

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA FINANCIAL INFORMATION



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Strictly private and confidential

The Board of Directors

Siab Holdings Berhad (formerly known as Siab Holdings Sdn. Bhd.)

No. 82, Jalan BP 7/8

Bandar Bukit Puchong

47120 Puchong

Selangor Darul Ehsan

[] 2021

DRAFT FOR PURPOSE OF
INCLUSION IN PROSPECTUS FOR
PROSPECTUS EXPOSURE

Dear Sir/Madam,

Siab Holdings Berhad (formerly known as Siab Holdings Sdn. Bhd.) (“Siab Holdings” or the “Company”) and its combining entities, Siab (M) Sdn. Bhd. and its subsidiaries (“Siab (M)”) (collectively, the “Group”)

Report on the compilation of pro forma combined statements of financial position for inclusion in the Company’s prospectus in connection with the initial public offering of 122,409,000 ordinary shares in the Company in conjunction with the proposed listing of and quotation for the entire issued share capital of the Company on the Ace Market of Bursa Malaysia Securities Berhad (“Prospectus”) (“Proposed IPO”)

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 2020 (“Pro Forma Financial Position”) prepared by the Board of Directors of the Company (the “Directors”). The Pro Forma Financial Position and the related notes as set out in Attachment A, have been stamped by us for identification purposes. The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Position are described in the notes to the Pro Forma Financial Position. The Pro Forma Financial Position is prepared in accordance with the requirements of Chapter 9 of 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.

The Pro Forma Financial Position has been compiled by the Directors for inclusion in the Prospectus solely to illustrate the impact of the transactions as set out in the notes to the Pro Forma Financial Position in Attachment A on the Group’s combined statements of financial position as at 31 December 2020, as if the transactions had taken place as at 31 December 2020. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s audited combined financial statements for the year ended 31 December 2020, on which a reporting accountants’ report dated 26 June 2021 has been issued.

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA FINANCIAL INFORMATION
(Cont'd)



Siab Holdings Berhad
(formerly known as Siab Holdings Sdn. Bhd.)
*Report on the compilation of pro forma combined
statements of financial position for inclusion in
the Prospectus in connection with the IPO*
26 June 2021

Directors' Responsibility for the Pro Forma Financial Position

The Directors are responsible for compiling the Pro Forma Financial Position on the basis described in the notes to the Pro Forma Financial Position in Attachment A as required by the Prospectus Guidelines.

Reporting Accountants' Independence and Quality Control

We have complied with the independence and other ethical requirement of the *By-Laws (on Professional Ethics, Conduct and Practice)* issued by the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and 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 Financial Position has been compiled, in all material respects, by the Directors on the basis described in the notes to the Pro Forma Financial Position in Attachment A.

We conducted our engagement in accordance with International Standard on Assurance Engagement (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 plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Financial Position on the basis described in the notes to the Pro Forma Financial Position in Attachment A.

For the purpose 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 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 Financial Position.

The purpose of the Pro Forma Financial Position included in the Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

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Siab Holdings Berhad
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[] 2021

Reporting Accountants' Responsibilities (continued)

A reasonable assurance engagement to report on whether the Pro Forma Financial Position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma 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 Financial Position as at 31 December 2020 has been compiled, in all material respects, on the basis stated in the notes to the Pro Forma Financial Position in Attachment A.

Other Matter

Our report on the Pro Forma Financial Position has been prepared for the submission to the Securities Commission Malaysia in connection with the Proposed IPO and should not be relied upon for any other purposes.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Lam Shuh Siang
Approval Number: 03045/02/2023 J
Chartered Accountant

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA FINANCIAL INFORMATION (Cont'd)

Attachment A

Siab Holdings Berhad (formerly known as Siab Holdings Sdn. Bhd.) ("Siab Holdings" or the "Company") and its combining entities, Siab (M) Sdn. Bhd. and its subsidiaries ("Siab (M)") (collectively, "the Group")
Pro Forma Combined Statements of Financial Position and the notes thereon

Pro Forma Combined Statements of Financial Position

The pro forma combined statements of financial position of the Group as at 31 December 2020 ("Pro Forma Financial Position") as set out below have been prepared for illustrative purposes only to show the effects of the transactions referred to in Note 2 had these transactions been effected on 31 December 2020, and should be read in conjunction with the said notes to the Pro Forma Financial Position.

	As at 31 December 2020*	After adjustments for subsequent event	After Pro Forma I and the Acquisition of Siab (M)	After Pro Forma II and the Initial Public Offering ("IPO")	After Pro Forma III and the use of proceeds
Notes	RM	RM	RM	RM	RM
Assets					
Property, plant and equipment	6,658,233	6,658,233	6,658,233	6,658,233	6,658,233
Right-of-use assets	205,511	205,511	205,511	205,511	205,511
Investment properties	5,568,784	5,568,784	5,568,784	5,568,784	5,568,784
Other investments	835,659	835,659	835,659	835,659	835,659
Total non-current assets	13,268,187	13,268,187	13,268,187	13,268,187	13,268,187
Trade and other receivables	79,941,144	79,941,144	79,941,144	79,941,144	79,941,144
Contract assets	59,514,662	59,514,662	59,514,662	59,514,662	59,514,662
Current tax assets	36,879	36,879	36,879	36,879	36,879
Cash and cash equivalents	13,378,743	9,378,743	9,378,743	[.]	[.]
Total current assets	152,871,428	148,871,428	148,871,428	[.]	[.]
Total assets	166,139,615	162,139,615	162,139,615	[.]	[.]
Equity					
Share capital	3	3	36,722,511	[.]	[.]
Invested equity	1,000,000	-	-	-	-
Retained earnings	35,719,008	31,719,008	31,719,008	[.]	[.]
Merger reserve	-	-	(35,722,508)	(35,722,508)	(35,722,508)
Total equity	36,719,011	32,719,011	32,719,011	[.]	[.]

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA FINANCIAL INFORMATION (Cont'd)

Attachment A

Siab Holdings Berhad (formerly known as Siab Holdings Sdn. Bhd.) ("Siab Holdings" or the "Company") and its combining entities, Siab (M) Sdn. Bhd. and its subsidiaries ("Siab (M)") (collectively, "the Group")
 Pro Forma Combined Statements of Financial Position and the notes thereon

	As at 31 December 2020*	Pro Forma I After adjustments for subsequent event RM	Pro Forma II After Pro Forma I and the Acquisition of Siab (M) RM	Pro Forma III After Pro Forma II and the Initial Public Offering ("IPO") RM	Pro Forma IV After Pro Forma III and the use of proceeds RM
Liabilities					
Loans and borrowings	7,846,842	7,846,842	7,846,842	7,846,842	7,846,842
Deferred tax liabilities	459,616	459,616	459,616	459,616	459,616
Total non-current liabilities	8,306,458	8,306,458	8,306,458	8,306,458	8,306,458
Trade and other payables	108,646,799	108,646,799	108,646,799	108,646,799	108,646,799
Contract liabilities	6,625,221	6,625,221	6,625,221	6,625,221	6,625,221
Loans and borrowings	4,400,275	4,400,275	4,400,275	4,400,275	4,400,275
Lease liabilities	176,948	176,948	176,948	176,948	176,948
Current tax liabilities	1,264,903	1,264,903	1,264,903	1,264,903	1,264,903
Total current liabilities	121,114,146	121,114,146	121,114,146	121,114,146	121,114,146
Total liabilities	129,420,604	129,420,604	129,420,604	129,420,604	129,420,604
Total equity and liabilities	166,139,615	162,139,615	162,139,615	[.]	[.]

* Extracted from Siab Holdings Accountants' Report on the combined financial statements for the financial year ended 31 December 2020.

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Attachment A

Siab Holdings Berhad (formerly known as Siab Holdings Sdn. Bhd.) ("Siab Holdings" or the "Company") and its combining entities, Siab (M) Sdn. Bhd. and its subsidiaries ("Siab (M)") (collectively, "the Group")

Pro Forma Combined Statements of Financial Position and the notes thereon

Notes to the Pro Forma Combined Statements of Financial Position

The pro forma combined statements of financial position of the Group as at 31 December 2020 ("Pro Forma Financial Position") have been prepared for inclusion in the prospectus of the Company to be issued in connection with the initial public offering of 122,409,000 ordinary shares in the Company in conjunction with the proposed listing of and quotation for the entire enlarged issued share capital of the Company on the Ace Market of Bursa Malaysia Securities Berhad ("Prospectus") ("Proposed IPO") and should not be relied upon for any other purposes.

1. Basis of preparation

The applicable criteria on the basis of which the Board of Directors of the Company ("Directors") has compiled the Pro Forma Financial Position are as described below. The Pro Forma Financial Position is prepared in accordance with the requirements of Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Financial Position has been prepared based on the audited combined financial statements of the Group for the financial year ended on 31 December 2020, which was prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"), and in a manner consistent with the format of the statement of financial position and the accounting policies adopted by the Group, and adjusted for the events and transactions detailed in Note 2.

The pro forma adjustments are appropriate for the purpose of preparing the Pro Forma Financial Position.

The auditors' report dated 26 June 2021 on the Group's audited combined financial statements for the year ended on 31 December 2020 was not subject to any qualification, modification or disclaimer of opinion.

The Pro Forma Financial Position is not necessarily indicative of the financial position that would have been attained had the IPO actually occurred at the respective dates. The Pro Forma Financial Position has been prepared for illustrative purposes only.

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA FINANCIAL INFORMATION
(Cont'd)

Attachment A

Siab Holdings Berhad (formerly known as Siab Holdings Sdn. Bhd.) ("Siab Holdings" or the "Company") and its combining entities, Siab (M) Sdn. Bhd. and its subsidiaries ("Siab (M)") (collectively, "the Group")

Pro Forma Combined Statements of Financial Position and the notes thereon

2. Pro forma adjustments to the Pro Forma Financial Position

The Pro Forma Financial Position illustrates the effects of the following events or transactions:

2.1 Pro Forma I - Adjustments for subsequent event

Dividend declaration

On 24 June 2021, Siab (M) declared a dividend amounting to RM4.0 million for the financial year ended 31 December 2020 in cash. The dividend will be paid to the shareholders of Siab (M) prior to the IPO and is illustrated in the Pro Forma Financial Position.

2.2 Pro Forma II - Acquisition of Siab (M)

On 31 May 2021, the Company entered into a conditional share sale agreement to acquire the entire issued share capital of Siab (M) of RM1,000,000 comprising 1,000,000 ordinary shares from its existing shareholders for a purchase consideration of RM36,722,508 ("Acquisition of Siab (M)"). The said purchase consideration will be fully satisfied by the issuance of 367,225,080 new ordinary shares of the Company at an issue price of RM0.10 per share, which will be issued to the shareholders of Siab (M), namely Ng Wai Hoe, Lim Mei Hwee, Tan Sok Moi, Makmur Baru Holdings Sdn. Bhd. and Alam Kota Sdn. Bhd..

The Acquisition of Siab (M) will be accounted for using book value accounting. Under book value accounting, the difference between the consideration paid and the share capital of the acquiree is accounted for as merger reserve.

2.3 Pro Forma III - Proposed IPO

(i) Proposed Public Issue

The proposed public issue of 122,409,000 new ordinary shares in the Company ("Issue Share(s)") at a price of RM[.] per Issue Share.

(ii) Proposed Offer for Sale

The proposed offer for sale by Ng Wai Hoe, Lim Mei Hwee, Makmur Baru Holdings Sdn. Bhd. and Tan Sok Moi (collectively referred to as "the Offerors") of 48,963,600 existing ordinary shares in the Company ("Offer Share(s)") at a price of RM[.] per Offer Share by way of private placement to selected investors.

The Company will not receive any proceeds from the Proposed Offer for Sale. The gross proceeds of RM[.] from the Proposed Offer for Sale will accrue entirely to the Offerors.

**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA FINANCIAL INFORMATION
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Attachment A

Siab Holdings Berhad (formerly known as Siab Holdings Sdn. Bhd.) ("Siab Holdings" or the "Company") and its combining entities, Siab (M) Sdn. Bhd. and its subsidiaries ("Siab (M)") (collectively, "the Group")

Pro Forma Combined Statements of Financial Position and the notes thereon

2. Pro forma adjustments to the Pro Forma Financial Position (continued)

2.4 Pro Forma IV - Use of proceeds

The total gross proceeds from the Proposed Public Issue of [.] are intended to be used as follows:

	RM
Capital expenditure ⁽¹⁾	[.]
Working capital	[.]
Estimated listing expenses ⁽²⁾	[.]
	[.]

Notes:

(1) *The breakdown of capital expenditure amounting to RM[.] is set out below:*

	RM
<i>Purchase of site equipment</i>	[.]
<i>Purchase of land & construction of storage warehouse</i>	[.]
<i>Expansion of office</i>	[.]
<i>Purchase of IT & Software</i>	[.]
<i>Purchase of Building Information Modelling & Industrial Building System</i>	[.]
	[.]

As at the latest practicable date, the Company has yet to enter into any contractual binding arrangements or issued any purchase orders in relation to the above capital expenditure. Accordingly, the use of proceeds earmarked for capital expenditure is not reflected in the Pro Forma Financial Position.

(2) *The estimated listing expenses comprise the following:*

	RM
<i>Professional fees</i>	[.]
<i>Underwriting and placement fees</i>	[.]
<i>Printing and advertising</i>	[.]
<i>Contingencies</i>	[.]
	[.]

The total listing expenses to be borne by the Company is estimated to be RM[.]. As of 31 December 2020, RM[.] has been paid and charged to the profit or loss account of the Group.

Upon completion of the IPO, out of the remaining estimated listing expenses of RM[.], an estimated total of RM[.] will be set-off against equity and an estimated total of RM[.] will be charged out to the profit or loss account.

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Attachment A

Siab Holdings Berhad (formerly known as Siab Holdings Sdn. Bhd.) ("Siab Holdings" or the "Company") and its combining entities, Siab (M) Sdn. Bhd. and its subsidiaries ("Siab (M)") (collectively, "the Group")

Pro Forma Combined Statements of Financial Position and the notes thereon

3. Effects on the Pro Forma Financial Position

(a) Movement in cash and cash equivalents

	RM
Balance as at 31 December 2020	13,378,743
Effects of Pro Forma I:	
- Dividend payment	<u>(4,000,000)</u>
Pro Forma I & II	9,378,743
Effects of Pro Forma III:	
- Proceeds from the Proposed Public Issue	<u>[.]</u>
Pro Forma III	[.]
Effects of Pro Forma IV:	
- Estimated listing expenses	<u>[.]</u>
Pro Forma IV	<u><u>[.]</u></u>

(b) Movement in share capital

	RM
Balance as at 31 December 2020 / Pro Forma I	3
Effects of Pro Forma II:	
- Acquisition of Siab (M)	<u>36,722,508</u>
Pro Forma II	36,722,511
Effects of Pro Forma III:	
- Shares issued under the Public Issue	<u>[.]</u>
Pro Forma III	[.]
Effects of Pro Forma IV:	
- Estimated listing expenses	<u>[.]</u>
Pro Forma IV	<u><u>[.]</u></u>

(c) Movement in invested equity

	RM
Balance as at 31 December 2020/ Pro Forma I	1,000,000
Effects of Pro Forma II:	
- Acquisition of Siab (M)	<u>(1,000,000)</u>
Pro Forma II, III and IV	<u><u>-</u></u>

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Attachment A

Siab Holdings Berhad (formerly known as Siab Holdings Sdn. Bhd.) ("Siab Holdings" or the "Company") and its combining entities, Siab (M) Sdn. Bhd. and its subsidiaries ("Siab (M)") (collectively, "the Group")

Pro Forma Combined Statements of Financial Position and the notes thereon

3. Effects on the Pro Forma Financial Position (continued)

(d) Movement in retained earnings

	RM
Balance as at 31 December 2020	35,719,008
Effects of Pro Forma I:	
- Dividend payment	<u>(4,000,000)</u>
Pro Forma I, II and III	31,719,008
Effects of Pro Forma IV:	
- Estimated listing expenses	<u>[.]</u>
Pro Forma IV	<u>[.]</u>

(e) Movement in merger reserve

	RM
Balance as at 31 December 2020 / Pro Forma I	-
Effects of Pro Forma II:	
- Acquisition of Siab (M)	<u>(35,722,508)</u>
Pro Forma II, III and IV	<u>(35,722,508)</u>

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