 equivalent to RM9.20 psf. An end deduction for the kampung house in Lot A is allowed at RM50,000.00. The total land value for Lot 3 to 7 and Lot A is therefore RM32,640,000.00.

VALUATION

Having taken all factors known to us into consideration, we are of the opinion that the market value of the joint venture rights on the basis set out earlier as at 31st December 2023 are as follows:

Taman Seri Lemawang - **RM5,100,000.00 (RINGGIT MALAYSIA FIVE MILLION AND ONE HUNDRED THOUSAND ONLY)**

Residensi Seri Akasia - **RM22,700,000.00 (RINGGIT MALAYSIA TWENTY-TWO MILLION AND SEVEN HUNDRED THOUSAND ONLY).**

Plaza Lemawang 2 - **RM7,900,000.00 (RINGGIT MALAYSIA SEVEN MILIION AND NINE HUNDRED THOUSAND ONLY).**

Vacant Lots for Future Development - **RM32,640,000.00 (RINGGIT MALAYSIA THIRTY-TWO MILLION SIX HUNDRED AND FORTY THOUSAND)**

RICS

AZMI & CO

Date: 4th April 2024
Our Ref: 1.4946.24/WCK

4.0 INTEREST BEING VALUED : THE *JOINT VENTURE RIGHTS* TO AN ON-GOING MIXED COMMERCIAL/RESIDENTIAL DEVELOPMENT KNOWN AS THE LOGG, ALONG JALAN LINTAS, LUYANG, 88300, DISTRICT OF KOTA KINABALU, SABAH.

Subject Property	A prime mixed commercial/residential development with main road frontage along Jalan Lintas in Lintas commercial area, Luyang locality.
Particulars of Title	Based on title details extracted from the Central Land Registry on 16th April 2024, the additional endorsements are noted: Caveat by Maybank Islamic Berhad on Lot No. S-20-9 (Corner), Level 20 with consent to surrender *(Vide Memo No. MC2308010437 dated 16th August 2023)* Caveat by Public Bank Berhad on Lot No. S-20-8 (Corner), Level 20 with consent to surrender *(Vide Memo No. MC2309010447 dated 15th September 2023)*
JVA	The amount paid to the landowner (LPPB) has increased to RM33,807,508 with an outstanding balance of RM12,722,492.
Development Status	The subject land is being developed as a mixed commercial/residential project known as The Logg which was approved by Dewan Bandaraya Kota Kinabalu on 9th February 2023 as reported previously. Construction work is now at about 30%. There are 79 units sold out of 542 units for serviced suites and 221 units sold out of 250 units for Parkhill Apartments *(Affordable Homes).* Overall, sales is about 38% excluding the Hotel and retail space which are held as investments. Completion date remain unchanged.
Market Condition	Although market condition has remained generally stable, take up rate of the serviced suites are slower due to effects of the pandemic, and as a result, the serviced suites have changed from larger units to smaller sizes, and this has affected sales momentum and sentiment. Correspondingly, based on average sales of 4½ units, we have allowed for a longer development period of 7 years to allow for a longer sales absorption period.

VALUATION METHODS

Residual Method *(Primary Method)*

As per our previous report, the Residual Method in used to arrive at the market value of the subject property. As a check on the overall magnitude of value, we have taken into account the market value of the land to which is then added the cost incurred and progress claim.

Summary of the computation by the residual method is tabulated below.

Gross Development Value (GDV)	RM1,091,481,910
Gross Development Cost (GDC)	RM747,072,953
Developer's Profit	18%
Remaining Development Period	7 years
Present Value Discount Rate	4%

Summary of Gross Development Value (GDV) remain unchanged as per previous report.

Gross Development Value is derived by reference to concluded selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

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Summary of Gross Development Cost (GDC)

No.	Items	Total Value of Estimate Costs	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, and External Works including M&E (include contingencies)	RM595,793,270	RM132,639,391	RM463,153,879
2	Other costs	RM58,281,732	RM2,393,187	RM55,888,545
3	Professional Fees	RM37,892,452	RM19,645,908	RM18,246,544
4	Finance Charges	RM42,383,007	RM1,701,259	RM40,681,748
5	Unpaid JV Consideration	RM12,722,492	-	RM12,722,492
6	Developer's Profit	18%	-	RM196,466,744

Remarks to Cost items

1. The cost parameters adopted are based on our estimates derived from Construction Cost Handbook/Arcadis (2022) and industry averages for items 1 and 2, as per our previous valuation with no changes. The rates psf and percentages adopted remain the same. Professional fees and developer's profit remain unchanged as per our valuation.
2. The finance charges is based on an estimated development period of 7 years in our valuation with an increase in interest rate from 4.5% (based on an average of construction finance rate of 7%, with a reduction of 35% as interest costs reduce with progress payments) to 4.9% (30% reduction instead due to a longer development period). This longer development period has resulted in an increase of finance charges from RM38,923,169 to RM42,383,007. There were 45 units sold within 10 months after the previous date of valuation with average sales of 4½ units. We are of the opinion the estimated development period is considered realistic based on the sales performance to date.
3. The unpaid JV consideration has reduced in line with progressive payment.
4. A sum of RM33,807,508 has been paid to the landowner (LPPB) with an outstanding sum of RM12,722,492.

Comparison Method *(Check Method)*

Title No.	**CL 015679320**	**CL 015270747 & CL 015270756**	**CL 015020694 & 4 others**
Description	Highly visible, walking distance to Sutera Harbour, KK Times Square, Imago Mall & Riverson	Two adjoining lands with walking distance to Shangri-la Tanjung Aru and Kinabalu Golf Club, Tanjung Aru	A large block of land held under 5 adjoining titles in a well-established area
Locality	Land beside Sutera Venure, Jalan Coastal	Lands beside Kinabalu Golf Club, Tanjung Aru	Jalan Lintas, Kolombong
Surroundings	Shopping complexes, retail, squalid housing	Golf club, hotel & resorts, condominium, housing	Golf course, commercial developments, industrial area
Road Frontage	Fronting onto six lane carriageway and near flyover	Fronting onto dual lane carriageway	Fronting onto five lane carriageway
Land area	25,507 sq. ft.	73,087 sq. ft.	368,723 sq. ft.
Development & Building Approval	None	None	None
Zoning	Commercial City Centre	High Density Residential	Mixed Uses
Special Terms/Clause	Commercial Building	Residential Building	Housing & Commercial Development
Height Restriction	Up to 10-storeys	Up to 15-storeys	Up to 30-storeys
Transacted Date	28/08/2018	25/02/2021	11/8/2017, 14/8/2017, 28/8/2017, 12/12/2017
Tenure	99 years	999 years	999 years
Remaining Term	78 years	903 years	901 years
Transacted Price	RM10,713,129	RM35,000,000	RM208,000,000
Transacted Price	RM420 psf	RM479 psf	RM564 psf
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of location, beach frontage, accessibility, visibility, land size, development & building approval, zoning, title use terms, height restriction and tenure		
Land Value After Adjustment	RM538 psf	RM733 psf	RM744 psf

The comparables and adjustments remain unchanged as per previous report. After adjustments, the values derived are between RM538 psf to RM744 psf. In adopting the rate to derive The Logg's value, we have placed greater emphasis on Comparable 3 which is along the same road, about 3 km from the subject property, and of about the same size magnitude. Taking into consideration all the factors above, we have adopted the rate of RM745 psf to derive its value. After allowing for cost incurred,

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sales received and unpaid JV amount, the value is derived at RM242,000,000. The higher value is due primarily to higher costs incurred (capital sunk-in).

Principal macro factors remain unchanged as per previous report.

RECONCILIATION OF VALUES DERIVED

Residual Method	-	RM225,000,000.00
Comparison Method	-	RM242,000,000.00
Adopt	-	RM225,000,000.00

Values derived from the above approaches are similar. However, the Residual Method is considered the more reliable approach in this case to arrive at the Market Value of the joint-venture rights to the subject property. This is because it reflects the overall concept of the project with its different components, its development density and locational attributes. The Comparison Method does not adequately capture the project features and is therefore used as a check on the overall magnitude of our valuation.

VALUATION

Having taken all factors known to us into consideration, we are of the opinion that the market value of the joint venture rights on the basis set out earlier as at 31st December 2023 is **RM225,000,000.00 (RINGGIT MALAYSIA TWO HUNDRED AND TWENTY-FIVE MILLION ONLY).**

5.0 TWO (2) DETACHED HOUSE PLOTS AT TAMAN LAVENDER, OFF JALAN LINTAS, 88300, KOTA KINABALU, SABAH.

Subject Property: 2 detached house plots in Taman Lavender, off Jalan Lintas, 88300, Kota Kinabalu, Sabah

TITLE DETAILS

Title Nos.: CL 015654743 & CL 015654770

Land Area:

Title No.	Lot No.	Land Area (sq. ft.)
CL 015654743	201	22,390
CL 015654770	204	9,599
	Total	31,989

Particulars of Titles: Based on title details extracted from the Central Land Registry on 16th April 2024, all details and endorsement of subject property are unchanged.

PROPERTY DETAILS

Property Description: The subject properties are 2 detached house plots within Taman Lavender held under Country Lease titles. Two of the original four plots have been sold since our previous report.

Planning Use: The status of planning provision as stated in our valuation report dated 15th May 2023 remained unchanged.

Market Condition: We would like to confirm that market condition has remained generally unchanged for detached house plots since our last date of valuation.

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VALUATION METHOD

We have adopted the Comparison Method in order to arrive at the market value of the subject properties. As these are vacant house plots within a residential suburb, there is no other alternative method. We have added a new comparable since our previous valuation i.e. Comparable 7.

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7
Title No.	CL 015485248	CL 015363407	CL 015589232	CL 015343843	CL 015487340	CL 015385654 & CL 015385663	CL 015408492
Location	Jalan Gunung Bintang, Taman Prima Jaya Phase 1	Lot 35, Lorong Pelanduk 3, Taman Kinamount	Lot 458, Lorong Pokok Resam 5, Taman BDC Likas, Phase 12A	Lorong Tasbeh 1, Shangrila Estate	Lot 28, Lorong Pokok Seraya 1, Taman Khidmat	Off Jalan Penempatan, Jalan Shantung	Jalan Kolam, Taman Kinabalu
Locality Analysis	Corner lot along Lorong Gunung Bintang. Near to the subject property	Backing onto open space. In established locality	Front and rear frontages. Detached houses enclave	Hilltop site along Jalan Bunga Tasbeh. Narrow winding access	Backing onto SGCC. Detached housing locality	Hilltop site at relatively undeveloped ridge Narrow winding access.	Within established locality
Topography	Flat	Flat	Flat	Steep slopes	Flat	Hilltop with steep sides	Flat
Land Area	9,065 sq. ft.	8,120 sq. ft.	14,424 sq. ft.	22,879 sq. ft.	9,746 sq. ft.	30,855 sq. ft.	12,271 sq. ft.
Land Shape	Rectangular	Rectangular	Rectangular	Pentagonal	Rectangular	Trapezoidal but roughly squarish	Rectangular
Covenant	Transfer subject to building house. Transfer prohibition to company not individuals	Building Covenant but no time frame	Building Covenant extended to 1st Jan 2024	Covenant free	Building Covenant extended to Jan 2027	Building Covenant which does not prohibit transfer	Building Covenant but no time frame
Tenure	99 years	999 years	999 years	999 years	99 years	99 years	999 years
Lease Remaining	59 years	891 years	901 years	903 years	59 years	45 years	889 years
Transacted Price	RM2,066,152	RM1,665,000	RM2,900,000	RM4,150,000	RM2,000,000	RM7,000,000	RM3,000,000
Rates	RM228 psf	RM205 psf	RM201 psf	RM181 psf	RM205 psf	RM227 psf	RM244 psf
Transacted Date	23/02/2022	07/06/2022	10/08/2022	25/08/2022	26/09/2022	15/12/2022	16/11/2023
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of locality, neighbourhood, views, topography, land area, land shape, expiring covenants and tenure						
Land Value After Adjustments	RM223 psf	RM176 psf	RM211 psf	RM185 psf	RM201 psf	RM252 psf	RM210 psf

Adjustment percentages remained unchanged for relevant dissimilarities identified previously. After making adjustments, the values derived are between RM176 psf to RM253 psf. We note that the 2 detached plots (Lots 202 and 203) disposed fetched a price of RM221 psf and RM198 psf respectively, as per our valuation. Based on comparison method, we have adopted the rate of RM198 psf for larger plot size (Lot 1) and RM220 psf for smaller plot size (Lot 4) based on our analysis.

Macro factors remain unchanged as per previous report.

VALUATION

Having considered all factors known to us, our opinion of the subject properties' market value, free of all encumbrances and with vacant possession, on 31st December 2023 is **RM6,500,000 (RINGGIT MALAYSIA SIX MILLION AND FIVE HUNDRED THOUSAND ONLY).**

6.0 FIVE (5) STUDIO APARTMENTS AT TAMAN NELLY PHASE 8D, JALAN NOUNTUN, KOLOMBONG, 88450, KOTA KINABALU, SABAH.

Subject Properties	Unit Nos. D-2-26, D-2-08, D-2-28, D-3-05 & D-3-12 Taman Nelly Phase 8D, Jalan Nountun, Kolombong, 88450, Kota Kinabalu.
Particulars of Title	Based on title details extracted from the Central Land Registry on 16th April 2024, all details and endorsement of subject property are unchanged.

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Property Description	There are no physical changes to these properties since our formal report. The studio units are tenanted at staff concessionary rates with average monthly rental between RM350 to RM700. Tenancy period of these units starts from 1st June 2023 to 1st December 2023.
Market Condition	We would like to confirm that market condition for this sector has remained unchanged since our last date of valuation.

VALUATION METHODS

We have adopted the Comparison and Investment Method in order to arrive at the market value of the subject property. We have added 2 new comparables since our previous valuation i.e. Comparables 4 and 5.

Comparison Method

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Property Address	Unit No. D-2-17, Taman Nelly Phase 8D	Unit No. D-5-27, Taman Nelly Phase 8D	Unit No. D-7-18, Taman Nelly Phase 8D	Unit No. D-2-1, Taman Nelly Phase 8D	Unit No. D-7-4, Taman Nelly Phase 8D
Floor Area	242 sq. ft. (22.5 sq. m.)	257 sq. ft. (23.9 sq. m.)	257 sq. ft. (23.9 sq. m.)	242 sq. ft. (22.5 sq. m.)	242 sq. ft. (22.5 sq. m.)
Date of Transaction	01/12/2021	28/02/2022	16/06/2022	25/08/2023	25/07/2023
Transacted Price	RM150,000	RM148,000	RM200,000	RM155,000	RM150,000
Rate	RM620/psf	RM576/psf	RM778/psf	RM640/psf	RM620/psf

Based on comparison method, we have adopted the rate of between RM620-623 psf based on JPPH data.

Investment Method

No.	Description	Parameters
1	Gross Monthly Rental Term	RM1.45 psf to RM2.72 psf
2	Gross Monthly Rental Reversionary	RM2.90 psf to RM3.00 psf
3	Service Charge - Term	RM0.26 psf to RM0.27 psf
4	Service Charge - Reversionary	RM0.35 psf
5	Voids	10%
7	Capitalisation Rate – Term	4.50%
8	Capitalisation Rate – Reversion	4.25%

Remarks to the above items

1) The parameters adopted for items 1 to 8 remain unchanged as per our previous valuation.

RECONCILIATION OF VALUES DERIVED

Comparison Method	-	RM760,000.00
Investment Method	-	RM745,000.00
Adopt	-	RM760,000.00

As the comparable method is market driven and as there are sufficient transactions of units similar to the subject properties, the Comparison Method is considered as more robust and preferred in this case. The Investment Method in this case is less reliable as reversionary rental data obtained are asking rental prices and not actual tenancies. Passing rents for existing tenancies are concessionary to staff. Accordingly, we have adopted RM760,000 as the total market value for the subject properties.

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VALUATION

Having considered all factors known to us, our opinion of the market values of the subject properties, free of all encumbrances and with vacant possession, on 31st December 2023 is **RM760,000.00 (RINGGIT MALAYSIA SEVEN HUNDRED AND SIXTY THOUSAND ONLY).**

7.0 A CORNER 3-STOREY SHOPOFFICE KNOWN AS LOT NO. 68, LORONG BUAH PALA 3, WISMA LTF, TAMAN NELLY, 88450, KOTA KINABALU, SABAH AND HELD UNDER INDIVIDUAL TITLE NO. CL 015479197

Subject Property	Lot No. 68, Lorong Buah Pala 3, Wisma LTF, Taman Nelly, 88450, Kota Kinabalu, Sabah
Particulars of Title	Based on title details extracted from the Central Land Registry on 16th April 2024, all details and endorsement of subject property are unchanged.
Property Description	There are no physical changes to this property since our formal report.
Market Condition	Market condition for shopoffices has remained unchanged since our last date of valuation.

VALUATION METHODS

We have adopted the Comparison and Investment Methods in order to arrive at the market value of the subject property. A new comparable has been included since our previous valuation i.e. Comparable 5.

Comparison Method

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Title No.	CL 015454574	TL 017564420	CL 015157463	CL 015348544	CL 015450110
Location	Lot No. 16, Block A, Kolombong Industrial Development	Lot 1, Block E, KK Taipan, Jalan Tuaran	Lot 35, Inanam Commercial Centre, Jalan Tuaran	Lot No. 1, Jalan Gunung Bintang, Taman Dai Ming	Lot 16, Block B, Visa Light Industrial
Property	3-storey intermediate light industrial shop	3-storey corner shopoffice	3-storey intermediate shopoffice	2-storey corner shopoffice	3-storey intermediate light industrial shop
Locality Analysis	In sought after industrial locality	New commercial precinct next to Inanam Township	In commercial precinct next to Taman Kopeks	Neighbourhood shop within established residential locality	In sought after industrial locality
Accessibility	Good	Good	Fair	Fair	Good
Visibility	Good	Fair	Fair	Fair	Good
Built-Up Area	3,597 sq. ft.	4,404 sq. ft.	4,947 sq. ft.	2,862 sq. ft.	4,968
Building Condition	Fair	Good	Fair	Below average	Fair
Title Status	Individual Title	Master Title	Master Title	Individual Title	Individual Title
Tenure	999 years	99 years	999 years	99 years	60 years
Lease Remaining	903 years	83 years	906 years	48 years	20 years
Distance to subject property	1 km	2.4 km	2.7 km	7 km	2 km
Transacted Price	RM1,350,000	RM1,850,000	RM1,500,000	RM1,200,000	RM1,665,500
Transacted Price	RM375 psf	RM420 psf	RM303 psf	RM419 psf	RM335 psf
Transacted Date	17/06/2020	18/05/2021	01/12/2022	5/01/2023	14/02/2023
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of location, advertising advantage, title status, size, type, building condition and tenure				
Land Value After Adjustment	RM416 psf	RM420 psf	RM361 psf	RM427 psf	RM436

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Adjustment percentages remain unchanged for the relevant dissimilarities identified previously. After adjustments, the values derived are between RM361 psf to RM436 psf.

In adopting the rate to derive Lot 68's market value, both Comparables 1 and 2 are considered suitable. Comparable 1 is in the immediate locality of the subject property but is an intermediate unit. Comparable 2 is a corner unit as is the subject property but has a much larger built-up area. We note that the new comparable, an intermediate unit, is higher than these comparables. Having regard to all relevant factors, our adopted rate of RM420 psf in our opinion is a fair representation of the market value.

Investment Method

A summary of the Investment Method is tabulated below for easy reference.

No.	Description	Parameters
1	Annual Gross Income	Ground Floor - RM2.80 psf First Floor - RM2.00 psf Second Floor - RM1.50 psf
2	Outgoings	RM1.13 psf (4.5%)
3	Void	8%
4	Capitalisation Rate	4.25%

The parameters adopted for items 1 to 4 remain unchanged as per our previous valuation.

RECONCILIATION OF VALUES DERIVED

Comparison Method	-	RM1,550,000.00
Investment Method	-	RM1,700,000.00
Adopt	-	RM1,600,000.00

From the above, the Comparison Method appears to be more reliable in arriving at the Market Value of the subject property. This is due to the fact that there are numerous transactions of units reasonably similar to the subject property. The Investment Method in this case is less robust as rental data obtained are generally based on asking rental prices with limited actual tenancies as supporting evidence. Furthermore, the capitalization rate is based on our general experience and yields of other asset classes and not on actual analysed yields. Having regard to both approaches and based on our knowledge and understanding of the market, we have adopted the Market Value as expressed above for the subject property.

VALUATION

Having considered all factors known to us, our opinion of the subject property's market value, free of all encumbrances and with vacant possession, on 31st December 2023 is **RM1,600,000.00 (RINGGIT MALAYSIA ONE MILLION AND SIX HUNDRED THOUSAND ONLY).**

8.0 THE FIRST AND SECOND FLOORS OF A CORNER 3-STOREY SHOPOFFICE KNOWN AS LOT NO. 69, LORONG BUAH PALA 3, WISMA LTF, TAMAN NELLY, 88450, KOTA KINABALU, SABAH.

Subject Property	First and Second Floors, Lot No. 69, Lorong Buah Pala 3, Wisma LTF, Taman Nelly, 88450, Kota Kinabalu, Sabah
Particulars of Title	Based on title details extracted from the Central Land Registry on 16th April 2024, all details and endorsement of subject property are unchanged.
Property Description	There are no physical changes to these properties since our formal

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	report. However, the first floor is now tenanted with monthly rental of RM1,600 from 1st November 2023. This rate is lower than market on 'as is' basis with the tenant undertaking all repairs. The second floor remains unoccupied.
Market Condition	Market condition for shopoffices has remained unchanged since our last date of valuation.

VALUATION METHODS

We have adopted the Comparison and Investment Methods in order to arrive at the market value of the subject property.

Comparison Method

First Floor (A new comparable has been included since our previous valuation i.e. Comparable 5.)

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Title No.	ST 010553376	TL 017703801	CL 015586142	CL 015652865	ST 010532046
Location	1st Floor, Unit B-1-22, Kuala Inanam, Plaza Kingfisher	1st Floor, Unit No. A-1-13, Jalan Tuaran, KK Taipan	1st Floor, Unit No. E-1-34, Jalan Lintas, Iramanis Centre	1st Floor, Unit No.15, Jalan Tuaran, Inanam Square	1st Floor, Unit No. C-1-4, Inanam New Township
Property Type	3-storey intermediate shopoffice	3-storey corner shopoffice	3-storey intermediate shopoffice	3-storey intermediate shopoffice	3-storey intermediate shopoffice
Locality Analysis	Established residential area	Next to Inanam Township	Along main road	Close to Inanam Township	At Inanam Township
Accessibility	Good	Good	Excellent	Fair	Fair
Visibility	Good	Fair	Fair	Fair	Fair
Title Status	Subsidiary Title	Master Title	Master Title	Master Title	Subsidiary Title
Tenure	99 years	99 years	99 years	99 years	99 years
Lease Remaining	64 years	82 years	69 years	54 years	53 years
Built-Up Area	1,160 sq. ft.	1,495 sq. ft.	1,440 sq. ft.	1,200 sq. ft.	1,121 sq. ft.
Building Condition	Fair	Good	Fair	Fair	Fair
Distance to subject property	4.2 km	2.4 km	1.8 km	2.0 km	2.0 km
Transacted Price	RM480,000	RM650,000	RM610,000	RM500,000	RM390,000
Transacted Price	RM414 psf	RM435 psf	RM424 psf	RM417 psf	RM348 psf
Transacted Date	9/9/2021	4/1/2022	28/01/2022	16/03/2022	21/06/2023
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of location, advertising advantage, title status, size, type, building condition and tenure				
Value after adjustment	RM484 psf	RM374 psf	RM483 psf	RM458 psf	RM365 psf

Adjustment percentages remain unchanged for the relevant dissimilarities identified previously. After adjustments, the values derived are between RM365 psf to RM484 psf.

In adopting the rate to derive the Lot 69, first floor shopoffice's value, we have placed greater emphasis on Comparable 4 as it is the near to the subject property and with other similar attributes. Average rate is about RM433 psf. Taking into consideration all the relevant factors, we have adopted the rate of RM450 psf in our valuation as a fair representation of the market value.

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Second Floor (A new comparable has been included since our previous valuation i.e. Comparable 4.)

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Title No.	CL 015663055	CL 015652865	CL015586142	TL 017703801
Location	3rd Floor, Unit No. 3, Bunga Raja Shopping Complex	2nd Floor, Unit No. 15, Inanam Square	2nd Floor, Unit No. C-2-20, Iramanis Centre	2nd Floor, Unit No. A-2-3, KK Taipan
Property Type	4-storey intermediate shopoffice	3-storey intermediate shopoffice	3-storey corner shopoffice	3-storey intermediate shopoffice
Locality Analysis	Commercial precinct along main road	Located closed to Inanam Township	Commercial Precinct along main road	Located closed to Inanam Township
Accessibility	Excellent	Fair	Excellent	Good
Visibility	Good	Fair	Fair	Fair
Title Status	Master Title	Master Title	Master Title	Master Title
Tenure	999 years	99 years	99 years	99 years
Lease Remaining	902 years	54 years	69 years	81 years
Built-Up Area	1,800 sq. ft.	1,200 sq. ft.	1,500 sq. ft.	1,187 sq. ft.
Building Condition	Fair	Fair	Fair	Good
Distance to subject property	1.0 km	2.0 km	1.8 km	2.4 km
Transacted Price	RM470,000	RM300,000	RM550,000	RM400,000
Transacted Price	RM261 psf	RM250 psf	RM367 psf	RM337 psf
Transacted Date	01/03/2022	23/02/2022	09/05/2022	21/09/2023
Adjustment	General adjustments are made for time/market conditions and various factors inclusive of location, advertising advantage, title status, size, type, building condition and tenure			
Value after adjustment	RM298 psf	RM268 psf	RM363 psf	RM317 psf

Adjustment percentages remain unchanged for the relevant dissimilarities identified previously. After adjustments, the values derived are between RM268 psf to RM363 psf.

In adopting the rate to derive Lot 69's second floor shopoffice value, we have placed greater emphasis on Comparable 2 as it is the near the subject property and with other similar attributes. Average rate is about RM311 psf. Taking into consideration all relevant factors, we have adopted the rate of RM270 psf in our valuation as a fair representation of the market value.

Investment Method

A summary of the Investment Method is tabulated below for easy reference.

No.	Description		Parameters	
1	Monthly Rental Term		RM1.20 psf	
2	Annual Gross Income		First Floor - RM1.95 psf Second Floor - RM1.45 psf	
3	Outgoings	deductions	RM0.78 psf to RM1.05 psf	*(1st & 2nd Floor)*
4	Void	deductions	8%	
5	Capitalisation Rate - Term		4.0%	
6	Capitalisation Rate - Reversion		4.25%	

Remarks to the above items

1) For item 1, the term rental has been adopted. This rate reflects its present condition with tenant responsible for repair.
2) For item 2, reversionary rent is estimated based on current rates in the vicinity. Generally, prevailing rates for first floor range from RM1.80 to RM2.30 whilst second floor are about RM1.20 to RM1.70.
3) Deduction is allowed for outgoings and voids. Outgoings reflect general maintenance, insurance and assessment rate. General redecoration at RM10,000 for 2nd floor is allowed in order to improve its overall appearance prior to letting.

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RECONCILITION OF VALUES DERIVED

Investment Method	-	RM1,100,000
Comparison Method	-	RM1,140,000
Adopt	-	RM1,100,000

The values derived by both methods are similar. However, the Comparison Method is considered as more reliable in arriving at the Market Value of the subject property. This is due to the fact that there are numerous transactions of units reasonably similar to the subject property. The Investment Method in this case is less robust as rental data obtained are generally based on asking rental prices with limited actual tenancies as supporting evidence. Furthermore, the capitalization rate is based on our general experience and yields of other asset classes and not on actual analysed yields. Nevertheless, values adopted is tempered by our experience & knowledge in the market.

VALUATION

Having considered all relevant factors known to us, our opinion of the subject properties' market value, free of all encumbrances and with vacant possession, on 31st December 2023 is **RM1,100,000.00 (RINGGIT MALAYSIA ONE MILLION AND ONE HUNDRED THOUSAND ONLY).**

9.0 A CORNER 4-STOREY CORPORATE OFFICE BUILDING KNOWN AS LOT NO. 222, TAMAN NELLY 9 *(SUB-PHASE 4),* LORONG NELLY PLAZA, JALAN NOUNTUN, 88444, KOTA KINABALU, SABAH.

Subject Property	Lot No. 222, Taman Nelly 9 *(Sub-Phase 4),* Lorong Nelly Plaza, Jalan Nountun, 88444, Kota Kinabalu, Sabah.
Particulars of Title	Based on title details extracted from the Central Land Registry on 16th April 2024, all details and endorsement of subject property are unchanged.
Property Description	There are no physical changes to this property since our formal report.
Market Condition	Market condition for this sector has remained unchanged since our last date of valuation.

VALUATION METHODS

We have adopted the Comparison and Investment Method in order to arrive at the market value of the subject property. A new comparable has been included since our previous valuation i.e. Comparable 4.

Comparison Method

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Title No.	TL 017540500	TL 017504568	TL 015679339	TL 017540500
Property Type	8-storey corner office	4-storey intermediate shop office without lifts	10-storey office	6-storey corner office
Address	Lot 66, Block K, KK Times Square	No. 2, Jalan Pantai	Lot No. 15, Block A, Sutera Avenue, Coastal Highway	Lot 30, Block E, KK Times Square
Locality Analysis	Located at periphery of City Centre	Located in City Centre	Located at periphery of City Centre	Located at periphery of City Centre
Distance to Subject Property	7 km	9 km	7 km	7 km
Accessibility	Good	Good	Good	Good
Visibility	Good	Good	Excellent	Good

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(advertising)				
Title Status	Master/strata title	Individual Title	Master/strata title	Master/strata title
Title Use	Shop/office	Shophouse	Shop/office	Shop/office
Tenure	99 years	99 years	99 years	99 years
Lease Remaining	58 years	32 years	72 years	57 years
Built-Up Area	14,613 sq. ft.	6,000 sq. ft.	16,184 sq. ft.	11,346 sq. ft.
Land Area	2,000 sq. ft.	1,500 sq. ft.	1,400 sq. ft.	1,976 sq. ft.
Building Condition	Good	Good	Excellent	Good
Transacted Price	RM11,000,000	RM6,000,000	RM16,000,000	RM9,500,000
Transacted Price (based on built-up)	RM753 psf	RM1,000 psf	RM989 psf	RM837 psf
Date of Transaction	01/11/2018	03/10/2022	03/11/2022	12/05/2023
Adjustment	General adjustments are made for time/market conditions and various factors inclusive of location, advertising advantage, title status, size, type, building condition and tenure			
Value After Adjustment	RM640 psf	RM980 psf	RM939 psf	RM745 psf

Adjustment percentages remain unchanged for the relevant dissimilarities identified previously. After adjustments, the values derived are between RM640 psf to RM980 psf.

In adopting the rate to derive the value for Lot 222 (corner 4-storey corporate office building), we have placed greater emphasis on Comparable 1 as it has the most similar land and built-up area with the subject property. Taking into consideration all relevant factors, we have adopted the rate of RM640 psf in our valuation as a fair representation of its market value.

Investment Method

A summary of the Investment Method is tabulated below for easy reference as follows.

No.	Description		Parameters	
1	Annual Gross Income		Ground Floor - RM3.80 psf First Floor - RM2.50 psf Second Floor - RM2.50 psf Third Floor - RM2.50 psf	
2	Outgoings	Deduction	RM1.50 psf	*(Gf to 3rd Floor)*
3	Voids	Deduction	8.5%	
4	Capitalisation Rate		4.5%	

The parameters adopted for items 1 to 4 remain unchanged as per our previous valuation.

RECONCILIATION OF VALUES DERIVED

Investment Method - RM7,100,000.00
Comparison Method - RM7,200,000.00
Adopt - RM7,200,000.00

In valuing the subject property, we are aware that both approaches have their weaknesses and strengths. As both approaches provide almost similar values, their differences are not very material in our choice between them.

From the above approaches, we have concluded that the Comparison Method is the more reliable approach in arriving at the Market Value of the subject property. The Investment Method in this case is less robust as the rental data obtained are mainly from KK Times Square and limited data was obtained from other localities. Furthermore, the capitalization rate is based on our general experience and yields of other asset classes and not on actual analysed yields. As such the values derived by this method may be regarded as less reliable.

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AZMI & CO

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VALUATION

Having considered all relevant factors known to us, our opinion of the subject property's market value, free of all encumbrances and with vacant possession, on 31st December 2023 is **RM7,200,000.00 (RINGGIT MALAYSIA SEVEN MILLION AND TWO HUNDRED THOUSAND ONLY).**

10.0 A DOUBLE STOREY OFFICE/SHOWROOM WITH DOUBLE VOLUME WAREHOUSE KNOWN AS LOT NO. 223 (BUILDING NO. 32A), LORONG NELLY 9/2, TAMAN NELLY 9 *(SUB-PHASE 1)*, KAMPUNG NOUNTUN, INANAM, 88450, KOTA KINABALU, SABAH.

Subject Property	Lot No. 223 (Building No. 32A), Lorong Nelly 9/2, Taman Nelly 9 *(Sub-Phase 1)*, Kampung Nountun, Inanam, 88450, Kota Kinabalu, Sabah
Particulars of Title	Based on title details extracted from the Central Land Registry on 16th April 2024, all details and endorsement of subject property are unchanged.
Property Description	There are no physical changes to this property since our formal report.
Market Condition	Market condition for this sector has remained generally unchanged albeit with slight upstick in prices in certain cases since our last date of valuation.

VALUATION METHODS

We have adopted the Comparison and Contractor's Test (Cost Method) in order to arrive at our opinion of the subject property's market value.

Comparables Adjustment

In this approach adjustments are applied directly to the adjusted building size (MFA) after allowing for differences in building components and depreciation. Adjusted building size reflects adjustments for the office component with a building factor of 1.25 applied to account for the difference in building rates for warehouse and office. The final adjusted rate is an all-in rate reflecting both building and land components. This is shown in the attached table. We have added 2 new comparables since our previous valuation i.e. Comparables 7 and 8.

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7	Comparable 8
Title No.	CL 015309690	CL 015445404	CL 015569481	CL 015454270	CL 015677960	CL 015379727	CL 015386302	CL 015484027
Description	3-storey detached office with warehouse	3-storey detached office with warehouse	2-storey detached office with warehouse	2-storey detached office with warehouse	2-storey detached office with warehouse	2-storey detached office with warehouse	2-storey detached office with warehouse	2-storey detached office with warehouse
Address	Lot CL 015309690, Lorong Tongkuzu, Likas Baru Industrial Estate	Lot 2A, Jalan Kacang Tanah 1, Sedco Industrial Estate	Lot 2, SEDCO Industrial Estate, Jalan Kilang, Off Jalan Lintas	Lot No. 1, Jalan Bolukun, Jalan Tuaran BT 5.5	Lot CL 015677960, Lorong Perindustrian Suria	Lot No. 27, Jalan Kilang, Off Jalan Lintas, Sedco Industrial Estate	Lot 12, Jalan Landing Likas Baharu, off Jalan Tuaran BT 5.5	Lot 13, Jalan Bakau, off Jalan Tuaran BT 5.5
Land Area	27,007 sq. ft.	80,945 sq. ft.	27,879 sq. ft.	16,819 sq. ft.	87,040 sq. ft.	66,598 sq. ft.	23,500 sq. ft.	17,205 sq. ft.
Distance to Subject Property	3 km	2 km	4 km	2km	1km	2km	2km	2km
Accessibility	Off main road, no through access	Off main road, no through access	Fronting Jalan Kilang	Off main road, access via service road	Off main road, narrow width, no through access	Off main road, via service road	Off main road, via service road	Off main road, via service road
Title Status	Individual	Individual	Individual	Individual	Individual	Individual	Individual	Individual
Tenure	60 years	99 years	99 years	999 years	99 years	99 years	60 years	60 years
Lease Remaining	52 years	53 years	52 years	901 years	83 years	48 years	57 years	49 years

RICS AZMI & CO

Date: 4th April 2024
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Price Transacted	RM5,425,000	RM20,000,000	RM7,500,000	RM7,800,000	RM20,250,000	RM18,000,000	RM7,500,000	RM6,000,000
Date of Transaction	18/06/2020	02/01/2021	02/07/2021	05/04/2022	03/01/2023	09/06/2022	15/05/2023	07/08/2023
Rate psf on Land Area	RM201 psf	RM247 psf	RM269 psf	RM463 psf	RM232 psf	RM270 psf	RM319 psf	RM349 psf
Building Condition	Poor	Fair	Fair	Fair	Fair	Good	Fair	Fair
Adjusted Building MFA	16,334 sq. ft.	27,196 sq. ft.	15,962 sq. ft.	5,482 sq. ft.	36,464 sq. ft.	35,930 sq. ft.	14,406 sq. ft.	13,950 sq. ft.
Building Depreciation	90%	25%	25%	25%	25%	15%	25%	25%
Base Value Derive from Land Area	RM201 psf	RM247 psf	RM269 psf	RM464 psf	RM233 psf	RM270 psf	RM319 psf	RM349 psf
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of locality, access, land size and tenure							
Rate on Land Area after Adjustment	RM208 psf	RM316 psf	RM281 psf	RM383 psf	RM275 psf	RM297 psf	RM300 psf	RM328 psf

With the added comparables, the average has increased slightly to RM298 psf. Using this approach the value arrived at after applying the adopted all-in rate of RM300 psf is RM19,750,000.00.

Contractor's Test (Cost Method)

No.	Description	Parameters
1.	Total Building Costs	Main Building – RM160 psf to RM200 psf Ancillary Facilities – RM50 psf to RM80 psf
2.	Other costs	RM14.60 psf
3.	Depreciation Cost	25%
4.	Land Cost	RM200 psf
5.	Acquisition Cost	4.5%
6.	Financial Charges	3.75%

Land Comparables Adjustment for Contractor's Test

Details	Subject Property	Comparable 1	Comparable 2
Title No.	CL 015646867	CL 015726511	CL 015092430
Description	A large detached warehouse with double storey offices/showroom	Vacant land	Vacant land next to water reservoir
Address	Lot No. 223, Lorong Nelly 9/2, Phase 9, Taman Nelly, Kampung Nountun, Inanam, Kota Kinabalu	Mile 5½, Jalan Tuaran	Off Lorong Juta, Km 7, Jalan Tuaran
Land Area	65,787 sq. ft.	16,885 sq. ft.	81,893 sq. ft.
Distance to Subject Property	-	1 km	2½ km
Accessibility	Single carriageway with dual lanes	Single carriageway with dual lanes	Off main road, no through access
Zoning	Approved for use as a showroom with warehouse space	Industrial	Commercial
Terrain	Flat	Flat	Hilly & steep
Tenure	99 years	60 years	999 years
Lease Remaining	84 years	57 years	958 years
Price Transacted		RM3,050,000	RM17,500,000
Date of Transaction	-	18/06/2020	16/02/2022
Rate on Land Area		RM181 psf	RM214 psf
	General adjustments are made for time/market conditions and various factors inclusive of locality, accessibility, land area, terrain (earthwork & retaining wall) and tenure		
	Rate on Land Area after Adjustment	RM183 psf	RM259 psf

Our rationale for adopting the rates above remain unchanged as reported previously. The land price has remained the same as previously reported with no changes in the comparables.

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Date: 4th April 2024
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RECONCILIATION OF VALUES DERIVED

Comparison Method	-	RM19,750,000.00
Contractor's Test	-	RM19,300,000.00
Adopt	-	RM19,000,000.00

The values derived from both approaches are similar as reported previously. We have placed greater weightage on the value derived from the Contractor's Test as we consider this more accurately reflects the condition of the building, title conditions, present market and its built-up size. Furthermore, land scarcity and construction cost have significantly contributed to higher development cost.

The Comparison Method in this case is less robust as all of the comparables have extensions and modifications that are not in compliance with planning requirements. Accordingly, estimated and adjusted built-up areas are likely to have a high margin of error. Furthermore, depreciation rates adopted are based on external observations and may not adequately reflect actual building conditions. Adjustment rates adopted are discretionary based on experience and market understanding. These weaknesses therefore mean the Comparison Method is more suitable as a secondary approach or a counter check measure. Accordingly, the market value adopted for the subject property is RM19,000,000, which is tempered by our knowledge and experience of the market.

VALUATION

Having considered all relevant factors known to us, our opinion of the subject property's market value, free of all encumbrances and with vacant possession, on 31st December 2023 is **RM19,000,000.00 (RINGGIT MALAYSIA NINETEEN MILLION ONLY).**

11.0 A 20.4 ACRES RESIDENTIAL DEVELOPMENT SITE PROPOSED FOR 5 BLOCKS OF 39-STOREYS APARTMENTS & 2-STOREYS SUPERLINK HOUSES AT ALAMESRA, OFF SULAMAN COASTAL HIGHWAY, 88450, KOTA KINABALU, SABAH.

Subject Property	A 20.37 acres approved mixed-use development land at Alamesra, Kota Kinabalu.
Particulars of Titles	Based on title details extracted from the Central Land Registry on 16th April 2024, all details and endorsement of subject property are unchanged except for CL015719874 which has the additional endorsement as follows: Charged to Hong Leong Islamic Bank Berhad. *(Vide Memo No. MC2311010406 dated 15th November 2023)*
Development Status	Development on the site to be known as "Ayuria Place, Alamesra" has commenced. The interest being valued is the land (to be amalgamated and subdivided) with the benefit of a development plan approved by Dewan Bandaraya Kota Kinabalu on 13th September 2023 as reported previously. Construction work has progressed further since our previous report (15%). As at the date of valuation, the project has not been launched. Commencement and completion dates remain unchanged.
Market Condition	We would like to confirm that market condition has remained unchanged since our last date of valuation.

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Date: 4th April 2024
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VALUATION METHODS

Residual Method *(Primary Method)*

We have adopted the Residual Method in order to arrive at the market value of the subject property. As a check on the overall magnitude of value, we have taken into account the market value of the land derived by the comparison method to which is then added the cost incurred.

Summary of the computation by the residual method is tabulated below.

Araya Gardens (Phase 1B)

Gross Development Value (GDV)	RM51,514,288
Gross Development Cost (GDC)	RM23,558,688
Developer's Profit	18.0%
Remaining Development Period	2 years
Present Value Discount Rate	4%

Summary of Gross Development Value (GDV) - *Araya Gardens (Phase 1B)* remain unchanged as per previous report.

Gross Development Value is derived by reference to selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

Summary of Gross Development Cost (GDC) - *Araya Gardens (Phase 1B)*

No.	Items	Total Value of Estimate Costs	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, Building Works and External Works/ Infrastructure including M&E	RM18,921,089	RM926,509	RM17,994,580
2	Other costs	RM2,921,049	RM59,217	RM2,861,832
3	Professional Fees	RM701,972	RM96,842	RM605,130
4	Finance Charges	RM1,014,578	RM25,126	RM989,452
5	Developer's Profit	18%	-	RM9,272,572

Remarks to Cost items

1. The parameters adopted for items 1 and 2 based on our estimates derived from Construction Cost Handbook/Arcadis (2022) and industry averages, as per our previous valuation with no changes. The rate psf and percentages adopted remain the same. Professional fees, finance charges and developer's profit remain unchanged as per our valuation.

Kayana Heights (Phase 2) and The Village (Phase 1A)

Gross Development Value (GDV)	RM810,949,675
Gross Development Cost (GDC)	RM591,743,289
Developer's Profit	18.0%
Remaining Development Period	3.5 years
Present Value Discount Rate	4%

Summary of Gross Development Value (GDV) - *Kayana Heights (Phase 2) and The Village (Phase 1A)* remain unchanged as per previous report.

Gross Development Value is derived by reference to selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

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Summary of Gross Development Cost (GDC) - *Kayana Heights (Phase 2) & The Village (Phase 1A)*

No.	Items	Total Value of Estimate Costs	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, Building Works and External Works/ Infrastructure including M& E	RM475,297,133	RM6,062,268	RM469,234,865
2	Other costs	RM61,394,215	RM2,691,161	RM58,703,054
3	Professional Fees	RM17,633,524	RM1,366,028	RM16,267,496
4	Finance Charges	RM37,418,417	RM346,926	RM37,071,491
5	Developer's Profit	18%	-	RM145,970,942

Remarks to Cost items

1. The parameters adopted for items 1 and 2 based on our estimates derived from Construction Cost Handbook/Arcadis (2022) and industry average, as per our previous valuation with no changes. The rates and percentages adopted remain the same. Professional fees, finance charges and developer's profit remain unchanged as per our valuation.

Future Development Land

As reported previously, of the 2 parcels we have taken only the larger parcel of 5,290.3 sq. m. (56,945 sq. ft.) size into account with the possibility of developing a block of apartments with 135 residences. The smaller site has been ignored as its size limits any significant development. There are no physical changes as at the date of our reinspection.

Comparables adopted for the larger parcel or any other material remain the same. After making reasonable adjustments for different factors, we have adopted RM116 per sq. ft. to derive a value of RM6,600,000.00. The comparable adjustments table is as follows:

Description	Comparable 1	Comparable 2	Comparable 3
Title No.	PL 016079155	CL 015430298	CL 015325176
Site Description	Flat and slightly higher than access road	Flat and same level with access road	Hillside with higher costs for slope stabilisation and drainage
Locality	Taman BDC, Kolombong	VIP Lot, KK	Signal Hill, Jalan Bukit Bendera
Accessibility	Dual lane carriageway	Dual lane carriageway	Winding dual lane carriageway
Land Area	45,737	42,625	39,596
Approved Development	Nil	Nil	Nil
Zoning	Local Centre	Residential Low Density	Residential Medium Density
Special Terms/Clause	Rubber produced is liable to royalty	One Dwelling House	Nil
Density	Unknown, assume normal density of 80 units per acre		
Tenure	999 years	999 years	999 years
Remaining Term	904 1/2	885 1/4	884 1/2
Transaction Dates	19/01/2022	25/08/2022	20/05/2022
Transacted Price	RM 5,000,000	RM 7,350,000	RM 4,000,000
RM/PSF	RM 109	RM 172	RM 101
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of location, terrain, land area, accessibility, tenure, conversion premium, density, infrastructure, and capital contribution for upgrading of utilities.		
Land Value After Adjusted Rate	RM 116 psf	RM 186 psf	RM 115 psf

Cost Incurred

Cost incurred increased to RM11,490,277 as at 31st December 2023 which includes stamp duty and legal fees and prices. This is for capital expenditure sunk into the project which has to be added back after arriving at the residual value and discounting to present value. Cost incurred into the project is based on actual expenditure provided by client's consultant. Material on site such as aggregate, cement, ready mix, river sand, piling are essential to the development and external work/infrastructure costs and other development costs incurred which have been paid for. They are constantly being delivered and used as the project is ongoing. We have therefore taken this into account and considered them as cost sunk-in. The amount has been inserted in the final value.

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AZMI & CO

Date: 4th April 2024
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Comparison Method *(Check Method)*

Title No.	CL 015000405 & 3 others	TL 017549665
Site Description	Steep hillside with higher costs for slope stabilization and drainage	
Negative Features (Cemetery/Airport)	Next to Cemetery	Next to Airport
Locality	Signal Hill, Bukit Bendera	Shangrila Heights, Kepayan
Accessibility	Winding dual lane carriageway	Dual lane carriageway
Land area	447,798 sq. ft.	69,696 sq. ft.
Approved Development	Approved	Approved
Special Terms/Clause	Residential Buildings	Residential Buildings
Component	25-storeys condominium with 242 units and 29-storeys condominium with 548 units	10-storeys condominium with 165 units
Density	76 units per acre	103 units per acre
Tenure	999 years	99 years
Remaining Term	879 – 892 years	74 ¼ years
Transacted Dates	2/2/2023	15/08/2022
Transacted Price	RM44,800,000	RM10,800,000
RM/psf	RM100 psf	RM155 psf
Adjustments	General adjustments are made for terrain and various factors inclusive of location, accessibility, negative features, land area, density, time/market condition and remaining tenure.	
Land Value After Adjustment	RM88 psf	RM110 psf

The comparables and adjustments remain unchanged as per previous report. After adjustments, the values derived are between RM88 – RM110 psf.

In adopting the rate to derive Ayuria Place's value, we have placed greater emphasis on Comparable 2 which is deemed as more suitable as its density and remaining title tenure are similar with the subject property. Taking into consideration all the factors above, we have adopted the rate of RM110 psf to derive its value. After allowing for cost incurred, the value derived is RM109,000,000.

Principal macro factors remain unchanged as per previous report.

RECONCILIATION OF VALUES DERIVED

Residual Method	-	RM98,900,000.00
Comparison Method	-	RM109,000,000.00
Adopt	-	RM98,900,000.00

The values derived above are higher than our previous valuation due to higher cost incurred. From the above approaches, the comparison value has a variance of 9% over the Residual Method. However, the Residual Method is considered the more reliable approach in this case and we have therefore adopted the value derived as the Market Value of the subject property.

This is because it reflects the overall concept of the project with its different components, its development density and locational attributes. The Comparison Method does not adequately capture the project features and is therefore used as a check on the overall magnitude of our valuation.

VALUATION

Having taken all factors known to us into consideration, we are of the opinion that the market values of the subject property on 31st December 2023 are as follows:
Phase 1B – *Araya Gardens*
RM17,000,000.00 (RINGGIT MALAYSIA SEVENTEEN MILLION ONLY).

Phases 1A & 2 – *The Village & Kayana Heights*

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RM63,800,000.00 (RINGGIT MALAYSIA SIXTY-THREE MILLION AND EIGHT HUNDRED THOUSAND ONLY).

Future Development Land
RM6,600,000.00 (RINGGIT MALAYSIA SIX MILLION AND SIX HUNDRED THOUSAND ONLY).

Cost Incurred – *(Ayuria Place)*
RM11,500,000.00 (RINGGIT MALAYSIA ELEVEN MILLION AND FIVE HUNDRED THOUSAND ONLY).

GRAND TOTAL – "Ayuria Place" held under CL 015719874 & 3 others
RM98,900,000.00 (RINGGIT MALAYSIA NINETY-EIGHT MILLION AND NINE HUNDRED THOUSAND ONLY).

RICS [V0354 & E1101]

SR. WONG CHAW KOK
MRICS, MISM, ACIArb
Registered Valuer

SR. ZAMRI RAMLI
MRISM, MIPEAC
Registered Valuer

SR. MOHD ASRI MOHD ARIS
MRISM, MIPEAC
Registered Valuer

YEW TU LEONG
B. Surveying (Hons) Property Management
Registered Estate Agent

AZMI & CO
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Our Ref: 1.4411.23/WCK

21st October 2023

The Board of Directors
KTI LANDMARK BERHAD
(Formerly known as KTI Property Berhad)
Registration No. 201601008159 (Co. No. 1179087-X),
Lots 221 & 222, Taman Nelly 9,
Phase 4, Shoplots, Lorong Nelly Plaza,
Jalan Nountun, Kolombong, 88844,
Kota Kinabalu, Sabah.

Dear Sir,

CERTIFICATE OF VALUE OF TWELVE (12) PROPERTIES

We refer to your instructions to provide an opinion on the Market Values of the abovementioned assets ("**Subject Properties**") for the purpose of submission to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the Initial Public Offering of shares in conjunction with the listing of KTI Landmark Berhad on the ACE Market of Bursa Securities and inclusion in the prospectus.

The Subject Properties were inspected on 27th, 28th February and 6th October 2023. The relevant date of valuation for this valuation exercise coincides with the dates of inspection, i.e. 27th,28th February and 6th October 2023.

Our valuations have been carried out in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards 6th Edition ("**MVS**") issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia and conducted with the necessary professional responsibility and due diligence.

The basis of valuation adopted is the Market Value which is defined by the MVS to be "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion."

This Valuation Certificate should be read with the full Report prepared by Azmi & Co (Sabah) Sdn. Bhd., for submission to Bursa Securities, detailing the basis under which the valuations have been prepared.

RICS

AZMI & CO

Date: 21st October 2023
Our Ref: 1.4411.23/WCK

MARKET VALUE

Having taken into consideration all relevant and pertinent factors, we are of the opinion that the Market Value of the Subject Properties, on 27th February 2023, 28th February 2023 and 6th October 2023 is:-

Property	:		Market Value
Taman Bukit Alamanda	:	RM8,900,000.00	(Ringgit Malaysia Eight Million and Nine Hundred Thousand only)
Sandakan	:	RM12,500,000.00	(Ringgit Malaysia Twelve Million Five Hundred Thousand only)
Bandar Seri Lemawang	:	RM64,750,000.00	(Ringgit Malaysia Sixty-Four Million Seven Hundred and Fifty Thousand only)
The Logg	:	RM190,000,000.00	(Ringgit Malaysia One Hundred Ninety Million only)
Taman Lavender	:	RM12,700,000.00	(Ringgit Malaysia Twelve Million and Seven Hundred Thousand only)
Nelly Studio	:	RM760,000.00	(Ringgit Malaysia Seven Hundred and Sixty Thousand only)
Lot 68	:	RM1,600,000.00	(Ringgit Malaysia One Million and Six Hundred Thousand only)
Lot 69	:	RM1,100,000.00	(Ringgit Malaysia One Million and One Hundred Thousand only)
Lot 222	:	RM7,200,000.00	(Ringgit Malaysia Seven Million and Two Hundred Thousand only)
Lot 223	:	RM19,000,000.00	(Ringgit Malaysia Nineteen Million only)
Plaza Lemawang	:	RM2,000,000.00	(Ringgit Malaysia Two Million Only)
Alamesra	:	RM88,900,000.00	(Ringgit Malaysia Eighty-Eight Million and Nine Hundred Thousand Only)
Total Market Value	:	RM409,410,000.00	(Ringgit Malaysia Four Hundred Nine Million Four Hundred and Ten Thousand Only)

The above Report and Valuation has been carried out by Sr. Wong Chaw Kok,
For and on behalf of Azmi & Co (Sabah) Sdn. Bhd.

SR. WONG CHAW KOK, MRICS, MRISM, ACIArb, MBVAM, ICVS
Chartered Surveyor & Registered Valuer (V-0354)
Note: This report was peer reviewed by En. Zamri Bin Ramli (Registered Valuer (V-0957) from Azmi & Co Sdn. Bhd.(HQ)

RICS

AZMI & CO

Date: 21st October 2023
Our Ref: 1.4411.23/WCK

METHODS OF VALUATION

Depending on the individual case, one or more of the following methods have been used to arrive at their market values. For all ongoing projects, greater weightage is place on the residual method as it accounts for the individuality of each project, sales achievement and also for progress claims and costs incurred for the project. In some of the projects, it is the only method due to circumstances. Where an alternative method is referred to, it is only use as a guide to check on the reasonableness and overall magnitude of value.

Investment Method (Income Approach)

In using this method, a fair maintainable income and estimated before allowing a percentage deduction for outgoings and void periods, to derive the net income. The net income is then capitalised based at an appropriate rate to derive the capital value.

Contractor's Test (Cost Method)

By the Contractor's Test, also known as the Cost Method, the property's building replacement cost is estimated which includes fees, interest and depreciation allowance. To this is then added the market value of the land which is derived by the comparison method. The total sum represents the asset's value.

Comparison Method

The comparison method compares known transactions for similar properties with adjustments for differences in transaction dates and other factors such as location, size, condition and so on. Where transaction evidences are scarce or not available, asking prices are carefully selected with due consideration given to their reasonableness having regard to the general prevailing level of values.

Residual Method (Income Approach)

The residual method is usually use for development projects as this method can account for and reflect the individuality of a particular site such as site features, development density, design and concept. However, care has to be taken in assessing its development viability.

By this method, the Gross Development Value of the proposed development is assessed from which is then deducted all development costs and allowing for developer's profit. The residual sum or balance is then discounted at an appropriate rate to present value which represents the price that a prudent developer is willing to pay in order to undertake the project. For ongoing projects, billings and costs incurred (contractors claims) are deducted and added back respectively to reflect the actual status of the project. These adjustments are conducted after the residual values which would otherwise be subject to the discounting effect.

In arriving at the Gross Development Value (GDV) this is based on KTI's actual selling prices, which have been cross-checked with Jabatan Penilaian dan Perkhidmatan Harta (JPPH) transactions of similar properties tempered by our knowledge and experience. Bumiputra quota and discount are not applicable in all the Joint Venture projects with Lembaga Pembangunan Perumahan dan Bandar (LPPB) as the developer. As a government agency, LPPB is exempted from the Housing Development (Control and Licensing) Enactment 1978 for licencing, advertisement and pricing purposes. LPPB has not applied or provided any bumiputra quota and discounts in these projects.

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In arriving at the Gross Development Cost (GDC) parameters are generally based on actual contract amounts which have been cross-checked against building rates in the Construction Handbook/Arcadis (2022) and also based on our own research data. GDC include preliminaries, piling works, building works, landscaping works, external works, capital contributions, contingencies, professional fees, title subdivision fees, admin, legal fees, stamp duty & marketing fees and conversion premium.

Construction finance (bridging loan) are normally between 6.5% to 7.5% depending on developers' 'credit profile. Actual interest cost is reduced with progress payments by purchasers. Accordingly, we have reduced by 35% by adjusting the rate to 4.5%. The adjusted rate of 4.5% per annum is adopted and applied on half (between ½ to 4½ years depending on the individual case) projected construction period. This reflects the typical S-curve nature of development expenditure.

Developer's profit adopted are between 8% to 20% of GDV depending on the development stage of the approved projects. As the projects have been approved, risks and uncertainties such as planning approval, technical and legal issues have largely been removed. The risks remaining are mainly that of market, construction and completion risks.

The residual value is discounted to present value (PV) over the project's expected completion/development period. We have adopted a discount rate of 4% in our valuation which reflects the weighted average capital cost reflecting equity and borrowed funds on a market driven approach and is in accord with IVSC Standards. International Valuation Standards (IVS) 2020 & Exposure Draft (2014) on development property state "the discount rate may be based on analysis of transactions of similar development properties or by using weighted average cost of capital (WACC) typical for participants in the relevant market". As we do not have transactions of similar projects, we have used WACC as the basis for our discount rate.

Sales claimed have been allowed based on progress billings. Cost incurred is for capital expenditure sunk into the project which has to be added back after arriving at the residual value which has been discounted to present value. Both these items are adjusted after deriving the discounted residual values and not before so as to avoid discounting their values which would otherwise be erroneous.

For Alamesra, as sales has not yet been conducted, no allowance has been provided for this item. Cost incurred is for capital expenditure sunk into the project which has to be added back after arriving at the residual value which has been discounted to present value. Bumiputra quota and discount are applicable for Araya Gardens and Kayana Heights. The developer shall provide 30% bumiputra quota and 5% discount as necessary based on Housing Development (Control and Licensing) Rules 2008.

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1.0 INTEREST BEING VALUED : THE RESIDUAL VALUE OF ONGOING TAMAN BUKIT ALAMANDA PROJECT AT KAMPUNG NAGAPAS, 89600, PAPAR, SABAH HELD UNDER JOINT VENTURE RIGHTS TO INDIVIDUAL TITLE CL NO. 025346507.

Subject Property	A land parcel proposed for a landed housing scheme, under construction, known as Taman Bukit Alamanda. It is about 5 km from Papar Town
Location	Fronting Jalan Penampang – Papar Pan Borneo Highway, Kampung Nagapas, 89600, Papar, Sabah
Date of Inspection / Valuation	28th February 2023
	TITLE DETAILS
Title No.	CL 025346507
Registered Owner	Lembaga Pembangunan Perumahan dan Bandar (LPPB)
Land Area	7.07 acres (area under valuation as per Joint Venture Agreement)
Tenure	99 years with 65¾ years unexpired
	JOINT VENTURE AGREEMENT (JVA)
JVA	A Joint Venture Agreement was executed on 21st December 2016 between Lembaga Pembangunan Perumahan dan Bandar (LPPB), as the landowner and K.T.I. Sdn Bhd as the financing contractor. Landowner's Entitlement - RM2,500,000 Amount Paid - RM2,500,000
	PROJECT DETAILS
Site Description	The subject property is part of a larger land parcel held under CL 025346507. The site extends to 7.07 acres and is divided into 2 parcels by the access road leading to Reservoir P2 at the ridgetop. Both parcels front onto a slip road that runs along the south side of Jalan Penampang - Papar, which is being upgraded as part of Pan Borneo Highway. Construction work is now at a very advanced stage.
Development Overview	The subject property is proposed for an affordable landed housing scheme with 107 double storey terraced houses. Building works on 99 units are about 90% complete whilst work on the remaining row with 8 dwellings has just commenced. Development was approved by Majlis Daerah Papar on 12th October 2021 *(Ref No.: MDPPR.600-2/4/2020(31))*
Accommodation	Accommodation is similar for the unit types with 3 bedrooms and 3 showers/w.c.s. Gross built-up area is 1,376 sq. ft. for intermediate units whilst corner units are 1,596 sq. ft. in size.
Sales Performance	84 units out of 107 units are sold, equivalent to 80% sales
Commencement Date	November 2021
Completion Date	December 2023

VALUATION METHOD

We have adopted the Residual Method in order to arrive at the market value of the joint venture rights to this property. As this project is at a highly advanced stage and nearing completion, there is no alternative method of valuation

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Summary of the computation by this method is tabulated below:

Gross Development Value (GDV)	RM35,671,000
Gross Development Cost (GDC)	RM20,745,364
Developer's Profit	8%
Remaining Development Period	0.5 years
Present Value Discount Rate	4%

Summary of Gross Development Value (GDV)

The total units of this project is 107 with 84 units sold and 23 units unsold. The range of selling price is RM313,000 to RM408,000 with an average rate of RM230 psf to RM260 psf.

Gross Development Value is derived by reference to concluded selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

Summary of Gross Development Cost (GDC)

No.	Items	Total Value of Costs Estimate	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, Landscaping Works & External Works, and Building Work including M& E	RM17,990,417	RM15,042,903	RM2,947,514
2	Other costs	RM1,840,083	RM67,182	RM1,772,901
3	Professional Fees	RM858,143	RM536,675	RM321,468
4	Finance Charges	RM56,721	-	RM56,721
5	Developer's Profit	8%		RM2,853,680

Remarks to Cost items

1. The parameters adopted for items 1 to 2 are based on our estimate derived from Construction Cost Handbook/Arcadis (2022) as per our valuation. The rates psf and percentages adopted are generally within industry average. Professional fees is based on 4.5% of the estimated cost item 1.
2. Developer's Profit - As the project is ongoing and nearing completion, risks and uncertainties such as planning approval, site conditions, technical and legal issues have largely been removed. As sales achievement is about 80% (84 units sold), market risks have been significantly reduced. The main risk is therefore its actual completion. Accordingly, we have adopted 8% of gross development value as developer's profits.
3. We have adopted an estimated development period of half (½) year in our valuation. Taking into consideration sales take-up of 80% and construction progress of 90% at the date of valuation, the estimated development period is considered realistic.

In arriving at the Market Value by the residual method, we have taken into consideration the following principal factors:-

1) The interest being valued relates to the remaining value of sold and unsold units and the cost to complete the units and other remaining works.
2) The proposed estate is along the Pan-Borneo Highway and therefore enjoys fast and convenient access to principal destinations.
3) The property market is presently in a recovery state with opening of the economy engendering greater market activities.

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VALUATION

Having taken all factors known to us into consideration, we are of the opinion that the market value of the joint venture rights on the basis set out earlier as at 28th February 2023 is **RM8,900,000.00 (RINGGIT MALAYSIA EIGHT MILLION AND NINE HUNDRED THOUSAND ONLY).**

For this project, we have only relied on the Residual Method as there are no other projects with similar features, scale, sales achievements and work progress. In this case, the sales achievement is very high 80% (84 units sold) with significant progress claims and development cost incurred 65%.

2.0 INTEREST BEING VALUED : THE *JOINT VENTURE RIGHTS* TO A 20.12 ACRES SITE PROPOSED FOR A LANDED HOUSING SCHEME, OFF JALAN AIRPORT, 90000, SANDAKAN, SABAH. (SANDAKAN JV PROJECT)

Subject Property	A land parcel proposed for a landed housing scheme in an established locality about 9 km from Sandakan Town Centre
Location	Off Jalan Airport, 90000, Sandakan, Sabah
Date of Inspection / Valuation	27th February 2023
	TITLE DETAILS
Title No.	CL 075428027
Registered Owner	Lembaga Pembangunan Perumahan dan Bandar (LPPB)
Land Area	20.12 acres (under valuation as per Joint Venture Agreement)
Tenure	99 years expiring on 31st December 2118
	JOINT VENTURE AGREEMENT (JVA)
JVA	A joint venture to develop the subject land between Lembaga Pembangunan Perumahan dan Bandar (LPPB) and Landmark Property Sdn. Bhd. was executed on 7th January 2019. Landowner's Entitlement - RM10,277,126.50 Amount Paid - RM1,083,204.50 Outstanding Balance - RM9,193,922.00
	PROJECT DETAILS
Site Description	The subject land of about 20.12 acres (8.14 hectares) is flat and at the same level as its frontage road.
Development Overview	The proposed scheme is approved for development of 310 units of double storey terrace houses by Majlis Perbandaran Sandakan on 30th June 2020 *(vide Plan No. TP.37/2020 (Ref No.:SMC/TOW/1152/J.2/9)).*
Proposed Accommodation	Accommodation is similar for all units each with 3 bedrooms and 3 showers/w.c.s. Gross built-up area is 1,544 sq. ft. for intermediate units whilst corner units are around 1,787 sq. ft. in size.
Proposed Commencement Date	From January 2024 to November 2025.
Estimated Completion Date	From January 2026 to November 2027. *Note: The commencement date between January 2024 to November 2025 is based on the developer's tentative planning. However, we have taken 24 months as the completion time frame allowing for phasing overlap as we are of the view that pent-up demand for housing in Sandakan is providing strong sales for recent projects.*

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VALUATION METHODS

Residual Method *(Primary Method)*

The residual method has been adopted with the comparison method used as a check on its reasonableness and overall magnitude in order to arrive at the market value.

Summary of the computation by the residual method for this JV project is tabulated below:

Gross Development Value (GDV)	RM115,910,000
Gross Development Cost (GDC)	RM79,714,165
Developer's Profit	20%
Remaining Development Period	2 years
Present Value Discount Rate	4%

Summary of Gross Development Value (GDV)

The total units of this project is 310 under 3 phases. In average, we have adopted at the price of RM365,000 to RM425,000.

Gross Development Value is derived by reference to concluded selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

Summary of Gross Development Cost (GDC)

No.	Items	Total Value of Cost Estimate	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, Landscaping Works & External Works, and Building Work including M&E	RM58,347,243	RM22,000	RM58,325,243
2	Other costs	RM6,353,131	-	RM6,353,131
3	Professional Fees	RM2,783,106	RM231,065	RM2,552,041
4	Finance Charges	RM3,036,763	-	RM3,036,763
5	Unpaid JV Consideration	RM9,193,922	-	RM9,193,922
6	Developer's Profit	20%	-	RM23,182,000

Remarks to Cost items

1. The parameters adopted for items 1 to 2 are based on our estimates derived from Construction Cost Handbook/Arcadis (2022) as per our valuation. The rates psf and percentages adopted are generally within industry average. Professional fees is based on 4.5% of the estimated cost item 1.
2. A sum of RM1,083,204.50 has been paid to the landowner (LPPB) with an outstanding sum of RM9,193,922.
3. Developer's Profit - As the project has been approved, risks and uncertainties such as planning approval, site conditions, technical and legal issues have largely been removed. Commencement of the project is expected in January 2024. Accordingly, we have adopted 20% of gross development value as developer's profits.
4. We have adopted an estimated development period of two (2) year in our valuation. We are of the opinion the estimation development period is considered realistic.

Principal macro factors taken into consideration, in arriving at the market value, are as follows:

1) The proposed development is in an established locality.
2) Public amenities such as school, religious establishment and Sandakan Airport are within convenient driving distances.

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3) Demand for affordable houses below RM500,000 in Sandakan is healthy with a large number of transactions in 2022. Healthy sales was reported on a recently launched project.

Comparison Method *(Check Method)*

Details	Subject Site	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7
Title No.	CL 075428027	CL 075099464	CL 075354228 & CL 075354237	CL 075394866	CL 075204625	CL 075204572	CL 075204330	CL 075204456 & CL 075204447
Location	Off Jalan Airport, Sandakan Sabah	Sibuga Bypass, Jalan Lintas Sibuga	BT 7, Sg Ubar, Jln Batu Putih off Jln Airport	Lot 3, Batu 11.5, Jalan Labuk	Jalan Datuk Tay, Off Jalan Lintas Sibuga	Batu 8, Off Jalan Lintas Sibuga	Batu 8, Off Jalan Lintas Sibuga	Batu 8, Off Jalan Lintas Sibuga
Accessibility	Inner layer road of South-West side to Taman Kenari and North-west side to Taman Nuri	Fronting Main Road	Inner layer lot, kampung access	Fronting Main Road	Fronting Main Road	No access road	Off main road, along slip road	Fronting Main Road
Property Status	Vacant Land with Approved Development and Building Plan	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land
Visibility	Fair (6)	Fair (6)	Fair (6)	Fair (6)	Good (8)	Fair (6)	Fair (6)	Fair (6)
Land Area (sq. ft.)	876,427	253,382	437,014	187,722	457,358	304,940	640,194	868,842
Land Shape	Irregular	Almost Squarish	Irregular	Irregular	Rectangular	Triangular	Almost Rectangular	Rectangular
Tenure	99 years	999 years	99 years	999 years	999 years	999 years	999 years	999 years
Locality Analysis	Within a residential development, nearby a commercial precint and Sandakan Airport	Undeveloped locality	Kg locality & next to squatter colony	Not within a residential suburb	New residential locality with shops nearby	New residential locality with shops nearby	New residential locality with shops opposite main road	New residential locality with shops nearby
Distance to subject property	-	7½ km	3¼ km	6½ km	5¾ km	6¼ km	5⅔ km	5¼ km
Zoning	High Density Residential	General Industry	High Density Residential	Mixed Development	Medium Density Residential	Medium Density Residential	Medium Density Residential	General Industry
Lease Remaining	15 years with 99 years extended term	904 years	56 years	906 years	865 years	865 years	865 years	865 years
Transacted Price	-	RM3,875,200	RM4,700,000	RM3,448,000	RM4,000,000	RM4,200,000	RM12,495,000	RM18,550,000
Transacted Price	-	RM15.29 psf	RM10.75 psf	RM18.37 psf	RM8.75 psf	RM13.77 psf	RM19.52 psf	RM21.35 psf
Transacted Date	-	14/9/2022	31/12/2021	29/9/2020	10/3/2020	30/8/2019	22/11/2018	29/12/2017
	General adjustments are made for time/market conditions and various factors inclusive of location, property status, land area, land shape, tenure, zoning, benefit of development plan and time/market conditions							
	Land Value After Adjustment	RM18.05	RM16.35	RM21.12	RM11.02	RM20.80	RM22.64	RM24.77

In arriving at the Market Value, we have taken into consideration relevant aspects of the comparables in terms of time/market conditions, location, accessibility, property status, land area, shape, tenure, and zoning and benefit of development plan. After making adjustments, the values derived are between RM11.02 psf to RM24.77 psf. Comparable 6 is considered as the most suitable which will reflect a value of RM19,842,596. After allowing for unpaid JV has taken into account and the value is derived at RM10,648,674.

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RECONCILIATION OF VALUES DERIVED

Residual Method	-	RM12,500,000.00
Comparison Method	-	RM10,648,674.00
Adopt	-	RM12,500,000.00

From the above approaches, the Residual Method is considered the more reliable approach in this case in arriving at the Market Value of the subject property. This is because it reflects the approved concept of the project as a landed estate with double storey terrace houses, its development density and locational attributes. The comparables do not adequately capture such features and are therefore used as a check on the overall magnitude of our valuation.

3.0 INTEREST BEING VALUED : THE *JOINT VENTURE RIGHTS* TO A PROPOSED TOWNSHIP (OVER 169.8 ACRES) TO BE KNOWN AS "BANDAR SERI LEMAWANG" ALONG JALAN TUARAN – KOTA BELUD, DISTRICT OF 89208, TUARAN, SABAH.

Subject Property: A mixed township development comprising landed housing scheme, apartment and future development which is parcelled into 8 lots. Details of the lots are as follows:

Lots No.	Property	Acres
1	Taman Seri Lemawang & Plaza Lemawang	52.33
2	Residensi Seri Akasia	20.08
3	Future Development	1.31
4 – 7 & A	Proposed Developments	80.56
	Public Reserved	15.52
	Total	169.80

Location: Along Jalan Tuaran – Kota Belud, 89208, Tuaran, Sabah about 3½ km from Tuaran Town Centre

Date of Inspection / Valuation: 28th February 2023

TITLE DETAILS

Title No.: CL 045115919

Registered Owner: Lembaga Pembangunan Perumahan dan Bandar (LPPB)

Land Area: Net area after land acquisition - 169.80 acres

Tenure: 999 years leasehold with 895 years unexpired

JOINT VENTURE AGREEMENT (JVA)

JVA: The township development (Bandar Seri Lemawang) is being undertaken through a joint venture between Lembaga Pembangunan Perumahan dan Bandar and K.T.I. Sdn. Bhd.

Landowner's Entitlement	- RM46,850,000.00
Amount Paid	- RM14,574,429.20
Outstanding Balance	- RM32,275,570.80

PROJECT DETAILS

Site Description: The subject property of about 169.80 acres is along Jalan Tuaran – Kota Belud. The land is divided into 3 parcels. The main bulk of the land, Parcel A, is along the south and on the right side of the road.

Taman Seri Lemawang

Development Overview: This estate in Lot 1 with 811 double storey terraced houses is presently under development over 52.33 acres (2,279,786 sq. ft.) and shall be completed in 9 phases (Phase 1A to Phase 1I). However, Phase 1A,

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	Phase 1B & Phase 1C have been completed with Occupation Certificate issued. Therefore, we have excluded these phases from our valuation. The remaining 6 phases with 540 units are the subject of our valuation which is Phases 1D to 1I. Development was approved by Majlis Daerah Tuaran on 18th February 2021 *(vide Ref: MDTRN:1000-1/1517 JLD.IV/10)*
Unit Details	<u>Type</u> / <u>Size</u> / <u>No. of Units</u> Intermediate / 900 sq. ft. / 689 Corner / 998 sq. ft. / 64 Intermediate Corner / 998 sq. ft. / 58 Total / 811
Sales Performance	743 units sold out of 811 units, equivalent to 91% sales
Commencement Date	From August 2020 to January 2022
Completion Date	From March 2023 to December 2023
	<u>Residensi Seri Akasia</u>
Development Overview	Lot 2 has 800 units of 5-storey apartments over 20.08 acres (8.12 hectares). They are being built in 5 phases, identified as Block A to Block J. Construction work in Block A & B are about 70%, Block C at 50% and Block D is at substructure stage, about 10%. Development was approved by Majlis Daerah Tuaran on 26th January 2021 *(vide Ref: MDTRN:1000-1/1517 JLD.IV/5)*
Unit type details	Each block has 80 units distributed over 5 levels (16 units per level). All units have similar floor areas of 800 sq. ft. and are designed with 3 bedrooms, 2 showers/w.c.s (one ensuite), living & dining room, kitchen, utility yard and balcony
Sales Performance	166 units sold out of 800 units, equivalent to 20% sales
Commencement Date	From October 2021 to January 2025
Completion Date	From December 2023 to March 2027

<u>VALUATION METHOD</u>

We have adopted the Residual Method for the ongoing projects at Taman Seri Lemawang (TSL) and Residensi Seri Akasia (RSA). As sales achievement and construction are at advanced stages, no other methods are applicable for the projects. The undeveloped lots for future development have been valued by the Comparison Method.

Summary of the computation by Residual Method for TSL is tabulated below:

Gross Development Value (GDV)	RM156,530,000
Gross Development Cost (GDC)	RM105,313,478
Developer's Profit	8%
Remaining Development Period	0.5 year
Present Value Discount Rate	4%

This project has 811 double storey terraced houses. 743 have been sold (91% sales) with 68 units unsold. On average, the range of selling price is RM265,000 to RM390,000.

Summary of Gross Development Value (GDV)

Gross Development Value is derived by reference to concluded selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

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Summary of Gross Development Cost (GDC)

No.	Items	Total Value of Cost Estimate	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, Landscaping Works & External Works, and Building Work including M& E	RM89,470,364	RM70,047,385	RM19,422,979
2	Other costs	RM8,645,657	RM3,141,009	RM5,504,648
3	Professional Fees	RM3,319,351	RM2,860,654	RM458,697
4	Finance Charges	RM912,918	-	RM912,918
5	Unpaid JV Consideration	RM2,965,188	-	RM2,965,188
6	Developer's Profit	8%	-	RM12,522,400

Remarks to Cost items

1. The parameters adopted for items 1 to 2 are based on our estimate derived from Construction Cost Handbook/Arcadis (2022) as per our valuation. The rates psf and percentages adopted are generally within industry average. Professional fees is based on 3.5% of the estimated cost item 1.
2. A sum of RM8,988,728 has been paid to the landowner (LPPB) with an outstanding sum of RM2,695,188.
3. Developer's Profit - As the project is ongoing and nearing completion, risks and uncertainties such as planning approval, site conditions, technical and legal issues have largely been removed. As sales achievement is about 91% (743 units), market risks have been significantly reduced. The main risk is therefore its actual completion. Accordingly, we have adopted 8% of gross development value as developer's profits.
4. We have adopted an estimated development period of half (½) year in our valuation. Taking into consideration sales take-up of 91% and construction progress of 70% to 90% at the date of valuation, estimated development period is considered realistic.

Summary of the computation by Residual Method for RSA is tabulated below:

Gross Development Value (GDV)	RM154,180,000
Gross Development Cost (GDC)	RM118,774,186
Developer's Profit	15%
Remaining Development Period	4.5 years
Present Value Discount Rate	4%

Summary of Gross Development Value (GDV)

The total units of this project is 811 units under 5 phases with 166 units sold and 634 units unsold. The range of selling price is RM186,500 to RM205,000.

Gross Development Value is derived by reference to concluded selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

Summary of Gross Development Cost (GDC)

No.	Items	Total Value of Cost Estimate	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, Landscaping Works & External Works, and Building Work including M& E	RM90,254,243	RM25,160,927	RM65,093,316
2	Other costs	RM10,562,127	RM2,373,792	RM8,188,335
3	Professional Fees	RM3,348,432	RM850,142	RM2,498,290
4	Finance Charges	RM10,781,057	-	RM10,781,057
5	Unpaid JV Consideration	RM3,828,327	-	RM3,828,327
6	Developer's Profit	15%	-	RM23,127,000

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Remarks to Cost items

1. The parameters adopted for items 1 to 2 are based on our estimate derived from Construction Cost Handbook/Arcadis (2022) as per our valuation. The rates psf and percentages adopted are generally within industry average. Professional fees is based on 3.5% of the estimated cost item 1.
2. A sum of RM1,684,100 has been paid to the landowner (LPPB) with an outstanding sum of RM3,828,327.
3. Developer's Profit - As the project is ongoing, risks and uncertainties such as planning approval, site conditions, technical and legal issues have largely been removed. As sales achievement is about 20% (166 units), market risks have been significantly reduced. The main risk is therefore its actual completion. Accordingly, we have adopted 15% of gross development value as developer's profits.
4. We have adopted an estimated development period of four and half (4½) years in our valuation. We are of the opinion the estimated development period is considered realistic.

Principal macro factors taken into consideration, in arriving at the market value using the residual and comparison methods, are as follows:

1) The proposed development is located along Jalan Tuaran – Kota Belud, and therefore enjoys good visibility and direct accessibility.
2) Demand for housing development is supported by K.K.I.P., which is a major driver and contributor of growth for the State, as it is only 15 km away.
3) Development of the subject land as part of Bandar Seri Lemawang is spread over 5 years in several phases.

Comparison method for Vacant Lots under future development

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Title No.	CL 045317306	CL 045132303	NT 043197539	CL 045323402	CL 045316176 & 2 others	CL 045314832
Location	Kg Tamparuli, Jalan Berunggis-Tamparuli	Kg Bakut, Off Jalan Tuaran	Kg Tamparuli, Off Jalan Tamparuli Lama	Kg Minangkob, Jalan Tamparuli-Ranau	Kg Dalit, Jalan Rasa Ria	Kg Batangan, Off Jalan Bulong
Location analysis	At Kg. Ulu Sapat, about 1⅓ km from Tamparuli Town and 4½ km south-east from Tuaran Town.	At Kg. Bakut. Telipok Town with public amenities is about 4 km south.	Next to a terraced housing estate and 1 km away from Tamparuli Town	At Kg. Minangkob. Tamparuli Town with public amenities is about 8 km west.	Next to Shangri-La Resort & Dalit Golf Club. Tuaran Town about 10 km south-east	½ km away from SK Tuaran, off Jalan Bolong, Tuaran town about 1 km south-east
Land Area	35,736 sq. ft.	2,029,964 sq. ft.	117,618 sq. ft.	172, 868 sq. ft.	493,206 sq. ft.	34,412 sq. ft.
Lease Remaining	5/7/2069	28/8/2924	Grant in Prepetuity	31/12/2084	31/12/2077 & 31/12/2076	31/12/2076
Transacted Date	5/10/2021	25/8/2022	24/11/2022	19/1/2023	5/2/2020	6/1/2021
Transacted Price	RM630,000	RM25,000,000	RM2,000,000	RM1,900,000	RM16,272,273	RM1,250,000
Transacted Price	RM17.64 psf	RM12.32 psf	RM17.00 psf	RM11.00 psf	RM33.00 psf	RM36.32 psf
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of location, neighbourhood/township amenities, land size, terrain, title type, tenure, benefits of DP and land improvements					
Land Value After Adjustment	RM20.28 psf	RM15.39 psf	RM19.04 psf	RM15.95 psf	RM42.57 psf	RM38.14 psf

In arriving at the Market Value, we have taken into consideration each aspect of the comparables in terms of time/market conditions, location, neighbourhood/township amenities, land size, terrain, title type, tenure, benefits of DP, common infrastructure and land improvements. After making adjustments, the values derived are between RM15.39 psf to RM42.57 psf.

In adopting the rate to derive the value of the vacant lots as part of the future development of Bandar Seri Lemawang with shared of common infrastructure, we have placed greater emphasis on Comparable 2. Taking into consideration all the relevant factors, we have adopted the rate of RM15.50 psf as a fair representation of the subject properties' market value.

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Valuation Computation (Based on most suitable rate after adjustment) for undeveloped lots (Lot 3 to Lot 7 & Lot A)

Based on their total land area of 3,566,368 sq. ft. and a rate of RM15.50 psf the total value of the vacant lots is RM55,278,706.00. After adjusting for the Unpaid JV Consideration, the total JV Rights Value is RM32,800,000.00 equivalent to RM9.20 psf. An end deduction for the kampung house in Lot A is allowed at RM50,000.00. The total land value for Lot 3 to 7 and Lot A is therefore RM32,750,000.00.

VALUATION

Having taken all factors known to us into consideration, we are of the opinion that the market value of the joint venture rights on the basis set out earlier as at 28th February 2023 are as follows:

Taman Seri Lemawang	-	**RM13,700,000.00 (RINGGIT MALAYSIA THIRTEEN MILLION AND SEVEN HUNDRED THOUSAND ONLY)**
Residensi Seri Akasia	-	**RM18,300,000.00 (RINGGIT MALAYSIA EIGHTEEN MILLION AND THREE HUNDRED THOUSAND ONLY).**
Vacant Lots for Future Development	-	**RM32,750,000.00 (RINGGIT MALAYSIA THIRTY TWO MILLION SEVEN HUNDRED AND FIFTY THOUSAND)**

4.0 INTEREST BEING VALUED : THE *JOINT VENTURE RIGHTS* TO AN ON-GOING MIXED COMMERCIAL/RESIDENTIAL DEVELOPMENT KNOWN AS THE LOGG, ALONG JALAN LINTAS, LUYANG, 88300, DISTRICT OF KOTA KINABALU, SABAH.

Subject Property	A prime mixed commercial/residential development with main road frontage along Jalan Lintas in an established and sought-after locality.
Location	Lintas commercial area, Luyang locality
Date of Inspection / Valuation	28th February 2023
	TITLE DETAILS
Title No.	CL 015721276
Registered Owner	Lembaga Pembangunan Perumahan dan Bandar (LPPB)
Land Area	1.767 Hectares / 4.37 acres
Tenure	99 years with 92¾ years unexpired
	JOINT VENTURE AGREEMENT (JVA)
JVA	A Joint Venture Agreement was executed on 22nd April 2015 between Lembaga Pembangunan Perumahan dan Bandar (LPPB), as the landowner/developer and K.T.I as the financing contractor. Landowner's Entitlement - RM46,530,000 Amount Paid - RM29,951,654 Outstanding Balance - RM16,578,346
	PROJECT DETAILS
Site Description	The subject land is being developed as a mixed commercial/residential project known as The Logg. As it is along Jalan Lintas, it enjoys good accessibility and visibility. Construction work is now at superstructure stage reaching Level 3, is about 25%. Development was approved by Dewan Bandaraya Kota Kinabalu on 9th February 2023 *(vide Ref: DBKK*

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	No. JPB X/204/IX/(13))
Development Overview	Details of the proposed development are as follows: Retail Shops (Boulevard Mall) have 62 units comprising 3 kiosk units at basement level (457 sq. ft to 463 sq. ft.), Level 1 & 2 with 45 shop lots (370 sq. ft. to 19,443 sq. ft.), mezzanine (1,016 sq. ft.), and 9 kiosk units (238 sq. ft. to 503 sq. ft.) 4 outdoor alfresco units at Level 1 & 3 (2,044 sq. ft.) Offices Tower have 32 units from Level 3 to 4H and Level 6 with 10 to 11 units per level. Average size is about 556 sq. ft to 2,216 sq. ft. Two towers of Serviced Suites with two types. There are 542 units with sizes ranging from 681 sq. ft. to 1,313 sq. ft. Single tower of Parkhill Apartments *(Affordable Homes)* with 250 units. Each level comprises 9 units. The size ranging from 620 sq. ft to 850 sq. ft. from level 11 to level 38. 4 stars Hotel (Avani Hotel) have 370 units with 17 rooms each floor. Guest rooms start from Levels 13 to 18 and Levels 22 to 35. Luxury suites and presidential suite are at level 36. Room sizes are between 353 sq. ft. to 2,075 sq. ft. Standard room size is 301 sq. ft. Car Parks total 1,740 bays
Sales performance	31 units sold out of 572 units for serviced suites 210 units sold out of 250 units for Parkhill Apartments *(Affordable Homes)* Overall, sales is about 30% average sales excluding the Hotel and retail space which are held as investments.
Commencement Date	July 2019
Completion Date	December 2025

VALUATION METHODS

Residual Method *(Primary Method)*

We have adopted the Residual Method in order to arrive at the market value of the subject property. As a check on the overall magnitude of value, we have taken into account the market value of the land to which is then added the cost incurred and progress claim.
Summary of the computation by the residual method is tabulated below.

Gross Development Value (GDV)	RM1,091,481,910
Gross Development Cost (GDC)	RM747,468,969
Developer's Profit	18%
Remaining Development Period	4.25 years
Present Value Discount Rate	4%

Summary of Gross Development Value (GDV)

Description	Floor Area (sq. ft.)	No. of unit	Adopted Rate (RM)/ psf	Total (RM)
Retail				
B1	1,378	3	2,250	3,100,500
L1	45,409	28	2,200	99,899,800
L2	49,054	30	2,100	103,013,400
L3	2,044	1	1,500	3,066,000

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Offices				
L3	11,901	10	600	7,140,600
L4	12,521	11	600	7,512,600
L6	12,419	11	600	7,451,400
Hotel - (4 star Hotel)	188,648	370	800,000	296,000,000
Service Suites -Astoria & Shorea	539,614	542	805	434,389,270
Affordable Homes – Parkhill	199,620	250	557	111,188,340
Car Parks	468 units		40,000	18,720,000
Total		1,256	-	1,091,481,910

Gross Development Value is derived by reference to concluded selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

Summary of Gross Development Cost (GDC)

No.	Items	Total Value of Cost Estimate	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, and External Works including M& E	RM595,793,270	RM83,881,746	RM511,911,524
2	Other costs	RM58,281,732	RM2,971,096	RM55,310,636
3	Professional Fees	RM37,892,452	RM15,483,352	RM22,409,100
4	Finance Charges	RM38,923,169	RM831	RM38,922,338
5	Unpaid JV Consideration	RM16,578,346	-	RM16,578,346
6	Developer's Profit	18%	-	RM196,466,744

Remarks to Cost items

1. The parameters adopted for items 1 to 2 are based on our estimate derived from Construction Cost Handbook/Arcadis (2022) as per our valuation. The rates psf and percentages adopted are generally within industry average. Professional fees is based on 6% of the estimated cost item 1.
2. A sum of RM29,951,654has been paid to the landowner (LPPB) with an outstanding sum of RM16,578,346.
3. Developer's Profit - As the project is ongoing and nearing completion, risks and uncertainties such as planning approval, site conditions, technical and legal issues have largely been removed. As sales achievement is about 30% (241 units for serviced suites and parkhill apartments), market risks have been significantly reduced. The main risk is therefore its actual completion. Accordingly, we have adopted 18% of gross development value as developer's profits.
4. We have adopted an estimated development period of 4¼ years in our valuation. We are of the opinion the estimated development period is considered realistic based on the sales performance to date.

Comparison Method *(Check Method)*

Title No.	**CL 015679320**	**CL 015270747 & CL 015270756**	**CL 015020694 & 4 others**
Description	Highly visible, walking distance to Sutera Harbour, KK Times Square, Imago Mall & Riverson	Two adjoining lands with walking distance to Shangri-la Tanjung Aru and Kinabalu Golf Club, Tanjung Aru	A large block of land held under 5 adjoining titles in a well-established area
Locality	Land beside Sutera Venure, Jalan Coastal	Lands beside Kinabalu Golf Club, Tanjung Aru	Jalan Lintas, Kolombong
Surroundings	Shopping complexes, retail, squalid housing	Golf club, hotel & resorts, condominium, housing	Golf course, commercial developments, industrial area
Road Frontage	Fronting onto six lane carriageway and near flyover	Fronting onto dual lane carriageway	Fronting onto five lane carriageway
Land area	25,507 sq. ft.	73,087 sq. ft.	368,723 sq. ft.
Development & Building Approval	None	None	None
Zoning	Commercial City Centre	High Density Residential	Mixed Uses
Special Terms/Clause	Commercial Building	Residential Building	Housing & Commercial Development
Height Restriction	Up to 10-storeys	Up to 15-storeys	Up to 30-storeys
Transacted Date	28/08/2018	25/02/2021	11/8/2017, 14/8/2017, 28/8/2017, 12/12/2017
Tenure	99 years	999 years	999 years
Remaining Term	78 years	903 years	901 years

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Transacted Price	RM10,713,129	RM35,000,000	RM208,000,000
Transacted Price	RM420 psf	RM479 psf	RM564 psf
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of location, beach frontage, accessibility, visibility, land size, development & building approval, zoning, title use terms, height restriction and tenure		
Land Value After Adjustment	RM538 psf	RM733 psf	RM744 psf

In arriving at the Market Value, we have taken into consideration relevant aspects of the comparables in terms of time/market conditions, location, beach frontage, accessibility, visibility, land size, development & building plan approval, title use terms, height restriction and tenure. After adjustments, the values derived are between RM538 psf to RM744 psf.

In adopting the rate to derive The Logg's value, we have placed greater emphasis on Comparable 3 which is along the same road, about 3 km from the subject property, and of about the same size magnitude. Taking into consideration all the factors above, we have adopted the rate of RM745 psf to derive its value. Cost incurred, sales received and unpaid JV have taken into account and the value is derived at RM190,000,000.

Principal macro factors taken into consideration, in arriving at the market value using the residual and comparison methods are as follows:

1) The subject property enjoys excellent access as it is along Jalan Lintas which is a major route for convenient all-weather access to Kota Kinabalu City Centre and all principal destinations.
2) As it fronts onto Jalan Lintas, the project enjoys good visibility with prime advertising frontage.
3) The project is in a prime locality with proximity to all attendant amenities including recreational facilities, banking facilities, commercial activities, dining and entertainment outlets and shopping conveniences.
4) The tourism market is recovering with room rates and occupancy improving. Full recovery is expected within the project's completion time frame.
5) Sales of service suites are also improving in tandem with such expectations.

<u>RECONCILIATION OF VALUES DERIVED</u>

Residual Method	-	RM190,000,000.00
Comparison Method	-	RM190,000,000.00
Adopt	-	RM190,000,000.00

From the above approaches, the values derived are similar. However, the Residual Method is considered the more reliable approach in this case to arrive at the Market Value of the joint-venture rights to the subject property. This is because it reflects the overall concept of the project with its different components, its development density and locational attributes. The Comparison Method does not adequately capture the project features and is therefore used as a check on the overall magnitude of our valuation.

5.0 FOUR (4) ADJOINING DETACHED HOUSE PLOTS AT TAMAN LAVENDER, OFF JALAN LINTAS, 88300, KOTA KINABALU, SABAH.

Subject Property	4 adjoining detached house plots in the sought-after Luyang locality
Location	Taman Lavender, off Jalan Lintas, 88300, Kota Kinabalu, Sabah
Date of Inspection / Valuation	28th February 2023

<u>TITLE DETAILS</u>

Title Nos.	CL 015654743, CL 015654752, CL 015654761 & CL 015654770

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Registered Owner: K.T.I. Development Sdn Bhd

Land Area

Title No.	Lot No.	Land Area (sq. ft.)
CL 015654743	201	22,390
CL 015654752	202	9,963
CL 015654761	203	19,985
CL 015654770	204	9,599
	Total	61,937

Tenure (all titles): 99 years expiring on 31st December 2103 with 80¾ years unexpired.

[Title tenure shall be reinstated to 999 years based on Letter of Offer from Jabatan Tanah dan Ukur (JTU) dated 30th December 2021 with premium of RM1,000 each paid and pending endorsement on the title by Land and Surveys Department]

PROPERTY DETAILS

Property Description: The subject properties are 4 adjoining detached house plots within Taman Lavender held under Country Lease titles with the individual plot details tabulated above.
Generally, the plots are vacant but we note that there is a permanent single storey structure (82 sq. ft. x 20 sq. ft.) with 5 rooms and 2 toilets at CL 015654743 which can be used as an outbuilding and incorporated as part of a bungalow house when the property is developed. However, as Occupation Certificate not obtained, the value of building has been ignored.

Planning Use: Residential Low Density [R(L)]

VALUATION METHOD

We have adopted the Comparison Method in order to arrive at the market value of the subject properties. As these are vacant house plots within a residential suburb, there is no other alternative method.

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Title No.	CL 015485248	CL 015363407	CL 015589232	CL 015343843	CL 015487340	CL 015385654 & CL 015385663
Location	Jalan Gunung Bintang, Taman Prima Jaya Phase 1	Lot 35, Lorong Pelanduk 3, Taman Kinamount	Lot 458, Lorong Pokok Resam 5, Taman BDC Likas, Phase 12A	Lorong Tasbeh 1, Shangrila Estate	Lot 28, Lorong Pokok Seraya 1, Taman Khidmat	Off Jalan Penempatan, Jalan Shantung
Locality Analysis	Corner lot along Lorong Gunung Bintang. Near to the subject property	Backing onto open space. In established locality	Front and rear frontages. Detached houses enclave	Hilltop site along Jalan Bunga Tasbeh. Narrow winding access	Backing onto SGCC. Detached housing locality	Hilltop site at relatively undeveloped ridge Narrow winding access.
Topography	Flat	Flat	Flat	Steep slopes	Flat	Hilltop with steep sides
Land Area	9,065 sq. ft.	8,120 sq. ft.	14,424 sq. ft.	22,879 sq. ft.	9,746 sq. ft.	30,855 sq. ft.
Land Shape	Rectangular	Rectangular	Rectangular	Pentagonal	Rectangular	Trapezoidal but roughly squarish
Covenant	Transfer subject to building house. Transfer prohibition to company not individuals	Building Covenant but no time frame	Building Covenant extended to 1st Jan 2024	Covenant free	Building Covenant extended to Jan 2027	Building Covenant which does not prohibit transfer
Tenure	99 years	999 years	999 years	999 years	99 years	99 years
Lease Remaining	59 years	891 years	901 years	903 years	59 years	45 years
Transacted Price	RM2,066,152	RM1,665,000	RM2,900,000	RM4,150,000	RM2,000,000	RM7,000,000
Rates	RM228 psf	RM205 psf	RM201 psf	RM181 psf	RM205 psf	RM227 psf
Transacted Date	23/02/2022	07/06/2022	10/08/2022	25/08/2022	26/09/2022	15/12/2022
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of locality, neighbourhood, views, topography, land area, land shape, expiring covenants and tenure					
Land Value After Adjustments	RM233 psf	RM176 psf	RM211 psf	RM184 psf	RM201 psf	RM253 psf

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In arriving at the Market Value, we have taken into consideration relevant aspects of the comparables in terms of time/market conditions, locality, neighbourhood, views, topography, land area, land shape, expiring covenants and tenure. After making adjustments, the values derived are between RM176 psf to RM253 psf.

Macro factors that we have taken into consideration are as follows:-

1) The subject house plots are about 5 km from Kota Kinabalu City Centre and are near to major commercial amenities, schools, clinics and religious establishments.
2) The subject properties are in the sought after Luyang residential suburb.
3) Availability of suitable house plots are generally quite limited. The property market is generally resilient and stable.

VALUATION

Having considered all factors known to us, our opinion of the subject properties' market value, free of all encumbrances and with vacant possession, on 28th February 2023 is **RM12,700,000 (RINGGIT MALAYSIA TWELVE MILLION AND SEVEN HUNDRED THOUSAND ONLY)**

6.0 FIVE (5) STUDIO APARTMENTS AT TAMAN NELLY PHASE 8D, JALAN NOUNTUN, KOLOMBONG, 88450, KOTA KINABALU, SABAH.

Subject Properties	Unit Nos. D-2-26, D-2-08, D-2-28, D-3-05 & D-3-12 Taman Nelly Phase 8D, Jalan Nountun, Kolombong, 88450, Kota Kinabalu
Location	Located in the Kolombong locality which is primarily an industrial area but with residential developments
Date of Inspection / Valuation	28th February 2023
	TITLE DETAILS
Master Title No.	CL 015605419
Registered Owners	Edward S. Jaip & Landmark Property Sdn. Bhd.
Land Area	4.669 Hectares (11.5 acres)
Tenure	99 years with 78¾ years unexpired *Note: Individual subsidiary titles shall be issued in due course for the subject properties*
	PROPERTY DETAILS
Property Description	Accommodation of each unit comprises a living/dining/bedroom area, open kitchen and shower/w.c. as a single large room to maximise space utilisation Details are as follows:

Level	Unit Nos.	Type	Provisional Floor Areas (each unit)
Level 2	D-2-26	A	257 sq. ft. (23.88 sq. m.)
	D-2-08	B	242 sq. ft. (22.48 sq. m.)
	D-2-28		
Level 3	D-3-05		
	D-3-12		

Beneficial Owner (all units)	Landmark Property Sdn. Bhd [Based on Trust Deed dated 27th February 2004 *(Ref No. JT/C/2002/46/tss)* and 11th August 2005 *(Ref No. JT/C/2002/55TSSs)*
Occupation Certificate	Issued by Dewan Bandaraya Kota Kinabalu on 17th May 2013.

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Tenancy Details	The studio units are tenanted with average monthly rental between RM350 to RM700. Tenancy period of these units starts from 1st July 2022 to 30th November 2023.

VALUATION METHODS

We have adopted the Comparison and Investment Method in order to arrive at the market value of the subject property.

Comparison Method

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Property Address	Unit No. D-4-37, Taman Nelly Phase 8D	Unit No. D-3-45, Taman Nelly Phase 8D	Unit No. D-2-17, Taman Nelly Phase 8D	Unit No. D-5-27, Taman Nelly Phase 8D	Unit No. D-7-18, Taman Nelly Phase 8D
Floor Area	242 sq. ft. (22.5 sq. m.)	242 sq. ft. (22.5 sq. m.)	242 sq. ft. (22.5 sq. m.)	257 sq. ft. (23.9 sq. m.)	257 sq. ft. (23.9 sq. m.)
Date of Transaction	06/11/2019	04/09/2020	01/12/2021	28/02/2022	16/06/2022
Transacted Price	RM150,000	RM150,000	RM150,000	RM148,000	RM200,000
Rate	RM618/psf	RM618/psf	RM618/psf	RM576/psf	RM778/psf

Based on comparison method, we have adopted the rate about RM570 psf to RM770 psf based on JPPH data.

Investment Method

No.	Description	Parameters
1	Gross Monthly Rental Term	RM1.45 psf to RM2.72 psf
2	Gross Monthly Rental Reversionary	RM2.90 psf to RM3.00 psf
3	Service Charge - Term	RM0.26 psf to RM0.27 psf
4	Service Charge - Reversionary	RM0.35 psf
5	Voids	10%
7	Capitalisation Rate – Term	4.50%
8	Capitalisation Rate – Reversion	4.25%

Remarks to the above items

1) For item 1, we have adopted the term rental for occupied units and for item 2, reversionary rents are based on current rates in the estate, in the range of RM3.00 psf to RM3.50 psf.
2) We have allowed for an increase in service charges at the reversionary period in anticipation of higher cost of management and maintenance.
3) Deduction is allowed for service charge & sinking fund, insurance, assessment rates and void cost

RECONCILIATION OF VALUES DERIVED

Comparison Method	-	RM760,000.00
Investment Method	-	RM745,000.00
Adopt	-	RM760,000.00

As the comparable method is market driven and as there are sufficient transactions of units similar to the subject properties, the Comparison Method is considered as more robust and preferred in this case. The Investment Method in this case is less reliable as rental data obtained are asking rental prices and not actual tenancies. Accordingly, we have adopted RM760,000 as the total market value for the subject properties.

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7.0 A CORNER 3-STOREY SHOPOFFICE KNOWN AS LOT NO. 68, LORONG BUAH PALA 3, WISMA LTF, TAMAN NELLY, 88450, KOTA KINABALU, SABAH AND HELD UNDER INDIVIDUAL TITLE NO. CL 015479197

Subject Property	Lot No. 68, Lorong Buah Pala 3, Wisma LTF, Taman Nelly, 88450, Kota Kinabalu, Sabah
Location	Located in the prime Kolombong locality
Date of Inspection / Valuation	28th February 2023
	TITLE DETAILS
Title No	CL 015479197
Registered Owner	K.T.I. Sdn. Bhd.
Land Area	1,174 sq. ft. (109.1 sq. m.)
Tenure	999 years with 902¼ years unexpired
	PROPERTY DETAILS
Property Description	A corner 3-storey shopoffice at the south-west wing of Wisma LTF, this property occupies a 1,174 sq. ft. (109.1 sq. m.) building plot. It is in its original design but has been renovated internally for use as offices. An individual staircase provides access to its upper levels.
Built-Up Area	The total floor areas are as follow: Main Floor Area 3,306 sq. ft. (307.2 sq. m.) Ancillary Floor Area 396 sq. ft. (36.9 sq. m.)
Occupation Certificate	Issued by Dewan Bandaraya Kota Kinabalu on 18th March 1987.

VALUATION METHODS

We have adopted the Comparison and Investment Methods in order to arrive at the market value of the subject property.

Comparison Method

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Title No.	CL 015454574	TL 017564420	CL 015157463	CL 015348544
Location	Lot No. 16, Block A, Kolombong Industrial Development	Lot 1, Block E, KK Taipan, Jalan Tuaran	Lot 35, Inanam Commercial Centre, Jalan Tuaran	Lot No. 1, Jalan Gunung Bintang, Taman Dai Ming
Property	3-storey intermediate light industrial shop	3-storey corner shopoffice	3-storey intermediate shopoffice	2-storey corner shopoffice
Locality Analysis	In sought after industrial locality	New commercial precinct next to Inanam Township	In commercial precinct next to Taman Kopeks	Neighbourhood shop within established residential locality
Accessibility	Good	Good	Fair	Fair
Visibility	Good	Fair	Fair	Fair
Built-Up Area	3,597 sq. ft.	4,404 sq. ft.	4,947 sq. ft.	2,862 sq. ft.
Building Condition	Fair	Good	Fair	Below average
Title Status	Individual Title	Master Title	Master Title	Individual Title
Tenure	999 years	99 years	999 years	99 years
Lease Remaining	903 years	83 years	906 years	48 years
Distance to subject property	1 km	2.4 km	2.7 km	7 km
Transacted Price	RM1,350,000	RM1,850,000	RM1,500,000	RM1,200,000
Transacted Price	RM375 psf	RM420 psf	RM303 psf	RM419 psf
Transacted Date	17/06/2020	18/05/2021	01/12/2022	5/01/2023
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of location, advertising advantage, title status, size, type, building condition and tenure			
Land Value After Adjustment	RM416 psf	RM420 psf	RM361 psf	RM427 psf

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In arriving at the Market Value, we have taken into consideration relevant aspects of the comparables in terms of time/market conditions, location, advertising advantage, title status, size, type, building condition and tenure. After adjustments, the values derived are between RM361 psf to RM427 psf.

In adopting the rate to derive Lot 68's market value, both Comparables 1 and 2 are considered suitable. Comparable 1 is in the immediate locality of the subject property but is an intermediate unit. Comparable 2 is a corner unit as is the subject property but has a much larger built-up area. We note that the average rate is RM406 which is slightly lower than the subject property. Having regard to all relevant factors, our adopted rate of RM420 psf in our opinion is a fair representation of the market value.

Investment Method

A summary of the Investment Method is tabulated below for easy reference.

No.	Description	Parameters
1	Annual Gross Income	Ground Floor - RM2.80 psf First Floor - RM2.00 psf Second Floor - RM1.50 psf
2	Outgoings	RM1.13 psf (4.5%)
3	Void	8%
4	Capitalisation Rate	4.25%

Estimated rents are based on current rental rates in the vicinity. Generally, prevailing ground floor rates range from RM2.50 to RM4.20. First floor rentals are between RM1.80 to RM2.30 whilst second floor are about RM1.20 to RM1.70. Deduction is allowed for outgoings and voids. Outgoings reflect general maintenance, insurance and assessment rate. General redecoration at a lump sum of RM15,000 equivalent to RM4.50 psf is allowed to improve its overall appearance prior to letting.

RECONCILIATION OF VALUES DERIVED

Comparison Method	-	RM1,550,000.00
Investment Method	-	RM1,700,000.00
Adopt	-	RM1,600,000.00

From the above, the Comparison Method appears to be more reliable in arriving at the Market Value of the subject property. This is due to the fact that there are numerous transactions of units reasonably similar to the subject property. The Investment Method in this case is less robust as the rental data obtained are generally based on asking rental prices with limited actual tenancies as supporting evidence. Furthermore, the capitalization rate is based on our general experience and yields of other asset classes and not on actual analysed yields. Having regard to both approaches and based on our knowledge and understanding of the market, we have adopted the Market Value as expressed above for the subject property.

RICS

AZMI & CO

Date: 21st October 2023
Our Ref: 1.4411.23/WCK

8.0 THE FIRST AND SECOND FLOORS OF A CORNER 3-STOREY SHOPOFFICE KNOWN AS LOT NO. 69, LORONG BUAH PALA 3, WISMA LTF, TAMAN NELLY, 88450, KOTA KINABALU, SABAH.

Subject Property	First and Second Floors, Lot No. 69, Lorong Buah Pala 3, Wisma LTF, Taman Nelly, 88450, Kota Kinabalu, Sabah
Location	Located in the prime Kolombong locality
Date of Inspection / Valuation	28th February 2023
	TITLE DETAILS
Title No	CL 015479204
Registered Owners	K.T.I. Sdn. Bhd. (Co. No. 125931-U) - $^2/_3$ *Shares* Chong Nyuk Oi (NRIC No. 290725-12-5002) - $^1/_6$ *Shares* Kong En Leong (NRIC No. 560208-71-5263) - $^1/_{12}$ *Shares* Kong En Phin (NRIC No. 580605-71-5433) - $^1/_{12}$ *Shares* *Note: The subject properties relate to the ⅔ shares under K.T.I Sdn. Bhd.*
Land Area	1,587 sq. ft. (147.4 sq. m.)
Tenure	999 years with 902¼ years unexpired
	PROPERTY DETAILS
Property Description	Comprising the first and second floors, the subject properties are at the corner of a row of 3 storey shopoffices. They are in their original design but with internal renovations. Both levels were used as offices but are now unoccupied. Access is via staircases.
Built-Up Area	The total floor areas are as follow: Main Floor Area 2,664 sq. ft. (247.4 sq. m.) Ancillary Floor Area 510 sq. ft. (47.4 sq. m.)
Occupation Certificate	Issued by Dewan Bandaraya Kota Kinabalu on 18th March 1987.

VALUATION METHODS

We have adopted the Comparison and Investment Methods in order to arrive at the market value of the subject property.

Comparison Method

First Floor

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Title No.	ST 010553376	TL 017703801	CL 015586142	CL 015652865	CL 015494394
Location	1st Floor, Unit B-1-22, Kuala Inanam, Plaza Kingfisher	1st Floor, Unit No. A-1-13, Jalan Tuaran, KK Taipan	1st Floor, Unit No. E-1-34, Jalan Lintas, Iramanis Centre	1st Floor, Unit No.15, Jalan Tuaran, Inanam Square	1st Floor, Unit No. 1, Block 1A, Jalan Seoangar, Alam Puteri
Property Type	3-storey intermediate shopoffice	3-storey corner shopoffice	3-storey intermediate shopoffice	3-storey intermediate shopoffice	3-storey corner shopoffice
Locality Analysis	Within established residential	Next to Inanam Township	Commercial precinct along main road	Located closed to Inanam Township	Located at Sepangar locality
Accessibility	Good	Good	Excellent	Fair	Fair
Visibility	Good	Fair	Fair	Fair	Fair
Title Status	Subsidiary Title	Master Title	Master Title	Master Title	Master Title

Date: 21st October 2023
Our Ref: 1.4411.23/WCK

Tenure	99 years	99 years	99 years	99 years	99 years
Lease Remaining	64 years	82 years	69 years	54 years	66 years
Built-Up Area	1,160 sq. ft.	1,495 sq. ft.	1,440 sq. ft.	1,200 sq. ft.	1,305 sq. ft.
Building Condition	Fair	Good	Fair	Fair	Excellent
Distance to subject property	4.2 km	2.4 km	1.8 km	2.0 km	10 km
Transacted Price	RM480,000	RM650,000	RM610,000	RM500,000	RM414,000
Transacted Price	RM414 psf	RM435 psf	RM424 psf	RM417 psf	RM317 psf
Transacted Date	9/9/2021	4/1/2022	28/01/2022	16/03/2022	22/11/2022
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of location, advertising advantage, title status, size, type, building condition and tenure				
Value after adjustment	RM484 psf	RM387 psf	RM491 psf	RM471 psf	RM320 psf

In arriving at the Market Value, we have taken into consideration relevant aspects of the comparables in terms of time/market conditions, location, advertising advantage, title status, size, type, building condition and tenure. After adjustments, the values derived are between RM320 psf to RM491 psf.

In adopting the rate to derive the Lot 69, first floor shopoffice's value, we have placed greater emphasis on Comparable 4 as it is the near to the subject property and with other similar attributes. Average rates have been distorted by Comparable 5 which has a very low rate of RM320 psf. This comparable is not in the same locality as the other comparables and if it is excluded average rate is about RM458 psf. Taking into consideration all the relevant factors, we have adopted the rate of RM450 psf in our valuation as a fair representation of the market value.

Second Floor

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Title No.	CL 015663055	CL 015652865	CL015586142	CL 015494934
Location	3rd Floor, Unit No. 3, Jalan Lintas, Bunga Raja Shopping Complex	2nd Floor, Unit No. 15, , Jalan Tuaran, Inanam Square	2nd Floor, Unit No. C-2-20, Jalan Lintas, Iramanis Centre	2nd Floor, Unit No. 2, Block 1A, Jalan Sepangar, Alam Puteri (Princess Heights)
Property Type	4-storey intermediate shopoffice	3-storey intermediate shopoffice	3-storey corner shopoffice	3-storey intermediate shopoffice
Locality Analysis	Commercial precinct along main road	Located closed to Inanam Township	Commercial Precinct along main road	Located at Sepangar locality
Accessibility	Excellent	Fair	Excellent	Fair
Visibility	Good	Fair	Fair	Fair
Title Status	Master Title	Master Title	Master Title	Master Title
Tenure	999 years	99 years	99 years	99 years
Lease Remaining	902 years	54 years	69 years	66 years
Built-Up Area	1,800 sq. ft.	1,200 sq. ft.	1,500 sq. ft.	1,266 sq. ft.
Building Condition	Fair	Fair	Fair	Excellent
Distance to subject property	1.0 km	2.0 km	1.8 km	10 km
Transacted Price	RM470,000	RM300,000	RM550,000	RM256,000
Transacted Price	RM261 psf	RM250 psf	RM367 psf	RM202 psf
Transacted Date	01/03/2022	23/02/2022	09/05/2022	22/11/2022
Adjustment	General adjustments are made for time/market conditions and various factors inclusive of location, advertising advantage, title status, size, type, building condition and tenure			
Value after adjustment	RM298	RM268	RM363	RM228

In arriving at the Market Value, we have taken into consideration each aspect of the comparables in terms of time/market conditions, location, advertising advantage, title status, size, type, building condition and tenure. After adjustments, the values derived are between RM228 psf to RM363 psf.

RICS

AZMI & CO

Date: 21st October 2023
Our Ref: 1.4411.23/WCK

In adopting the rate to derive Lot 69's second floor shopoffice value, we have placed greater emphasis on Comparable 2 as it is the near to the subject property and with other similar attributes. Average rates have been distorted by Comparable 4 which has a very low rate of RM228 psf. This comparable is not in the same locality as the other comparables and if it is excluded average rate is about RM310 psf. Taking into consideration all relevant factors, we have adopted the rate of RM270 psf in our valuation as a fair representation of the market value.

Investment Method

A summary of the Investment Method is tabulated below for easy reference.

No.	Description		Parameters	
1	Annual Gross Income		First Floor - RM1.95 psf Second Floor - RM1.45 psf	
2	Outgoings	deductions	RM0.78 psf to RM1.05 psf	*(1st & 2nd Floor)*
3	Void		8%	
4	Capitalisation Rate		4.25%	

Estimated rents are based on current rental rates in the vicinity. Generally, prevailing rates for first floor range from RM1.80 to RM2.30 whilst second floor are about RM1.20 to RM1.70. Deduction is allowed for outgoings reflect general maintenance, insurance and assessment rate. General redecoration at RM10,000 for each floor is allowed in order to improve their overall appearance prior to letting.

RECONCILITION OF VALUES DERIVED

Investment Method	-	RM1,100,000
Comparison Method	-	RM1,140,000
Adopt	-	RM1,100,000

From the above, the Comparison Method appears to be the more reliable in arriving at the Market Value of the subject property. This is due to the fact that there are numerous transactions of units reasonably similar to the subject property. The Investment Method in this case is less robust as the rental data obtained are generally based on asking rental prices with limited actual tenancies as supporting evidence. Furthermore, the capitalization rate is based on our general experience and yields of other asset classes and not on actual analysed yields. The values adopted is, however, tempered by our experience & knowledge in the market

9.0 A CORNER 4-STOREY CORPORATE OFFICE BUILDING KNOWN AS LOT NO. 222, TAMAN NELLY 9 *(SUB-PHASE 4),* LORONG NELLY PLAZA, JALAN NOUNTUN, 88444, KOTA KINABALU, SABAH.

Subject Property	Lot No. 222, Taman Nelly 9 *(Sub-Phase 4),* Lorong Nelly Plaza, Jalan Nountun, 88444, Kota Kinabalu, Sabah
Location	Located in the prime Kolombong locality
Date of Inspection / Valuation	28th February 2023
	TITLE DETAILS
Master Title No	NT 013057353 *(now surrendered, pending issuance and registration of individual title to the subject property)*
Registered Owner	Edward S. Jaip
Beneficial Owner	K.T.I. Sdn. Bhd. [Based on Trust Deed dated 16th December 2009]
Land Area	2.A 3.R. 30.P

RICS

AZMI & CO

Date: 21st October 2023
Our Ref: 1.4411.23/WCK

Tenure	Grant in Perpetuity
Special Terms	Padi *(Draft Individual title is ready to be issued. Use is for a 4-storey shopoffice).*

PROPERTY DETAILS

Property Description	A corner 4-storey block, this property has been renovated into the corporate office of K.T.I. Sdn Bhd, developer of the Taman Nelly scheme. This block is larger than the norm with a provisional land area of 3,607 sq. ft. (335.1 sq. m.) which is more than the size of 2 shoplots. Ground floor is used as showroom gallery. Upper floors are used as offices and may be reached from the ground level by stairs or lift.
Built-Up Area	Total floor areas are as follow: Main Floor Area 11,172 sq. ft. (1,037.9 sq. m.) Ancillary Floor Area 2,900 sq. ft. (269.4 sq. m.)
Occupation Certificate	Issued by Dewan Bandaraya Kota Kinabalu on 10th September 2012.

VALUATION METHODS

We have adopted the Comparison and Investment Method in order to arrive at the market value of the subject property.

Comparison Method

Details	Comparable 1	Comparable 2	Comparable 3
Title No.	TL 017540500	TL 017504568	TL 015679339
Property Type	8-storey corner office	4-storey intermediate shop office without lifts	10-storey office
Address	Lot 66, Block K, KK Times Square	No. 2, Jalan Pantai	Lot No. 15, Block A, Sutera Avenue, Coastal Highway
Locality Analysis	Located at periphery of City Centre	Located in City Centre	Located at periphery of City Centre
Distance to Subject Property	7 km	9 km	7 km
Accessibility	Good	Good	Good
Visibility (advertising)	Good	Good	Excellent
Title Status	Master/strata title	Individual Title	Master/strata title
Title Use	Shop/office	Shophouse	Shop/office
Tenure	99 years	99 years	99 years
Lease Remaining	58 years	32 years	72 years
Built-Up Area	14,613 sq. ft.	6,000 sq. ft.	16,184 sq. ft.
Land Area	2,000 sq. ft.	1,500 sq. ft.	1,400 sq. ft.
Building Condition	Good	Good	Excellent
Transacted Price	RM11,000,000	RM6,000,000	RM16,000,000
Transacted Price (based on built-up)	RM753 psf	RM1,000 psf	RM989 psf
Date of Transaction	01/11/2018	03/10/2022	03/11/2022
Adjustment	General adjustments are made for time/market conditions and various factors inclusive of location, advertising advantage, title status, size, type, building condition and tenure		
Value After Adjustment	RM640 psf	RM950 psf	RM919 psf

In arriving at the Market Value, we have taken into consideration relevant aspects of the comparables in terms of time/market conditions, location, advertising advantage, title status, size, type, building condition and tenure. After adjustments, the values derived are between RM640 psf to RM950 psf.

In adopting the rate to derive the value for Lot 222 (corner 4-storey corporate office building), we have placed greater emphasis on Comparable 1 as it has the most similar land and built-up area with the subject property. Taking into consideration all relevant factors, we have adopted the rate of RM640 psf in our valuation as a fair representation of its market value.

RICS

AZMI & CO

Date: 21st October 2023
Our Ref: 1.4411.23/WCK

Investment Method

A summary of the Investment Method is tabulated below for easy reference as follows.

No.	Description		Parameters	
1	Annual Gross Income		Ground Floor - RM3.80 psf First Floor - RM2.50 psf Second Floor - RM2.50 psf Third Floor - RM2.50 psf	
2	Outgoings	Deduction	RM1.50 psf	*(Gf to 3rd Floor)*
3	Voids	Deduction	8.5%	
4	Capitalisation Rate		4.5%	

Estimated rents are based on the current rental rates in the vicinity. Generally, ground floor rates for quality showroom/gallery range from RM3.50 to RM4.50. Ground floor of the subject property is of high ceiling with high quality finishes for a grand environment. Outgoings reflect general maintenance, insurance and assessment rate. The capitalisation rate is a long-term outlook. This is an all-risks rate reflecting the illiquid nature of real estate but as a good hedge against inflation with lower risks, scarcity and so on.

RECONCILIATION OF VALUES DERIVED

Investment Method	-	RM7,100,000.00
Comparison Method	-	RM7,200,000.00
Adopt	-	RM7,200,000.00

In valuing the subject property, we are aware that both approaches have their weaknesses and strengths. As both approaches provide almost similar values, their differences are not very material in our choice between them.

From the above approaches, we have concluded that the Comparison Method is the more reliable approach in arriving at the Market Value of the subject property. The Investment Method in this case is less robust as the rental data obtained are mainly from KK Times Square and limited data was obtained from other localities. Furthermore, the capitalization rate is based on our general experience and yields of other asset classes and not on actual analysed yields. As such the values derived by this method may be regarded as less reliable.

10.0 A DOUBLE STOREY OFFICE/SHOWROOM WITH DOUBLE VOLUME WAREHOUSE KNOWN AS LOT NO. 223 (BUILDING NO. 32A), LORONG NELLY 9/2, TAMAN NELLY 9 *(SUB-PHASE 1)*, KAMPUNG NOUNTUN, INANAM, 88450, KOTA KINABALU, SABAH.

Subject Property	Lot No. 223 (Building No. 32A), Lorong Nelly 9/2, Taman Nelly 9 *(Sub-Phase 1)*, Kampung Nountun, Inanam, 88450, Kota Kinabalu, Sabah
Location	Located in the prime Kolombong locality
Date of Inspection / Valuation	28th February 2023

TITLE DETAILS

Title No	NT 013021308 *(now surrendered, pending issuance and registration of individual title to the subject property)*
Registered Owner	Edward S. Jaip
Beneficial Owner	K.T.I. Development Sdn. Bhd.
	[Based on Trust Deed agreement dated 25th October 2022 *(Ref No. JT/C/2002/45/tss)*
Land Area	65,787 sq. ft. (6,111.8 sq. m.)
Tenure	Grant in Perpetuity

RICS

AZMI & CO

Date: 21st October 2023
Our Ref: 1.4411.23/WCK

Special Terms	Padi & Coconut *(Draft Individual title is ready to be issued. Use is for a 2-storey showroom).*

PROPERTY DETAILS

Property Description	A double-storey showroom/office with large double volume warehouse adjoining its rear and with a deep, full width forecourt of tarmac hardstanding 37,543 sq. ft. (3,487.8 sq. m.). The rear northern half of the site is undeveloped and of earth formation except for a 12-bay car port along the north-west corner. This undeveloped portion extends to about 27,000 sq. ft. (2,508 sq. m.).
Built-Up Area	The total floor areas are as follow: Main Floor Area 11,040 sq. ft. (1,025.6 sq. m.) Ancillary Floor Area 37,543 sq. ft. (3,488 sq. m.)
Occupation Certificate	Issued by Dewan Bandaraya Kota Kinabalu on 7th March 2018

VALUATION METHODS

We have adopted the Comparison and Contractor's Test (Cost Method) in order to arrive at our opinion of the subject property's market value.

Comparables Adjustment

In this approach adjustments are applied directly to the adjusted building size (MFA) after allowing for differences in building components and depreciation. Adjusted building size reflects adjustments for the office component with a building factor of 1.25 applied to account for the difference in building rates for warehouse and office. The final adjusted rate is an all-in rate reflecting both building and land components. This is shown in the attached table.

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Title No.	CL 015309690	CL 015445404	CL 015569481	CL 015454270	CL 015677960	CL 015379727
Description	3-storey detached office with warehouse	3-storey detached office with warehouse	2-storey detached office with warehouse	2-storey detached office with warehouse	2-storey detached office with warehouse	2-storey detached office with warehouse
Address	Lot CL 015309690, Lorong Tongkuzu, Likas Baru Industrial Estate	Lot 2A, Jalan Kacang Tanah 1, Sedco Industrial Estate	Lot 2, SEDCO Industrial Estate, Jalan Kilang, Off Jalan Lintas	Lot No. 1, Jalan Bolukun, Jalan Tuaran BT 5.5	Lot CL 015677960, Lorong Perindustrian Suria	Lot No. 27, Jalan Kilang, Off Jalan Lintas, Sedco Industrial Estate
Land Area	27,007 sq. ft.	80,945 sq. ft.	27,879 sq. ft.	16,819 sq. ft.	87,040 sq. ft.	66,598 sq. ft.
Distance to Subject Property	3 km	2 km	4 km	2km	1km	2km
Accessibility	Off main road, no through access	Off main road, no through access	Fronting Jalan Kilang	Off main road, access is through dual lane service road	Off main road, narrow width, no through access	Off main road, access is through dual lane service road
Title Status	Individual	Individual	Individual	Individual	Individual	Individual
Tenure	60 years	99 years	99 years	999 years	99 years	99 years
Lease Remaining	52 years	53 years	52 years	901 years	83 years	48 years
Price Transacted	RM5,425,000	RM20,000,000	RM7,500,000	RM7,800,000	RM20,250,000	RM18,000,000
Date of Transaction	18/06/2020	02/01/2021	02/07/2021	05/04/2022	03/01/2023	09/06/2022
Rate psf on Land Area	RM201 psf	RM247 psf	RM269 psf	RM463 psf	RM232 psf	RM270 psf
Building Condition	Poor	Fair	Fair	Fair	Fair	Good
Adjusted Building MFA	16,334 sq. ft.	27,196 sq. ft.	15,962 sq. ft.	5,482 sq. ft.	36,464 sq. ft.	35,930 sq. ft.
Building Depreciation	90%	25%	25%	25%	25%	15%
Base Value Derive from Land Area	RM201 psf	RM247 psf	RM269 psf	RM464 psf	RM233 psf	RM270 psf

RICS

AZMI & CO

Date: 21st October 2023
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Adjustments	General adjustments are made for time/market conditions and various factors inclusive of locality, access, land size and tenure					
Rate on Land Area after Adjustment	RM208 psf	RM316 psf	RM281 psf	RM383 psf	RM275 psf	RM297 psf

Using this approach the value arrived at after applying the adopted all-in rate of RM300 psf is RM19,750,000.00.

<u>Contractor's Test (Cost Method)</u>

No.	Description	Parameters
1.	Total Building Costs	Main Building - RM160 psf to RM200 psf Ancillary Facilities - RM50 psf to RM80 psf
2.	Other costs	RM14.60 psf
3.	Depreciation Cost	25%
4.	Land Cost	RM200 psf
5.	Acquisition Cost	4.5%
6.	Financial Charges	3.75%

We have adopted RM160 to RM200 psf for main floor area and RM50 psf to RM50 psf for ancillary floor area based on Construction Cost Handbook/Arcadis (2022). A rate of RM200 per sq. ft. has been applied for the land after adjustments based on recent transactions between RM180 to RM214 per sq. ft. After deriving the building & other costs and allowing for depreciation, the land cost, acquisition cost and finance charges are added to derive the value of the subject property.

<u>Land Comparables Adjustment for Contractor's Test</u>

Details	Subject Property	Comparable 1	Comparable 2
Title No.	CL 015646867	CL 015726511	CL 015092430
Description	A large detached warehouse with double storey offices/showroom	Vacant land	Vacant land next to water reservoir
Address	Lot No. 223, Lorong Nelly 9/2, Phase 9, Taman Nelly, Kampung Nountun, Inanam, Kota Kinabalu	Mile 5½, Jalan Tuaran	Off Lorong Juta, Km 7, Jalan Tuaran
Land Area	65,787 sq. ft.	16,885 sq. ft.	81,893 sq. ft.
Distance to Subject Property	-	1 km	2½ km
Accessibility	Single carriageway with dual lanes	Single carriageway with dual lanes	Off main road, no through access
Zoning	Approved for use as a showroom with warehouse space	Industrial	Commercial
Terrain	Flat	Flat	Hilly & steep
Tenure	99 years	60 years	999 years
Lease Remaining	84 years	57 years	958 years
Price Transacted		RM3,050,000	RM17,500,000
Date of Transaction	-	18/06/2020	16/02/2022
Rate on Land Area		RM181 psf	RM214 psf
	General adjustments are made for time/market conditions and various factors inclusive of locality, accessibility, land area, terrain (earthwork & retaining wall) and tenure		
	Rate on Land Area after Adjustment	RM183 psf	RM259 psf

Building rates are based on prevailing market, our general experience and from Construction Cost Handbook/Arcadis (2022). Other development costs include external works, utilities, fees (consultants' fees at 7.0%) and interest. Depreciation has been allowed at 25%. Land value is adopted at RM200 psf based on recent transaction prices between RM180 psf to RM214 psf with adjusted rate between RM183 psf to RM259 psf. Acquisition cost allowed at 4.50% covers stamp duty and legal fees for purchase and loan documentation and is deducted after discounting.

AZMI & CO

Date: 21st October 2023
Our Ref: 1.4411.23/WCK

RECONCILIATION OF VALUES DERIVED

Comparison Method	-	RM19,750,000.00
Contractor's Test	-	RM19,300,000.00
Adopt	-	RM19,000,000.00

From the above approaches, we have placed greater weightage on the value derived from the Contractor's Test as we consider this more accurately reflects the condition of the building, title conditions, present market and its built-up size. Furthermore, land scarcity and construction cost have significantly contributed to higher development cost.

The Comparison Method in this case is less robust as all of the comparables have extensions and modifications that are not in compliance with planning requirements. Accordingly, estimated and adjusted built-up areas are likely to have a high margin of error. Furthermore, depreciation rates adopted are based on external observations and may not adequately reflect actual building conditions. Adjustment rates adopted are discretionary based on experience and market understanding. These weaknesses therefore mean the Comparison Method is more suitable as a secondary approach or a counter check measure. Accordingly, the market value adopted for the subject property is RM19,000,000.

11.0 A DOUBLE-STOREY DETACHED SHOP KNOWN AS LOT NO. 17, PHASE 3A, PLAZA LEMAWANG (SHOP/OFFICES), 89208, TUARAN SABAH

Subject Property	Lot No. 17, Phase 3A, Plaza Lemawang (Shop/Offices), 89208, Tuaran, Sabah
Location	Along Jalan Tuaran – Kota Belud, 89208, Tuaran, Sabah, about 3½ km from Tuaran Town
Date of Inspection / Valuation	28th February 2023
	TITLE DETAILS
Master Title No	CL 045115919 *(Individual subdivided title shall be issued in due course)*
Registered Owner	Lembaga Pembangunan Perumahan dan Bandar (LPPB)
Provisional Land Area	5,851.3 sq. ft. (543.6 sq. m.)
Tenure	999 years leasehold with 895 years unexpired
	PROPERTY DETAILS
Property Description	Comprising a double-storey detached shoplot, the subject property has a provisional land area of 5,851 sq. ft. (543.6 sq. m.). It is earmarked for a mini market. Ground and first floors are designed with an open retail area and toilets/w.c.s. The built-up area (main floor area) is 9,936 sq. ft.
Occupation Certificate	Issued by Majlis Daerah Tuaran on 19th December 2022

VALUATION METHODS

We have adopted the Comparison Method and Contractor's Test (Cost Method) in order to arrive at the market value of the subject property.

Comparison Method

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Location	Lot No. 1, Phase 3A, Plaza Lemawang	Lot No. 8, Phase 3A, Plaza Lemawang	Lot No. 9, Phase 3A, Plaza Lemawang	Lot No. 16, Phase 3A, Plaza Lemawang
Property	2-storey corner shop	2-storey corner shop	2-storey corner shop	2-storey corner shop
Built-Up Area	2,558 sq. ft.	2,558 sq. ft.	2,558 sq. ft.	2,558 sq. ft.
Transacted Price	RM690,000	RM690,000	RM690,000	RM690,000

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Transacted Price	RM270 psf	RM270 psf	RM270 psf	RM270 psf
Transacted Date	27/7/2021	14/10/2021	14/1/2022	14/7/2021
Adjustment	General adjustments are made for time/market conditions and various factors inclusive of building size and type			
Total Value After Adjustment	RM202 psf	RM202 psf	RM202 psf	RM202 psf

In arriving at the Market Value, we have taken into consideration relevant aspects of the comparables in terms of time/market conditions, size and type. After making adjustments, the value is RM202 psf.

As the comparables are within the same development as the subject property, we have taken relevant factors into account for adjustment. Factors that are common such as accessibility, title tenure and building condition have been excluded as there is no need for adjustments. We note that sub-sales of 2-storey corner lots on small 1,080 sq. ft. plots at an existing project, Plaza CKS, about 3.5 km north-east were transacted in 2022 at about RM1,000,000. The analysed rate on built-up area is about RM900 psf, which is more than four times the adjusted rate of RM202 psf. Conversely, the subject property, is more than fourfold in the term of size.

Taking into consideration all the factors above, we have adopted RM200 psf in our valuation as a fair representation of the market value.

Contractor's Test (Cost Method)

No.	Description	Parameters
1.	Total Building Costs	Main Building - RM150 psf Ancillary Facilities - RM50 psf
2.	Other costs	RM27.60 psf
3.	Land Cost	RM65 psf
4.	Acquisition Cost	4.5%
5.	Financial Charges	3.75%

We have adopted RM150 psf for the main floor area of the double storey detached shop and RM50 psf for its ancillary floor area. These rates are based on prevailing market, our general experience and from Construction Cost Handbook/Arcadis (2022). Based on analysis and adjustments of land transactions we have adopted RM65 psf for the land. After deriving the building & other costs, the land cost, acquisition cost and finance charges are added to derive the value of the subject property.

Land Comparables Adjustments for Contractor's Test

Details	**Subject Property**	**Comparable 1**	**Comparable 2**	**Comparable 3**	**Comparable 4**	**Comparable 5**
Title No.	CL 045115919	NT 043216655	CL 045314832	CL 015677577	CL 045339320	CL 037503718
Location	Lot No. 17, Plaza Lemawang	Off Jalan Sulaman, D'Sri Gayang Phase 3	Kg. Batangan, Off Jalan Bolong	No. 29, off Jalan Sepangar	Lot 18, IZ12, Jalan Tengah KKIP	Pekan Kota Belud, Lorong Dewan Kota Belud
Property	2-storey mini market	Terraced shop office plot	Residential land	Detached plot	Detached plot	Commercial lot
Accessibility	Good	Fair	Fair	Fair	Fair	Good
Land Area (sf)	5,851	1,100	34,412	30,252	87,124	6,669
Title Status	Master Title	Master Title	Individual	Individual	Master	Individual
Tenure	999 Years	Grant in perpetuity	99 Years	99 Years	99 Years	99 Years
Lease Remaining	895 Years	Grant in perpetuity	55 Years	76 Years	75 Years	82 Years
Zoning	Commercial	Commercial	Residential	Industrial	Industrial	Commercial
Transacted Price	-	RM120,000	RM1,250,000	RM1,512,597	RM3,746,160	RM980,000
Rate on Land Area	-	RM109 psf	RM36 psf	RM50 psf	RM43 psf	RM147 psf
Transacted Date	-	4/8/2018	6/1/2021	15/4/2021	6/4/2022	24/4/2013

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General adjustments are made for locality, accessibility, land area, title status, tenure, zoning and time/market conditions					
Land Value After Adjustment	RM82 psf	RM61 psf	RM67 psf	RM64 psf	RM122 psf
In this case the most suitable comparable is Comparable 1 as it is a shophouse plot. The average rates and most suitable comp are almost similar.					

Building rates are based on prevailing market, our general experience and from Construction Cost Handbook/Arcadis (2022). Other development costs include external works, utilities, professional fees and interest. Land value is adopted at RM65 psf based on transaction prices between RM50 psf to RM100 psf. After making adjustment, the land value is derived between RM64 psf and RM122 psf. Acquisition cost is allowed at 4.50% which covers stamp duty and legal fees for purchase and loan documentation.

RECONCILIATION OF VALUES DERIVED

Comparison Method	-	RM2,000,000.00
Contractor's Test	-	RM2,100,000.00
Adopt	-	RM2,000,000.00

From the above approaches, the Comparison Method appears to be more reliable in arriving at the Market Value of the subject property. This is because we are able to rely on sales of double storey corner units within the project thus allowing for direct comparison with limited adjustments required. The Contractor's Test (Cost Method) is therefore used as a check on the overall magnitude of our valuation. Having regard to both approaches and based on our knowledge and understanding of the market, we have adopted the Market Value as expressed above for the subject property.

12.0 A 20.4 ACRES RESIDENTIAL DEVELOPMENT SITE PROPOSED FOR 5 BLOCKS OF 39-STOREYS APARTMENTS & 2-STOREYS SUPERLINK HOUSES AT ALAMESRA, OFF SULAMAN COASTAL HIGHWAY, 88450, KOTA KINABALU, SABAH.

Subject Property	A parcel of mixed-use development land at Alamesra
Location	Alamesra, Kota Kinabalu, Sabah
Date of Inspection / Valuation	6th October 2023
	TITLE DETAILS
Title No.	CLs 015719874, 015719918, 015719909 & 015719892
Registered Owner	Millennium Amber Sdn. Bhd. *(Co. No. 1120533-D)* *(For all titles)*
Land Area	8.24 hectares (20.4 acres) more or less
Tenure	99 years with 75¼ years unexpired *(For all titles)*
	PROJECT DETAILS
Site Description	The subject property is an approved mixed development on a 20.37 acres site to be known as "Ayuria Place, Alamesra" held under 4 adjoining titles. The interest being valued is the land (to be amalgamated and subdivided) with the benefit of development plan approved by Dewan Bandaraya Kota Kinabalu on 13th September 2023 *(vide Ref: DBKK No. R/1151(G)/JLD.7/(250).* Construction work is now at early stage.
Development Overview	Details of the proposed development are as follows: The Village (Phase 1A) has 4 units of 2-storeys sales office & shoplot. Estimated gross built-up area for each 2-storeys building is 3,660 sq. ft.

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	Araya Gardens (Phase 1B) comprises 42 units of 2-storeys superlink terraced houses over 5.057 acres with a density of 8 units per acre. Plot sizes range from 2,166 sq. ft. to 6,402 sq. ft. Gross built-up area is about 2,754 sq. ft. for intermediate units whilst intermediate corner and corner units are around 2,804 sq. ft. and 2,813 sq. ft. respectively.
	Kayana Heights (Phase 2) has 2 blocks of 39-storeys apartments with 6-storeys car park podium A, 3 blocks of 39-storeys apartments with 8-storeys car park podium B. Unit sizes ranging from 650 sq. ft. – 1,000 sq. ft. Based on the total of 2,135 dwellings and site area of 14.45 acres, density is 148 units per acre.
Sales performance	(The Village) shops shall be kept as investments by the client. As project launch for Araya Garden and Kayana Heights are tentatively planned to be at the 1st quarter of 2024, there are no sales as yet.
Sales & Purchase Agreement	The subject property was purchased from Millenium Amber Sdn Bhd on 9th January 2023 for RM73,999,718 (in a vacant undeveloped state and without benefit of approved development plan).
Commencement Date	Phase 1A (The Village) - September 2023 Phase 1B (Araya Gardens) - September 2023 Phase 2 (Kayana Heights) - January 2024-December 2025
Completion Date	September 2028

VALUATION METHODS

Residual Method *(Primary Method)*

We have adopted the Residual Method in order to arrive at the market value of the subject property. As a check on the overall magnitude of value, we have taken into account the market value of the land derived by the comparison method to which is then added the cost incurred.

Summary of the computation by the residual method is tabulated below.

Araya Gardens (Phase 1B)

Gross Development Value (GDV)	RM51,514,288
Gross Development Cost (GDC)	RM23,558,688
Developer's Profit	18.0%
Remaining Development Period	2 years
Present Value Discount Rate	4%

Summary of Gross Development Value (GDV) - *Araya Gardens (Phase 1B)*

The total units of this project is 42 units double storey terraced houses. Selling price is RM1,200,000 to RM1,400,000 for non-bumi lots. Bumi lot prices are reflected by a 5% discount with selling prices from RM1,140,000 to RM1,235,000.

Gross Development Value is derived by reference to selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

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Summary of Gross Development Cost (GDC) - *Araya Gardens (Phase 1B)*

No.	Items	Total Value of Costs Estimate	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, Building Works and External Works/Infrastructure including M&E	RM18,921,089	RM551,819	RM18,369,270
2	Other costs	RM2,921,049	RM9,656	RM2,911,393
3	Professional Fees	RM701,972	RM1,326	RM700,646
4	Finance Charges	RM1,014,578	RM242	RM1,014,336
5	Developer's Profit	18%	-	RM9,272,572

Remarks to Cost items

1. The parameters adopted for items 1 to 2 are based on our estimate derived from Construction Cost Handbook/Arcadis (2022) as per our valuation. The rates psf and percentages adopted are generally within industry average. Professional fees is based on 3.5% of the estimated cost item 1.
2. Developer's Profit - As the project is ongoing, risks and uncertainties such as planning approval, site conditions, technical and legal issues have largely been removed. Accordingly, we have adopted 18% of gross development value as developer's profits.
3. We have adopted an estimated development period of 2 years in our valuation which we are consider realistic based on the limited units and a survey of sales performance of similar projects.

<u>Kayana Heights (Phase 2) and The Village (Phase 1A)</u>

Gross Development Value (GDV)	RM810,949,676
Gross Development Cost (GDC)	RM591,743,289
Developer's Profit	18.0%
Remaining Development Period	3.5 years
Present Value Discount Rate	4%

Summary of Gross Development Value (GDV) - *Kayana Heights (Phase 2) and The Village (Phase 1A)*

The total units of this project are 2,135 apartments and 4 units of 2-storeys shoplot. For Podium A (Blocks A1 & A2), selling prices for non-bumi lots are between RM347,750 to RM409,500. Bumi lot prices are reflected by a 5% discount with selling prices from RM330,363 to RM389,025. With regard to Podium B (Blocks B1, B2 & B3) as APDL (Advertising Permit and Developer's License) has not been submitted and obtained, there is no selling price chart for reference. Prices between RM354,250 to RM4700,000 for non-bumi lots and RM336,538 to RM446,500 for bumi lots have been adopted in the range RM428-575 psf based on survery and analysis price of similar projects.

For The Village, we have adopted a price of RM1,200,000 per unit based on comparison with transacted units.

Gross Development Value is derived by reference to selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

Summary of Gross Development Cost (GDC) - *Kayana Heights (Phase 2) & The Village (Phase 1A)*

No.	Items	Total Value of Costs Estimate	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, Building Works and External Works/Infrastructure including M& E	RM475,297,133	RM823,086	RM474,474,047
2	Other costs	RM61,394,215	RM127,244	RM61,266,971
3	Professional Fees	RM17,633,524	RM18,674	RM17,614,850
4	Finance Charges	RM37,418,417	RM3,411	RM37,415,006
5	Developer's Profit	18%	-	RM145,970,942

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Remarks to Cost items

1. The parameters adopted for items 1 to 2 are based on our estimate derived from Construction Cost Handbook/Arcadis (2022) as per our valuation. The rates psf and percentages adopted are generally within industry average. Professional fees is based on 3.5% of the estimated cost item 1.
2. Developer's Profit - As the project is ongoing, risks and uncertainties such as planning approval, site conditions, technical and legal issues have largely been removed. Accordingly, we have adopted 18% of gross development value as developer's profits.
3. We have adopted an estimated development period of 3½ years in our valuation. We are of the opinion the estimated development period is realistic based on the subject locality's large catchment and survey of sales achievements of similar projects.

Future Development Land

There are 2 parcels of future development land based on the endorsed development plan. We have taken into account the larger parcel with a land size of 5,290.3 sq. m. (56,945 sq. ft.) with the possibility of developing a block of apartments with about 135 residences. The smaller site has been ignored as its size limits any significant development.

We have compared the future development land (larger parcel) with 3 comparables of similar sizes. After making reasonable adjustments for different factors, we have adopted RM116 per sq. ft. to derive a value of RM6,600,000.00. The comparable adjustments table is as follows:

Description	Comparable 1	Comparable 2	Comparable 3
Title No.	PL 016079155	CL 015430298	CL 015325176
Site Description	Flat and slightly higher than access road	Flat and same level with access road	Hillside with higher costs for slope stabilisation and drainage
Locality	Taman BDC, Kolombong	VIP Lot, KK	Signal Hill, Jalan Bukit Bendera
Accessibility	Dual lane carriageway	Dual lane carriageway	Winding dual lane carriageway
Land Area	45,737	42,625	39,596
Approved Development	Nil	Nil	Nil
Zoning	Local Centre	Residential Low Density	Residential Medium Density
Special Terms/Clause	Rubber produced is liable to royalty	One Dwelling House	Nil
Density	Unknown, assume normal density of 80 units per acre		
Tenure	999 years	999 years	999 years
Remaining Term	904 1/2	885 1/4	884 1/2
Transaction Dates	19/01/2022	25/08/2022	20/05/2022
Transacted Price	RM 5,000,000	RM 7,350,000	RM 4,000,000
RM/PSF	RM 109	RM 172	RM 101
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of location, terrain, land area, accessibility, tenure, conversion premium, density, infrastructure, and capital contribution for upgrading of utilities.		
Land Value After Adjusted Rate	RM 116 psf	RM 186 psf	RM 115 psf

Cost Incurred

This is for capital expenditure sunk into the project which has to be added back after arriving at the residual value and discounting to present value. Cost incurred into the project is based on actual expenditure provided by client's consultant. Material on site such as aggregate, cement, ready mix, river sand are essential to the development which have been paid for. They are constantly being delivered and used as the project is ongoing. We have therefore taken this into account and considered them as cost sunk-in. The amount has been inserted in the final value. As at the date of valuation, there are no external work/infrastructure costs incurred for this project.

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Comparison Method *(Check Method)*

Title No.	**CL 015000405 & 3 others**	**TL 017549665**
Site Description	Steep hillside with higher costs for slope stabilization and drainage	
Negative Features (Cemetery/Airport)	Next to Cemetery	Next to Airport
Locality	Signal Hill, Bukit Bendera	Shangrila Heights, Kepayan
Accessibility	Winding dual lane carriageway	Dual lane carriageway
Land area	447,798 sq. ft.	69,696 sq. ft.
Approved Development	Approved	Approved
Special Terms/Clause	Residential Buildings	Residential Buildings
Component	25-storeys condominium with 242 units and 29-storeys condominium with 548 units	10-storeys condominium with 165 units
Density	76 units per acre	103 units per acre
Tenure	999 years	99 years
Remaining Term	879 – 892 years	74 ¼ years
Transacted Dates	2/2/2023	15/08/2022
Transacted Price	RM44,800,000	RM10,800,000
RM/psf	RM100 psf	RM155 psf
Adjustments	General adjustments are made for terrain and various factors inclusive of location, accessibility, negative features, land area, density, time/market condition and remaining tenure.	
Land Value After Adjustment	RM88 psf	RM110 psf

In arriving at the Market Value, we have taken into consideration relevant aspects of the comparables in terms of location, accessibility, negative features, land area, density, time/market condition and remaining tenure. After adjustments, the values derived are between RM88 – RM110 psf.

In adopting the rate to derive Ayuria Place's value, we have placed greater emphasis on Comparable 2 which is deemed as more suitable as density and remaining title tenure are similar with the subject property. Taking into consideration all the factors above, we have adopted the rate of RM110 psf to derive its value. After allowing for cost incurred, the value derived is RM99,000,000.

Principal macro factors taken into consideration, in arriving at the market value using the residual and comparison methods are as follows:

1) Demand for housing is supported by TAR University College & Universiti Malaysia Sabah (UMS), which are major drivers and contributors of the State's educational system. Both are within a stone's throw of the subject property.
2) A large number of government agencies/authorities offices, such as Menara Kastam, Jabatan Pendaftaran Negara and Immigration Department, commonly referred to as "mini Putrajaya", near the subject property provides a good market catchment for the apartments.
3) Pusat Pentadbiran Negeri Sabah or known as "PPNS", the State's administration offices is within 3km of the project.
4) The project is in a prime locality with proximity to all its attendant amenities including recreational facilities, banking facilities, government offices, dining and entertainment outlets and shopping conveniences.

RECONCILIATION OF VALUES DERIVED

Residual Method	-	RM88,900,000.00
Comparison Method	-	RM99,000,000.00
Adopt	-	RM88,900,000.00

From the above approaches, the comparison value has a variance of 11.4% over the Residual Method. However, the Residual Method is considered the more reliable approach in this case and we have therefore adopted the value derived as the Market Value of the subject property.

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This is because it reflects the overall concept of the project with its different components, its development density and locational attributes. The Comparison Method does not adequately capture the project features and is therefore used as a check on the overall magnitude of our valuation.

VALUATION

Having taken all factors known to us into consideration, we are of the opinion that the market values of the subject property on 6th October 2023 are as follows:

Phase 1B – *Araya Gardens*

RM17,000,000.00 (RINGGIT MALAYSIA SEVENTEEN MILLION ONLY).

Phases 1A & 2 – *The Village & Kayana Heights*

RM63,800,000.00 (RINGGIT MALAYSIA SIXTY-THREE MILLION AND EIGHT HUNDRED THOUSAND ONLY).

Future Development Land

RM6,600,000.00 (RINGGIT MALAYSIA SIX MILLION AND SIX HUNDRED THOUSAND ONLY).

Cost Incurred – *(Ayuria Place)*

RM1,500,000.00 (RINGGIT MALAYSIA ONE MILLION AND FIVE HUNDRED THOUSAND ONLY).

GRAND TOTAL – "Ayuria Place" held under CL 015719874 & 3 others

RM88,900,000.00 (RINGGIT MALAYSIA EIGHTY-EIGHT MILLION AND NINE HUNDRED THOUSAND ONLY).

16. STATUTORY AND OTHER INFORMATION

16.1 SHARE CAPITAL

(a) As at the date of this Prospectus, we have only one class of shares, namely, ordinary shares, all of which rank equally with one another.

(b) Save for the Pink Form Allocations as disclosed in Section 4.3.3;

(i) no Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries; and

(ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.

(c) Save for the new Shares issued for the Acquisitions and to be issued for the Public Issue as disclosed in Sections 6.2 and 4.3.1 respectively, no shares of our Company have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus.

(d) Other than our Public Issue as disclosed in Section 4.3.1, there is no intention on the part of our Directors to further issue any Shares on the basis of this Prospectus.

(e) As at the date of this Prospectus, our Company does not have any outstanding convertible debt securities.

16.2 SHARE CAPITAL OF OUR SUBSIDIARIES

Details of our Company's share capital are set out in Section 6.1. Details of the share capital of our subsidiaries are set out below.

16.2.1 KTISB

KTISB's share capital as at LPD is RM1,000,000 comprising 1,000,000 ordinary shares. The movements in its share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration / Type of issue	Cumulative share capital
			RM
27 August 1984	2	RM2 / Cash	2
11 February 1985	505,345	RM505,345 / Cash	505,347
22 August 1996	494,653	RM494,653 / Cash	1,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in KTISB. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

16. STATUTORY AND OTHER INFORMATION *(Cont'd)*

16.2.2 KTID

KTID's share capital as at LPD is RM1,000,000 comprising 1,000,000 ordinary shares. The movements in its share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration / Type of issue	Cumulative share capital
			RM
5 January 1994	2	RM2 / Cash	2
2 July 1998	99,998	RM99,998 / Cash	100,000
27 September 2002	150,000	RM150,000 / Cash	250,000
31 October 2003	250,000	RM250,000 / Cash	500,000
1 March 2011	500,000	RM500,000 / Cash	1,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in KTID. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

16.2.3 Landmark Property

Landmark Property's share capital as at LPD is RM2,000,000 comprising 2,000,000 ordinary shares. The movements in its share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration / Type of issue	Cumulative share capital
			RM
7 December 1981	2	RM2 / Cash	2
28 July 1997	2	RM2 / Cash	4
27 October 1997	249,996	RM249,996 / Cash	250,000
2 June 2004	250,000	RM250,000 / Cash	500,000
6 July 2015	1,500,000	RM1,500,000 / Otherwise than Cash	2,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Landmark Property. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

16.2.4 Dataran Jayamakmur

Dataran Jayamakmur's share capital as at LPD is RM1,000,000 comprising 1,000,000 ordinary shares. The movements in its share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration / Type of issue	Cumulative share capital
			RM
1 April 2002	2	RM2 / Cash	2
17 July 2003	99,998	RM99,998 / Cash	100,000
7 April 2004	900,000	RM900,000 / Cash	1,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Dataran Jayamakmur. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

16.2.5 KTI Industrial

KTI Industrial's share capital as at LPD is RM500,000 comprising 500,000 ordinary shares. The movements in its share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration / Type of issue	Cumulative share capital
			RM
9 August 1993	2	RM2 / Cash	2
26 October 1993	19,998	RM19,998 / Cash	20,000
19 September 1995	230,000	RM230,000 / Cash	250,000
19 May 1998	250,000	RM250,000 / Cash	500,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in KTI Industrial. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

16.2.6 KTI Hotel & Resort

KTI Hotel & Resort's share capital as at LPD is RM20,000,000 comprising 20,000,000 ordinary shares. The movements in its share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration / Type of issue	Cumulative share capital
			RM
14 July 2016	2	RM2 / Cash	2
10 July 2020	9,999,998	RM9,999,998 / Cash	10,000,000
17 March 2022	10,000,000	RM10,000,000 / Cash	20,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in KTI Hotel & Resort. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

16.3 CONSTITUTION

The following provisions are extracted from our Constitution. Terms defined in our Constitution shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires.

16.3.1 Changes in share capital and variation of class rights

The provisions in our Constitution dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:

Clause 8 – Variation of Rights

(1) *Variation of rights*

If at any time the share capital is divided into different classes of shares, the rights attached to each class of shares (unless otherwise provided by the terms of issue of the shares of that class) may only, whether or not the Company is being wound up, be varied:

(a) with the consent in writing of the holders holding not less than 75.0% of the total voting rights of the holders of that class of shares; or

(b) by a special resolution passed by a separate meeting of the holders of that class of shares sanctioning the variation.

Clause 12 – Issue of Securities

(1) *Allotment of shares or grant of rights*

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject always to the Act, the Listing Requirements and this Constitution, the Directors have the right to:

(a) issue and allot shares in the Company; and

(b) grant rights to subscribe for shares or options over unissued shares in the Company.

(3) *Issue of new shares or securities to Members*

(a) Subject to the Act, the Listing Requirements and any direction to the contrary that may be given by the Company in General Meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled.

(b) The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company.

(c) The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

(4) General mandate for issue of securities

Subject to Rule 6.07 of the Listing Requirements and notwithstanding the existence of a resolution pursuant to Sections 75(1) and 76(1) of the Act, the Company must not issue any shares or convertible securities if the total number of those shares or convertible securities, when aggregated with the total number of any such shares or convertible securities issued during the preceding 12 months, exceeds 10.0% of the total number of issued shares (excluding treasury shares) of the Company except where the shares or convertible securities are issued with the prior shareholder approval in a General Meeting of the precise terms and conditions of the issue.

Clause 46 – Alteration of capital

(3) Purchase of own shares

The Company shall have the power, subject to and in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines in respect thereof for the time being in force, to purchase its own shares and thereafter to deal with the shares purchased in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines thereunder or issued by Bursa Securities and any other relevant authorities in respect thereof.

16.3.2 Borrowing and voting power of the directors

The provisions in our Constitution dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contract in which they are interested in are as follows:

Clause 95 – Powers of Directors

Without limiting the generality of Clause 94(1) and (2), the Directors may, subject to the Act and the Listing Requirements, exercise all the powers of the Company to do all or any of the following for any debt, liability, or obligation of the Company or of any third party:

Borrowing

(1) borrow money;

Mortgage

(2) mortgage or charge its undertaking, property, and uncalled capital, or any part of the undertaking, property and uncalled capital;

Issue debentures

(3) issue debentures and other Securities whether outright or as security; and/or

Lend or advance money

(4) (a) lend and advance money or give credit to any person or company;

(b) guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company;

(c) secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company;

and otherwise to assist any person or company.

Clause 97 – Powers of Directors

Power of attorney

(1) The Directors may from time to time by power of attorney appoint any corporation, firm, or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for the purposes and with the powers, authorities, and discretions (not exceeding those vested in or exercisable by the Directors under this Constitution) and for a period and subject to any conditions as the Directors may think fit.

(2) Any powers of attorney granted under Clause 97(1) may contain provisions for the protection and convenience of persons dealing with the attorney as the Directors think fit and may also authorise the attorney to delegate all or any of the powers, authorities, and discretions vested in the attorney.

Clause 105 – Directors' Interest in Contracts

Directors' interest in contracts

(a) A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest.

(b) Every Director shall observe the provisions of Sections 221 and 222 of the Act relating to the disclosure of the interest of the Directors in contracts or proposed contracts with the Company or of any office or property held by the Directors which might create duties or interest in conflict with their duties or interest as Directors and participation in discussion and voting. Such disclosure of material personal interest by the Directors shall be in the form of a notice. Such notice shall be in the form and manner prescribed under Section 221 of the Act.

Clause 107 – Passing of resolution by the Directors

(1) Passing of resolution by more than one Director

The Directors may pass a resolution without a Board Meeting, if a majority of the Directors entitled to vote and sign on the resolution signed the resolution, signifying their agreement to the resolution set out in the document.

Clause 118 – Voting at Board Meetings

(1) *Directors' decision*

Subject to this Constitution, questions arising at a Board Meeting shall be decided by a majority of votes of Directors present and voting and any such decision shall for all purposes be deemed a decision of the Directors.

(2) *Casting of vote*

Each Director is entitled to cast 1 vote on each matter for determination.

16.3.3 Remuneration of directors

The provisions in our Constitution dealing with remuneration of Directors are as follows:

Clause 93 – Remuneration of Directors

(1) *Non-executive Directors' remuneration*

The Company may from time to time by an ordinary resolution passed at a General Meeting, approve the remuneration of the Directors, who hold non-executive office with the Company, for their services as non-executive Directors.

(2) *Fee*

Subject to Clause 84, the fees of the Directors and any benefits payable to the Directors shall be subject to annual shareholders' approval at a General Meeting.

(3) *Fee of non-executive Directors*

If the fee of each such non-executive Director is not specifically fixed by the Members, then the quantum of fees to be paid to each non-executive Director within the overall limits fixed by the Members, shall be decided by resolution of the Board. In default of any decision being made in this respect by the Board, the fees payable to the non-executive Directors shall be divided equally amongst themselves and such a Director holding office for only part of a year shall be entitled to a proportionate part of a full year's fees. The non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.

(4) *Expenses*

The following expenses shall be determined by the Directors:

(a) Traveling, hotel and other expenses properly incurred by the Directors in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company; and

(b) Other expenses properly incurred by the Directors arising from the requirements imposed by the authorities to enable the Directors to effectively discharge their duties.

(5) *Executive Directors' remuneration*

Executive Directors of the Company shall be remunerated in the manner referred to in Clause 84 but such remuneration shall not include a commission on or percentage of turnover.

16.3.4 Transfer of Shares

The provisions in our Constitution dealing with transfer of shares as follows:

Clause 14 – Transfer of Securities

Transfer of securities

The transfer of any Deposited Security or class of Deposited Security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Deposited Securities.

Clause 17 – Transfer of Shares or Debentures

(1) *Instrument of transfer*

Subject to this Constitution and other written laws, any Shareholder or debenture holder may transfer all or any of his shares or debentures by instrument of transfer as prescribed under the Act.

(2) *Execution of instrument of transfer*

The instrument of transfer must be executed by or on behalf of the transferor and the transferee.

(3) *Effect the transfer of shares or debentures*

The transferor shall remain as the holder of such shares or debentures until the transfer is registered and the name of the transferee is entered in the Register of Members or register of debenture holders in respect of the shares or debentures respectively.

16.4 GENERAL INFORMATION

(a) Save for the dividends paid to our shareholders in FYE 2020 to 2023 and up to LPD and Directors' remuneration as disclosed in Sections 12.17 and 5.2.4 respectively, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be paid or given, to any of our Promoter, Director or substantial shareholder.

(b) Save as disclosed in Section 10.1, none of our Directors or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.

(c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the summarised procedures for application of our Shares are set out in Section 17.

(d) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

16.5 CONSENTS

(a) The written consents of our Adviser, Sponsor, Underwriter, Placement Agent, Solicitors, Share Registrar, Company Secretary and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;

(b) The written consents of our Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and report relating to the pro forma combined financial information in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn;

(c) The written consent of our IMR to the inclusion in this Prospectus of its name and the IMR Report, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn; and

(d) The written consent of our Independent Valuer for the inclusion in this Prospectus of its name and the valuation certificates in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

16.6 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

(a) Constitution;

(b) Audited financial statements of KTI Landmark, KTID, KTISB, Landmark Property, Dataran Jayamakmur, KTI Industrial and KTI Hotel & Resort for FYE 2020 to 2023, where applicable;

(c) Accountants' Report as set out in Section 13;

(d) Reporting Accountants' Report relating to our pro forma combined financial information as set out in Section 14;

(e) IMR Report as set out in Section 8;

(f) Material contracts as set out in Section 6.5;

(g) Relevant documents for the material litigation referred in Section 12.7;

(h) Letters of consent as set out in Section 16.5; and

(i) Valuation certificates as set out in Section 15 and the valuation reports.

16.7 RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Selling Shareholders have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M & A Securities acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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17. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

17.1 OPENING AND CLOSING OF APPLICATION PERIOD

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 21 MAY 2024

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 4 JUNE 2024

In the event there is any changes to the timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

Late Applications will not be accepted.

17.2 METHODS OF APPLICATIONS

17.2.1 Retail Offering

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of investors	Application Method
Applications by our Eligible Persons	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

17.2.2 Placement

Types of Application	Application Method
Applications by selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.
Applications by Bumiputera investors approved by MITI	MITI will contact the Bumiputera investors directly. They should follow MITI's instructions.

Selected investors and Bumiputera Investors approved by MITI may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

17.3 ELIGIBILITY

17.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. **Invalid, nominee or third party CDS accounts will not be accepted for the Application**.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 ISSUE SHARES OR MULTIPLES OF 100 ISSUE SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

17.3.2 Application by Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

(a) You must be one of the following:

(i) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or

(ii) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

(iii) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(b) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and

(c) You must submit Applications by using only one of the following methods:

(i) White Application Form; or

(ii) Electronic Share Application; or

(iii) Internet Share Application.

17.3.3 Application by Eligible Person(s)

The Eligible Person(s) will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated IPO shares. Applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus.

17.4 APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.30 for each IPO Share.

Payment must be made out in favour of **"TIIH SHARE ISSUE ACCOUNT NO. 759"** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(a) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

(b) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

So as to arrive not later than 5.00 p.m. on 4 June 2024 or by such other time and date specified in any change to the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

17.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

17.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS International Securities Sdn Bhd (formerly known as CGS-CIMB Securities Sdn Bhd), Malayan Banking Berhad and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

17.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

(a) reject Applications which:

(i) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

(ii) are illegible, incomplete or inaccurate; or

(iii) are accompanied by an improperly drawn up or improper form of remittance; or

(b) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(c) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 17.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

17.8 OVER / UNDER SUBSCRIPTION

In the event of over-subscription, the Issuing House, will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our Issue Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by the issuing house to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the issuing house's website at https://tiih.online within 1 market day after the balloting date.

Under the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the ACE Market. In such an event, we will return in full, without interest, all monies paid in respect of all Applications.

In the event of an under-subscription of our Issue Shares by the Malaysian Public and/or Eligible Persons, subject to the underwriting arrangements and reallocation as set out in Section 4.3.4, any of the abovementioned Issue Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

17.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application Monies (without interest) will be refunded to you in the following manner.

17.9.1 For applications by way of Application Forms

(a) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

(b) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (a) and (b) above (as the case may be).

(d) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (b) above (as the case may be).

17.9.2 For applications by way of Electronic Share Application and Internet Share Application

(a) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.

(b) You may check your account on the 5th Market Day from the balloting date.

(c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

17.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

(a) Our IPO Shares allotted to you will be credited into your CDS Account.

(b) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(c) In accordance with Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the Central Depositories Act and Depository Rules.

(d) In accordance with Section 29 of the Central Depositories Act, all dealings in our Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

17.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services at telephone no. 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at https://tiih.online, **one Market Day** after the balloting date.

17. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

You may also check the status of your Application at the above website, **5 Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.

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