
12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

Our Company was incorporated in Malaysia under the Act on 6 October 2022 to facilitate our Listing and we have completed the Acquisitions on [●]. Our subsidiaries have been under the common control of our Promoters throughout FYEs 2021 to 2023. As such, the historical financial information of our Group for the FYEs 2021 to 2023 is presented based on the combined audited financial statements of our Group.

Our historical audited combined financial information for the FYEs 2021 to 2023 have been prepared in accordance with MFRS and International Financial Reporting Standards. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, financial results and cash flows.

Our historical audited combined financial information should be read in conjunction with the following:

- Management's Discussion and Analysis of Financial Condition and Results of Operations as set out in **Section 12.3** of this Prospectus; and
- Accountants' Report together with its accompanying notes as set out in **Section 13** of this Prospectus.

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12. FINANCIAL INFORMATION (Cont'd)**12.1.1 Historical audited combined statements of profit or loss and other comprehensive income**

The following table sets out the summary of our combined statements of profit or loss and other comprehensive income for the FYEs 2021 to 2023, which have been extracted from the Accountants' Report:

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Revenue	104,563	150,168	200,810
Cost of sales	(62,262)	(88,732)	(119,685)
GP	42,301	61,436	81,125
Other income	902	2,994	807
Finance income	87	87	249
Selling and marketing expenses	(1,906)	(2,588)	(4,158)
Administrative expenses	(7,099)	(9,360)	(13,529)
Finance costs	(1,729)	(949)	(2,523)
PBT	32,556	51,620	61,971
Tax expenses	(7,883)	(11,960)	(15,954)
PAT / Total comprehensive income attributable to the shareholders of our Company	24,673	39,660	46,017
EBIT ⁽³⁾	34,198	52,482	64,245
EBITDA ⁽³⁾	35,196	53,718	66,537
GP margin (%) ⁽¹⁾	40.46	40.91	40.40
PBT margin (%) ⁽²⁾	31.14	34.37	30.86
PAT margin (%) ⁽²⁾	23.60	26.41	22.92
EBITDA margin ⁽⁴⁾	33.66	35.77	33.13
Basic and diluted EPS (sen) ⁽⁵⁾	2.66	4.27	4.96

Notes:

- (1) Calculated based on the GP divided by the revenue for the respective financial years.
- (2) PBT margin and PAT margin are calculated based on the PBT and PAT divided by revenue for the respective financial years.

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12. FINANCIAL INFORMATION (Cont'd)

(3) EBIT and EBITDA are calculated as follows:

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
PAT	24,673	39,660	46,017
Add/(Less):			
Interest income	(87)	(87)	(249)
Finance cost	1,729	949	2,523
Taxation	7,883	11,960	15,954
EBIT	34,198	52,482	64,245
Add:			
Depreciation	998	1,236	2,292
EBITDA	35,196	53,718	66,537

(4) Calculated based on the EBITDA divided by revenue for the respective financial years.

(5) Calculated based on PAT attributable to owners of our Company divided by enlarged issued share capital after the IPO of 928,000,000 Shares. The diluted EPS is equal to the basic EPS as no potential dilutive securities are in issue throughout the Period Under Review.

12.1.2 Historical audited combined statements of financial position

The following table sets out the combined statements of financial position of our Group as at 31 December 2021, 31 December 2022 and 31 December 2023, which have been extracted from the Accountants' Report:

	Audited as at 31 December		
	2021	2022	2023
	RM'000	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	4,850	7,256	15,266
Investment properties	76,402	76,318	26,966
Inventories	140,317	111,305	190,944
Deferred tax assets	2,916	2,722	5,142
Total non-current assets	224,485	197,601	238,318
Current assets			
Inventories	62,495	86,884	75,206
Contract assets	28,139	75,500	102,536
Contract costs	1,136	1,424	1,364
Trade receivables	32,514	12,773	25,604
Other receivables	22,570	13,330	14,720
Amount due from related parties	74,558	16,668	29
Tax recoverable	197	1,382	590
Cash and short-term deposits	8,882	13,849	28,578
Total current assets	230,491	221,810	248,627
TOTAL ASSETS	454,976	419,411	486,945

12. FINANCIAL INFORMATION (Cont'd)

	Audited as at 31 December		
	2021	2022	2023
	RM'000	RM'000	RM'000
EQUITY			
Share capital	-	1	1
Invested equity	24,550	32,050	32,050
Retained earnings	262,856	297,465	339,158
TOTAL EQUITY	287,406	329,516	371,209
LIABILITIES			
Non-current liabilities			
Borrowings	1,330	13,045	13,265
Lease liabilities	374	387	250
Deferred tax liabilities	999	999	999
Total non-current liabilities	2,703	14,431	14,514
Current liabilities			
Contract liabilities	8,211	-	117
Trade payables	13,980	15,930	39,900
Other payables	11,631	8,129	11,072
Amount due to related parties	116,974	33,943	7,458
Borrowings	12,367	13,683	36,211
Lease liabilities	282	409	397
Tax payable	1,422	3,370	6,067
Total current liabilities	164,867	75,464	101,222
TOTAL LIABILITIES	167,570	89,895	115,736
TOTAL EQUITY AND LIABILITIES	454,976	419,411	486,945

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12. FINANCIAL INFORMATION (Cont'd)**12.2 CAPITALISATION AND INDEBTEDNESS**

The table below sets out our capitalisation and indebtedness:

- (i) based on the latest unaudited financial information as at 31 July 2024; and
- (ii) after adjusting the effects of the Acquisitions, Public Issue and use of proceeds as set out in **Section 4.6** of this Prospectus.

The pro forma financial information below does not represent our actual capitalisation and indebtedness as at 31 July 2024 and is provided for illustrative purposes only.

		(I)	(II)	(III)
	Unaudited as at 31 July 2024	After Acquisitions	After (I) and Public Issue	After (II) and use of proceeds
	RM'000	RM'000	RM'000	RM'000
Indebtedness				
<u>Current</u>				
<u>Secured and guaranteed</u>				
▪ Bank overdrafts	27,478	27,478	[•]	[•]
▪ Term loans	3,999	3,999	[•]	[•]
▪ Lease liabilities ⁽¹⁾	189	189	[•]	[•]
<u>Secured but not guaranteed</u>				
▪ Lease liabilities ⁽¹⁾	32	32	[•]	[•]
<u>Unsecured and unguaranteed</u>				
Lease liabilities ⁽¹⁾	91	91	[•]	[•]
<u>Non-current</u>				
<u>Secured and guaranteed</u>				
▪ Term loans	52,985	52,985	[•]	[•]
▪ Lease liabilities ⁽¹⁾	51	51	[•]	[•]
<u>Secured but not guaranteed</u>				
▪ Lease liabilities ⁽¹⁾	68	68	[•]	[•]
<u>Unsecured and unguaranteed</u>				
▪ Lease liabilities ⁽¹⁾	149	149	[•]	[•]
Total indebtedness	85,042	85,042	[•]	[•]
Shareholders' equity	393,035	393,035	[•]	⁽³⁾[•]
Total capitalisation and indebtedness	478,077	478,077	[•]	[•]
Gearing ratio (times) ⁽²⁾	0.22	0.22	[•]	[•]

Notes:

- (1) Lease liabilities comprise hire purchases and other lease liabilities recognised in accordance with MFRS 16 Leases related to leasing of office premises.
- (2) Calculated based on total indebtedness divided by shareholders' equity.
- (3) After deducting the listing expenses of approximately RM[•] million.

12. FINANCIAL INFORMATION (Cont'd)**12.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following management's discussion and analysis of our combined financial statements for the FYEs 2021 to 2023 should be read in conjunction with the Accountants' Report included in **Section 13** of this Prospectus.

There are no accounting policies which are peculiar to our Group.

12.3.1 Overview of our operations**(i) Principal activities**

Our Group is principally involved in the property development business whereby we develop and sell residential, mixed development and industrial properties.

Please refer to **Section 7** of this Prospectus for our Group's detailed business overview.

(ii) Revenue

We have been involved in the development of residential, mixed development and industrial properties since the commencement of our business. During the Period Under Review, we have been focusing on the development of residential properties. Our development of commercial properties is to complement the residential development as part of the overall township development strategy of our Group. During the Period Under Review, Taman Nuri Heights (Phases 1A and 1B) which comprise a multipurpose hall and 4 units of double storey retail units, was sold in August 2022. However, as at the LPD, construction has been temporarily suspended at the buyer's request to amend the building plans. Consequently, no billing has been issued, and no revenue has been recognised. We have planned for future launches of commercial properties for Taman Nuri Heights (Phase 3) and Taman Akasia (Phase 4).

All of our revenue for the Period Under Review are generated in Malaysia.

Our Group's revenue was mainly derived from the sales of development properties under construction and completed properties. In terms of on-going developments, our revenue is dependent on the construction progress of the projects. The analysis of revenue by business activities shows the size of revenue derived from the sales of development properties under construction and distinct it from sales of completed properties.

One of our subsidiaries, SPBSB, holds a CIDB Grade 7 certificate of registration which enables us to undertake the role of a main contractor for our property developments. The advantages of holding CIDB Grade 7 certificate of registration are as follows:

- (i) we are able to tender for construction projects at an unlimited value;
- (ii) we are able to achieve a higher credibility within the industry by instilling confidence in stakeholders in terms of the level of expertise, resources available, financial capacity to undertake large scale and complex projects; and
- (iii) we are able to gain access and undertake large-scale government construction projects.

During the Period Under Review, we had also provided construction services to Prasarana Pesona, a former related party, for a property development and the construction services were terminated in December 2022. The disposal of Prasarana Pesona by Datuk Yap, Datuk Jacky Yap and Datuk Sean Yap was completed on 16 January 2023. Prior to the disposal, Prasarana Pesona was principally involved in the construction of affordable housing projects. Currently, we do not intend to provide construction services for our Group or third parties as we undertake project management responsibilities.

12. FINANCIAL INFORMATION (Cont'd)

Our Group's revenue recognition criteria are as follows:

(a) Sale of development properties under construction

Revenue generated from the sales of development properties under construction is accounted for by using the percentage of completion method. The stage of completion is determined by reference to the actual project cost incurred over the total estimated cost, where the outcome of the projects can be reliably estimated.

(b) Sale of completed properties

Revenue generated from the sales of completed properties comprises the sales of our existing inventory of completed unsold units from past projects. This is accounted for in full upon signing of sale and purchase agreement with buyer.

(c) Sale of land

Revenue from sale of land is recognised at a point in time when the control of the land held for development has been transferred to the purchaser.

(d) Construction services

Revenue generated from the construction services is recognised over the period of the contract by reference to the progress towards complete satisfaction of performance obligation which is measured by referring to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

Our revenue is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

(iii) Cost of sales

Our cost of sales comprises property development expenditure mainly includes construction costs undertaken by contractors, authority related fees, land and associated cost, professional fees, sales gallery, utilities and other costs incurred for our property development.

(iv) Other income

Other income comprises mainly rental income derived from the leasing of investment properties and rent-to-own arrangement, administrative charges as well as sundry income which comprises insurance commission and receipt of payment in lieu of short notice by employees.

Rent-to-own arrangement is where tenants lease our completed properties under a fixed term tenancy and pay monthly rental to us. At the end of the tenancy term, tenants are provided with an option to purchase the said property at an agreed price less the rent paid during the tenancy period.

During the Period Under Review, the rent-to-own arrangement was entered between Laman Exotika and tenants where the tenants lease the completed properties in Taman Nuri (Phase 3B4) and Taman Rembia Setia under a fixed term tenancy with an option for the tenants to purchase the completed properties before or upon the expiry of the tenancy. The rent-to-own arrangement is an exception to our Group's usual business practice. The tenant, a non-profit organisation, had intended to purchase 4 units of triple storey bungalow houses in Taman Nuri (Phase 3B4) for use as an aged care home. In February 2021, our Group entered into rent-to-own agreements and in November 2022, the tenant exercised the option to purchase the 4 units of triple storey bungalow houses and have since owned the properties. In Taman Rembia Setia, the rent-to-own arrangement was a one-off initiative and was implemented with the initial intention to clear 1 unsold inventory. However, the tenant did not exercise the option to purchase. As at the LPD, there is no rent-to-own arrangement and we do not intend to implement other similar arrangements in the future.

12. FINANCIAL INFORMATION (Cont'd)

(v) Administrative expenses

Administrative expenses comprise mainly overheads incurred to maintain our operations such as directors' remuneration, legal and professional fees, staff costs and depreciation.

(vi) Selling and marketing expenses

Selling and marketing expenses comprise mainly advertisement and promotion expenses, legal fees, sales commissions and staff costs incurred to complete the sales of properties of our projects.

(vii) Finance income

Finance income comprises mainly the interest income derived from the financial institution and late payment interest charged to home buyers.

(viii) Finance cost

Finance cost comprises mainly the interest expenses on our borrowings.

12.3.2 Significant factors affecting our financial position and results of operations

We are exposed to several risk factors that may affect our business and operations as set out in **Section 9** of this Prospectus. The main risk factors that will affect our financial position and results of operations include, among others, the following:

(i) Changes in the prevailing market conditions in the property market in Malaysia

Our properties' sales performance and the planning of our future developments are dependent on the prevailing market conditions in the states where our property developments and landbank are located, including Melaka, Kedah, Johor, Selangor, Perak and Penang.

A weak market sentiment as a result of adverse economic conditions or other factors may adversely affect the overall performance of the property market and the value of properties in Malaysia, which may eventually affect the demand and value of our properties and in turn, affect our planned future launches of property developments.

The risks relating to changes in the prevailing market conditions in the property market in Malaysia that may affect the financial position and results of operations of our Group are set out in **Section 9.1.1** of this Prospectus.

For the Period Under Review, we did not experience any material changes in the prevailing market conditions in the property market in Malaysia which had a material adverse impact on our profitability and financial performance.

(ii) Exposure to unexpected interruptions or delays in project completion caused by external factors

The timely completion of our property developments and the progress of construction works can be affected by external factors, some of which are beyond our control, such as natural disasters, timely receipt of regulatory approvals, licenses and permits, the availability of labour, equipment and construction materials, availability of financing as well as the appointment of architects, professional consultants and contractors, which are inherent in the industry that we are currently operating.

12. FINANCIAL INFORMATION (Cont'd)

Any prolonged interruption or delay in completing a phase of property development may delay our revenue recognition and also result in LAD claims by our property buyers, which may negatively impact our financial performance.

Please refer to **Sections 7.6.2 and 9.1.2** of this Prospectus for further details.

In FYE 2023, we have made a provision for LAD of RM10.37 million for Taman La Casa Lunas (Phases 3A, 3B and 2) and Taman Nuri (Phase 3B2) as these phases experienced delays in construction and delivery of vacant possession during the COVID-19 pandemic.

The provisions for LAD and the respective repayment for LAD claims for each development are disclosed below:

Development	Provision for LAD as at 31 December 2023	As at the LPD		
		Provision for LAD	Payment for LAD claims	Net provision for LAD
	RM'000	RM'000	RM'000	RM'000
Taman La Casa Lunas, Lunas, Kedah				
- Phase 3A	2,725	2,725	(954)	1,771
- Phase 3B	4,943	4,612	(4,742)	(130)
- Phase 2	2,587	2,776	(1,547)	1,229
Taman Nuri, Melaka				
- Phase 3B2	117	117	-	117
Total	10,372	10,230	(7,243)	2,987

As at the LPD, we have further provided LAD of RM1.15 million for Taman La Casa Lunas (Phases 4A and 4C) due to rectification work required for the TNB electrical access point in response to changes in TNB's requirements and regulations. In addition, the discovery of high groundwater levels in certain construction areas caused delays in infrastructure works, such as sewerage systems, which in turn delayed roadworks and street lighting installation. Due to these unforeseen conditions, our contractors were not held liable for the delays or additional rectification costs, and the LAD was not charged to our contractors, and instead our Group absorbed these rectification costs.

(iii) Inability to identify suitable landbank to sustain our business operations and financial performance

Our ability to deliver sustainable business operations and financial performance is dependent on our Group's ability to continuously identify and acquire suitable landbank in strategic locations at commercially acceptable cost for future development. The location of our development and affordability of home buyers may have impact on our property take-up rate which would then affect our revenue. For the Period Under Review, our property developments are located in Melaka, Kedah, Selangor and Johor. The take-up rate of our completed and on-going property developments was set in **Section 7.3.2(i) and (ii)** of this Prospectus. Please refer to **Section 9.1.5** of this Prospectus for further details on this risk factor.

As at the LPD, we have approximately 664 acres of landbank located in Melaka, Johor, Kedah, Selangor, Perak and Penang which are reserved for future development. We are also in the process of acquiring approximately 187 acres of Plentong Land. Further details on our landbank and land to be acquired are set out in **Section 7.3.2 (iv) and (v)** of this Prospectus.

12. FINANCIAL INFORMATION (Cont'd)**(iv) Possible non-achievement of estimated GDV for our property developments**

The GDVs of our on-going and future property developments are estimated based on forecasts, projections and market conditions prevailing at the time including factors such as the supply and demand for properties, the economic growth rate and interest rates. Any unfavourable change to these forecasts, projections and market conditions may result in our Group not being able to realise our projected GDV and adversely affect our results of operations and financial performance. Please refer to **Section 9.1.6** of this Prospectus for further details on this risk factor.

For the Period Under Review, we did not experience any material unanticipated changes that may result in our Group not being able to realise our projected GDV.

12.3.3 Review of our results of operations**12.3.3.1 Revenue****Analysis of revenue by activities**

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Property development⁽¹⁾						
Sale of development properties under construction	81,087	77.55	122,162	81.35	167,420	83.37
Sales of completed properties	20,811	19.90	15,725	10.47	32,784	16.33
	101,898	97.45	137,887	91.82	200,204	99.70
Others						
Construction services ⁽²⁾	2,665	2.55	12,281	8.18	-	-
Sale of land ⁽³⁾	-	-	-	-	606	0.30
	2,665	2.55	12,281	8.18	606	0.30
Total revenue	104,563	100.00	150,168	100.00	200,810	100.00

Notes:

(1) The revenue from property development analysed by types of developments are as follows:

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Residential	48,069	47.17	40,205	29.16	26,614	13.29
Industrial	4,570	4.48	-	-	6,170	3.08
Mixed development						
- Residential	49,259	48.35	97,682	70.84	167,420	83.63
Total	101,898	100.00	137,887	100.00	200,204	100.00

(2) The construction services revenue was generated from the provision of construction services by SPBSB to Prasarana Pesona, a former related party, for a property development. The construction services were secured by SPBSB in October 2021 and subsequently terminated in December 2022.

(3) Sale of a vacant land under Geran No. Hakmilik 44574, Lot No. 3367, Mukim Kelemak, Daerah Alor Gajah, Negeri Melaka measuring 1.333 hectares by Rentas Dinamik to a third party on 20 Feb 2023 for a cash consideration of approximately RM606,000.

12. FINANCIAL INFORMATION (Cont'd)**Analysis of revenue by geographical locations and developments**

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Property development						
Melaka						
Taman Kasa Heights	494	0.47	420	0.28	⁽¹⁾ (6)	*
Taman Bukit Cheng	22,088	21.12	6,217	4.14	1,127	0.56
Taman Nuri	25,487	24.38	33,568	22.35	25,493	12.70
	48,069	45.97	40,205	26.77	26,614	13.26
Johor						
Taman Akasia	-	-	-	-	11,525	5.74
	-	-	-	-	11,525	5.74
Kedah						
Taman La Casa Lunas	49,259	47.11	97,682	65.05	155,895	77.63
	49,259	47.11	97,682	65.05	155,895	77.63
Selangor						
Twin Park	4,570	4.37	-	-	6,170	3.07
	4,570	4.37	-	-	6,170	3.07
	101,898	97.45	137,887	91.82	200,204	99.70
Others						
Construction services	2,665	2.55	12,281	8.18	-	-
Sale of land	-	-	-	-	606	0.30
	2,665	2.55	12,281	8.18	606	0.30
Total revenue	104,563	100.00	150,168	100.00	200,810	100.00

Notes:

* Less than 0.01%.

(1) Negative revenue due to timing difference whereby revenue for units sold had previously been recognised but the relevant legal fees borne by our Group as the developer which offset against revenue were incurred during the financial year.

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12. FINANCIAL INFORMATION (Cont'd)

The stages of completion and number of units sold for our property developments as at 31 December 2021, 31 December 2022, 31 December 2023 are as follows:

Property developments	Prior to FYE 2021	FYE 2021		FYE 2022		FYE 2023	
	Cumulative units sold	Stage of completion	Units sold	Stage of completion	Units sold	Stage of completion	Units sold
Melaka							
Taman Kasa Heights (Phase 2C)	301	100.00%	1	100.00%	1	100.00%	-
Taman Bukit Cheng (Phase 1)	54	100.00%	33	100.00%	6	100.00%	1
Taman Bukit Cheng (Phase 2)	-	-	-	100.00%	5	100.00%	1
Taman Nuri (Phase 2)	240	100.00%	-	100.00%	1	100.00%	-
Taman Nuri (Phase 3A2 & 3A3)	115	100.00%	19	100.00%	10	100.00%	1
Taman Nuri (Phase 3B1 & 3B4)	22	100.00%	7	100.00%	4	100.00%	6
Taman Nuri (Phase 3B2)	-	59.01%	8	100.00%	18	100.00%	14
Taman Nuri (Phase 3B3)	-	59.09%	5	100.00%	8	100.00%	15
Taman Nuri Sentosa	116	100.00%	-	100.00%	24	100.00%	5
Johor							
Taman Akasia (Phase 1A)	-	-	-	-	-	35.22%	61
Kedah							
Taman La Casa Lunas (Phase 3A)	250	59.65%	22	100.00%	1	100.00%	-
Taman La Casa Lunas (Phase 3B)	53	10.05%	259	45.64%	7	100.00%	1
Taman La Casa Lunas (Phase 2)	-	1.24%	67	25.68%	46	82.50%	2
Taman La Casa Lunas (Phase 4A)	-	-	-	11.90%	75	75.43%	21
Taman La Casa Lunas (Phase 4C)	-	-	-	11.05%	49	62.89%	37
Taman La Casa Lunas (Phase 4D)	-	-	-	1.19%	-	38.14%	119
Selangor							
Twin Park	6	100.00%	1	100.00%	-	100.00%	1

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2022 and FYE 2021**

Our Group's total revenue increased by RM45.61 million or 43.62% to RM150.17 million in FYE 2022 (FYE 2021: RM104.56 million), mainly due to the increase in revenue from property development by RM35.99 million, followed by the increase in construction services revenue by RM9.62 million in FYE 2022.

Property development

Our revenue from property development increased by RM35.99 million or 35.32% to RM137.89 million in FYE 2022 (FYE 2021: RM101.90 million), mainly attributable to the following:

- (i) RM48.42 million or 98.29% higher revenue from the development of Taman La Casa Lunas of RM97.68 million in FYE 2022 (FYE 2021: RM49.26 million), mainly driven by:
 - (a) RM31.03 million increase in revenue from Taman La Casa Lunas (Phase 3B) as it achieved higher stages of completion of 45.64% as at 31 December 2022 (31 December 2021: 10.05%) and the number of units sold has increased by 7 units to 319 units as at 31 December 2022 (31 December 2021: 312 units), out of 320 units launched; and
 - (b) RM10.90 million increase in revenue from Taman La Casa Lunas (Phase 2) as it achieved higher stages of completion of 25.68% as at 31 December 2022 (31 December 2021: 1.24%) and the number of units sold has increased by 46 units to 113 units as at 31 December 2022 (31 December 2021: 67 units), out of 182 units launched, and
- (ii) increase in revenue from the development of Taman Nuri by RM8.08 million or 31.70% to RM33.57 million in FYE 2022 (FYE 2021: RM25.49 million), mainly attributable to RM12.73 million or 353.61% higher in revenue from Taman Nuri (Phase 3B2) of RM16.33 million in FYE 2022 (FYE 2021: RM3.60 million). The number of units sold of Taman Nuri (Phase 3B2) has increased by 18 units to 26 units as at 31 December 2022 (31 December 2021: 8 units), out of 53 units launched. The revenue for the 26 units sold was fully recognised as the development reached 100% percentage of completion as at 31 December 2022 (31 December 2021: 59.01%) given the full completion of construction works. However, CCC was obtained in September 2023 where the delay in approval was due to the deferment of inspection by authority departments as a result of prolonged effect of COVID-19 pandemic.

The increase in revenue was partially offset by RM15.87 million or 71.84% decrease in revenue generated from the development of Taman Bukit Cheng, from RM22.09 million in FYE 2021 to RM6.22 million in FYE 2022. This was mainly due to RM19.63 million decrease in revenue of Taman Bukit Cheng (Phase 1) as we only recognised revenue for the 6 completed units sold in FYE 2022 as compared to full recognition of revenue in FYE 2021 for 87 units sold (out of 103 units launched) following the achievement of 100.00% percentage of completion for the development as at 31 December 2021, despite the CCC of Taman Bukit Cheng (Phase 1) was obtained in January 2022.

Further, revenue from the development of Twin Park (completed in November 2013) decreased by RM4.57 million as there was no sale of factory in FYE 2022 (FYE 2021: 1 unit).

Construction services

Our construction services revenue increased by RM9.62 million or 361.65% to RM12.28 million in FYE 2022 (FYE 2021: RM2.66 million), mainly due to additional construction works completed of 62.07% and we achieved 72.33% of completion in FYE 2022 (FYE 2021: 10.26%). The construction service was terminated in December 2022.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2023 and FYE 2022**

Our Group's total revenue increased by RM50.64 million or 33.72% to RM200.81 million in FYE 2023 (FYE 2022: RM150.17 million), mainly due to the increase in revenue from property development by RM62.31 million, which was partially offset by the decrease in construction services revenue by RM12.28 million.

Property development

Our revenue from property development increased by RM62.31 million or 45.19% to RM200.20 million in FYE 2023 (FYE 2022: RM137.89 million), mainly attributable to the following:

- (i) increase in revenue from the development of Taman La Casa Lunas by RM58.22 million or 59.60% to RM155.90 million in FYE 2023 (FYE 2022: RM97.68 million). The increase was mainly driven by:
 - (a) RM17.63 million increase in revenue from Taman La Casa Lunas (Phase 3B) as the development reached 100.00% percentage of completion given full completion of construction works as at 31 December 2023 (31 December 2022: 45.64%). All the 320 units launched were sold as at 31 December 2023 (31 December 2022: 319 units) and the revenue for the 320 units sold was fully recognised in FYE 2023. However, the CCC of Phase 3B was obtained in June 2024 following the extra time required to comply with additional requirements arising from recent change in the conditions set by the local authority;
 - (b) RM12.29 million increase in revenue from Taman La Casa Lunas (Phase 2) as it achieved higher stages of completion of 82.50% as at 31 December 2023 (31 December 2022: 25.68%) and the number of units sold has increased by 2 units to 115 units as at 31 December 2023 (31 December 2022: 113 units), out of 182 units launched;
 - (c) RM25.48 million increase in the revenue from Taman La Casa Lunas (Phase 4A) as it achieved higher stages of completion of 75.43% as at 31 December 2023 (31 December 2022: 11.90%) and the number of units sold has increased by 21 units to 96 units as at 31 December 2023 (31 December 2022: 75 units), out of 106 units launched;
 - (d) RM21.30 million increase in the revenue from Taman La Casa Lunas (Phase 4C) as it achieved higher stages of completion of 62.89% as at 31 December 2023 (31 December 2022: 11.05%) and the number of units sold has increased by 37 units to 86 units as at 31 December 2023 (31 December 2022: 49 units), out of 96 units launched;
 - (e) the launching of Taman La Casa Lunas (Phase 4D) in FYE 2023 which contributed to RM21.61 million increase in revenue. The development achieved a higher percentage of completion of 38.14% as at 31 December 2023 (31 December 2022: 1.19%) and as at 31 December 2023, we sold 119 units out of 165 units launched;
 - (f) however, the increase in revenue from was partially offset by the reduction in revenue from Taman La Casa Lunas (Phase 3A) by RM40.09 million. The decrease was due to the absence of sales in FYE 2023 as compared to full recognition of revenue in FYE 2022 for 273 units sold (out of 275 units launched) as the development achieved 100.00% percentage of completion as at 31 December 2022 given building works were completed. The CCC of this phase was obtained in January 2024 due to road construction pending authorities' approval and delay in the installation of water reticulation system; and

12. FINANCIAL INFORMATION (Cont'd)

- (ii) the launching of Taman Akasia (Phase 1A) in FYE 2023 which has contributed to an increase in revenue of RM11.52 million. The development achieved 35.22% percentage of completion as at 31 December 2023 and we sold 61 units out of 89 units launched in FYE 2023.

Nevertheless, the increase in revenue from Taman La Casa Lunas and Taman Akasia were partially offset by the decrease in revenue generated from the development of Taman Nuri by RM8.08 million or 24.07% to RM25.49 million in FYE 2023 (FYE 2022: 33.57 million), mainly due to the reduction in revenue from Taman Nuri (Phase 3B2) by RM5.98 million or 36.62% to RM10.35 million in FYE 2023 (FYE 2022: RM16.33 million). We only recognised revenue for 14 completed units sold in FYE 2023 as compared to full recognition of revenue for 26 units sold (out of 53 units launched) as at 31 December 2022 in FYE 2022.

Construction services

The decrease in revenue from construction services due to the absence of construction services revenue in FYE 2023 (FYE 2022: RM12.28 million), following the termination of construction services provided to a former related party in December 2022.

The remaining revenue unbilled for sold units as at 31 December 2023 for our on-going developments are set out below:

On-going developments	Actual / Expected completion date	Revenue unbilled for sold units
		RM'000
<u>Kedah</u>		
Taman La Casa Lunas (Phase 2)	July 2024	8,014
Taman La Casa Lunas (Phase 4A)	October 2024	10,974
Taman La Casa Lunas (Phase 4C)	October 2024	15,684
Taman La Casa Lunas (Phase 4D)	January 2025	35,181
<u>Johor</u>		
Taman Akasia (Phase 1A)	January 2025	21,752
Total		*91,605

Note:

- * Excluded unbilled revenue from Taman Nuri Heights (Phases 1A and 1B) of RM2.50 million, as no work done has been performed. As at the LPD, the buyer informed us to temporarily suspend the construction of the multi-purpose hall as the buyer requested to amend the building plans for their review and comments prior to submission to the relevant authorities. In view that the building plans require approval from the relevant authorities, the buyer agrees to bear all associated costs and fees and release our Group from liabilities and acknowledges that the delivery of vacant possession of the property will be extended by 24 months from the date of authorities' approval or by 31 December 2027, whichever is later. Taman Nuri Heights (Phases 1A and 1B) which comprise of the construction of a multipurpose hall and 4 units of double storey retails units, all of which were sold to the aforesaid buyer. As such, we accommodate the said buyer's request to temporarily suspend the construction until the approval for the building plans is obtained from the relevant authorities. The approval for the building plans is estimated to be obtained by second quarter of 2025.

12. FINANCIAL INFORMATION (Cont'd)**12.3.3.2 Cost of sales****Analysis of cost of sales by activities**

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Property development⁽¹⁾						
Sales of development properties under construction	49,978	80.27	68,321	77.00	102,074	85.29
Sales of completed properties	11,104	17.83	10,091	11.37	17,247	14.41
	61,082	98.10	78,412	88.37	119,321	99.70
Others						
Construction services ⁽²⁾	1,180	1.90	10,320	11.63	-	-
Sale of land	-	-	-	-	364	0.30
	1,180	1.90	10,320	11.63	364	0.30
Total cost of sales	62,262	100.00	88,732	100.00	119,685	100.00

Notes:

(1) The cost of sales for property development analysed by types of developments is as follows:

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
<i>Residential</i>	26,184	42.87	21,430	27.33	13,871	11.62
<i>Industrial</i>	2,776	4.54	-	-	3,376	2.83
<i>Mixed development</i>						
- Residential	32,122	52.59	56,982	72.67	102,074	85.55
Total	61,082	100.00	78,412	100.00	119,321	100.00

(2) Cost of sales for the provision of construction services by SPBSB to Prasarana Pesona, a former related party, for a property development. The construction services were secured by SPBSB in October 2021 and subsequently terminated in December 2022.

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12. FINANCIAL INFORMATION (Cont'd)**Analysis of cost of sales by geographical locations and developments**

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Property development						
Melaka						
Taman Kasa Heights	260	0.42	323	0.36	(6)	(0.01)
Taman Bukit Cheng	12,070	19.39	3,265	3.68	519	0.43
Taman Nuri	13,854	22.25	17,842	20.11	13,358	11.16
	<u>26,184</u>	<u>42.06</u>	<u>21,430</u>	<u>24.15</u>	<u>13,871</u>	<u>11.58</u>
Johor						
Taman Akasia	-	-	-	-	7,680	6.42
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,680</u>	<u>6.42</u>
Kedah						
Taman La Casa Lunas	32,122	51.58	56,982	64.22	94,394	78.88
	<u>32,122</u>	<u>51.58</u>	<u>56,982</u>	<u>64.22</u>	<u>94,394</u>	<u>78.88</u>
Selangor						
Twin Park	2,776	4.46	-	-	3,376	2.82
	<u>2,776</u>	<u>4.46</u>	<u>-</u>	<u>-</u>	<u>3,376</u>	<u>2.82</u>
	61,082	98.10	78,412	88.37	119,321	99.70
Others						
Construction services	1,180	1.90	10,320	11.63	-	-
Sale of land	-	-	-	-	364	0.30
	<u>1,180</u>	<u>1.90</u>	<u>10,320</u>	<u>11.63</u>	<u>364</u>	<u>0.30</u>
Total cost of sales	62,262	100.00	88,732	100.00	119,685	100.00

Analysis of cost of sales by cost components

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Authority related fees ⁽¹⁾	1,352	2.17	2,047	2.31	1,315	1.10
Construction cost ⁽²⁾	35,224	56.57	52,155	58.77	73,656	61.54
Land and associated costs ⁽³⁾	23,836	38.29	31,620	35.64	41,936	35.04
Other development costs ⁽⁴⁾	791	1.27	1,156	1.30	843	0.70
Professional fees ⁽⁵⁾	1,059	1.70	1,754	1.98	1,935	1.62
Total cost of sales	62,262	100.00	88,732	100.00	119,685	100.00

Notes:

- (1) Authority related fees comprising fees for Advertisement and Sale Permit, development order, building plans, quit rent and assessment, official search, registration fees, processing fees as well as survey fees.
- (2) Construction cost includes infrastructure cost such as road construction, foundation construction cost and building construction cost undertaken by our contractors.

12. FINANCIAL INFORMATION (Cont'd)

- (3) *Land and associated costs comprise land purchase price and other associated costs including, land conversion and submission costs, land premium, stamp duties, bank charges and commission, and other relevant levies.*
- (4) *Other development costs consist of electricity and water charges, processing fees, plan fees, survey fees, TNB connection fees and other direct costs.*
- (5) *Professional fees are fees paid/payables to the architects, town planners, surveyors, engineers and other professionals.*

Comparison between FYE 2022 and FYE 2021

Our cost of sales increased by RM26.47 million or 42.52% to RM88.73 million in FYE 2022 (FYE 2021: RM62.26 million), mainly due to the increase in cost of sales for the property development by RM17.33 million, followed by the increase in cost of sales for construction services by RM9.14 million.

Property development

Our cost of sales for property development increased by RM17.33 million or 28.37% to RM78.41 million in FYE 2022 (FYE 2021: RM61.08 million), mainly attributable to the following:

- (i) increase in cost of sales for Taman La Casa Lunas by RM24.86 million or 77.40% to RM56.98 million in FYE 2022 (FYE 2021: RM32.12 million) which was mainly driven by the achievement of higher number of units sold and stages of completion during FYE 2022 for Phases 2 and 3B, in tandem with our revenue growth for the developments. The cost of sales for Phase 2 increased by RM5.36 million to RM5.55 million in FYE 2022 (FYE 2021: RM0.19 million) and cost of sales for Phase 3B increased by RM16.52 million to RM21.56 million in FYE 2022 (FYE 2021: RM5.04 million); and
- (ii) increase in cost of sales for Taman Nuri by RM3.99 million or 28.81% to RM17.84 million in FYE 2022 (FYE 2021: RM13.85 million), mainly due to higher cost of sales for the development of Phase 3B2 which increased by RM6.48 million or 510.24% to RM7.75 million in FYE 2022 (FYE 2021: RM1.27 million) due to the achievement of higher number of units sold.

However, the increase in cost of sales was partially offset by the following:

- (i) decrease in cost of sales for Taman Bukit Cheng by RM8.80 million or 72.91% to RM3.27 million in FYE 2022 (FYE 2021: RM12.07 million), mainly attributable to decrease in cost of sales for Taman Bukit Cheng (Phase 1) by RM10.62 million or 87.99% to RM1.45 million in FYE 2022 (FYE 2021: RM12.07 million) following the recognition of full development costs for units sold as the development achieved 100.00% percentage of completion as at 31 December 2021; and
- (ii) the absence of cost of sales for Twin Park as there was no sale in FYE 2022 (FYE 2021: RM2.78 million).

Construction services

Our cost of sales for construction services increased by RM9.14 million or 774.58% to RM10.32 million in FYE 2022 (FYE 2021: RM1.18 million) due to additional construction works completed. The construction services were terminated in December 2022.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2023 and FYE 2022**

Our cost of sales increased by RM30.96 million or 34.89% to RM119.69 million in FYE 2023 (FYE 2022: RM88.73 million), mainly due to the increase in cost of sales for the property development by RM40.92 million, which was partially offset by the decrease in cost of sales for construction services by RM10.32 million.

Property development

Our cost of sales for property development increased by RM40.92 million or 52.19% to RM119.33 million in FYE 2023 (FYE 2022: RM78.41 million), mainly attributable to the following:

- (i) increase in cost of sales for Taman La Casa Lunas by RM37.42 million or 65.67% to RM94.40 million in FYE 2023 (FYE 2022: RM56.98 million) which was mainly driven by the achievement of higher number of units sold and/or stages of completion for Phases 2, 3B, 4A and 4C as well as the launching of Phase 4D in FYE 2023, in tandem with our revenue growth for the said developments. The cost of sales for Phases 2, 3B, 4A, 4C and 4D, in aggregate, increased by RM63.79 million which was partially offset by the decrease in cost of sales for Phase 3A of RM26.37 million. The decrease in cost of sales for Phase 3A was mainly due to the full recognition of development costs for units sold in FYE 2022 following the achievement of 100.00% percentage of completion and no sale in FYE 2023; and
- (ii) cost of sales of RM7.68 million incurred for the 61 units sold out of 89 units launched in FYE 2023 of Taman Akasia (Phase 1A).

However, the increase in cost of sales was partially offset by the decrease in cost of sales for Taman Nuri by RM4.48 million or 25.11% to RM13.36 million in FYE 2023 (FYE 2022: RM17.84 million), which among others, the cost of sales for Phase 3B2 decreased by RM2.03 million, in tandem with the decline in revenue of the development.

Construction services

The decrease in cost of sales for construction services due to the absence of cost of sales for construction services in FYE 2023 (FYE 2022: RM10.32 million), following the termination of construction services provided to a former related party in December 2022.

12.3.3.3 GP and GP margin

Our GP margin may be affected by various factors, including the type and price range of properties offered or launched, fluctuations in development costs and the ability to complete the development in a timely manner and handover the completed properties to buyers.

12. FINANCIAL INFORMATION (Cont'd)

Analysis of GP and GP margin by activities

	Audited								
	FYE 2021			FYE 2022			FYE 2023		
	GP		GP Margin	GP		GP Margin	GP		GP Margin
	RM'000	%	%	RM'000	%	%	RM'000	%	%
Property development⁽¹⁾									
Sale of development properties under construction	31,109	73.54	38.36	53,841	87.64	44.07	65,346	80.55	39.03
Sales of completed properties	9,707	22.95	46.64	5,634	9.17	35.83	15,537	19.15	47.39
	40,816	96.49	40.06	59,475	96.81	43.13	80,883	99.70	40.40
Others									
Construction services	1,485	3.51	55.72	1,961	3.19	15.97	-	-	-
Sale of land	-	-	-	-	-	-	242	0.30	39.93
	1,485	3.51	55.72	1,961	3.19	15.97	242	0.30	39.93
Total GP and overall GP margin	42,301	100.00	40.46	61,436	100.00	40.91	81,125	100.00	40.40

Note:

(1) The GP and GP margin of property development analysed by types of developments are as follows:

	Audited								
	FYE 2021			FYE 2022			FYE 2023		
	GP		GP Margin	GP		GP Margin	GP		GP Margin
	RM'000	%	%	RM'000	%	%	RM'000	%	%
<i>Residential</i>	21,885	53.62	45.53	18,775	31.57	46.70	12,743	15.75	47.88
<i>Industrial</i>	1,794	4.39	39.26	-	-	-	2,794	3.45	45.28
<i>Mixed development</i>									
- Residential	17,137	41.99	34.79	40,700	68.43	41.67	65,346	80.80	39.03
Total	40,816	100.00	40.06	59,475	100.00	43.13	80,883	100.00	40.40

12. FINANCIAL INFORMATION (Cont'd)**Analysis of GP and GP margin by geographical locations and developments**

	Audited								
	FYE 2021			FYE 2022			FYE 2023		
	GP		GP Margin	GP		GP Margin	GP		GP Margin
	RM'000	%	%	RM'000	%	%	RM'000	%	%
Property development									
Melaka									
Taman Kasa Heights	234	0.55	47.37	97	0.16	23.10	-	-	-
Taman Bukit Cheng	10,018	23.68	45.35	2,952	4.81	47.48	608	0.75	53.95
Taman Nuri	11,633	27.50	45.64	15,726	25.60	46.85	12,135	14.97	47.60
	<u>21,885</u>	<u>51.73</u>	<u>45.53</u>	<u>18,775</u>	<u>30.57</u>	<u>46.70</u>	<u>12,743</u>	<u>15.72</u>	<u>47.88</u>
Johor									
Taman Akasia	-	-	-	-	-	-	3,845	4.74	33.36
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,845</u>	<u>4.74</u>	<u>33.36</u>
Kedah									
Taman La Casa Lunas	17,137	40.52	34.79	40,700	66.24	41.67	61,501	75.80	39.45
	<u>17,137</u>	<u>40.52</u>	<u>34.79</u>	<u>40,700</u>	<u>66.24</u>	<u>41.67</u>	<u>61,501</u>	<u>75.80</u>	<u>39.45</u>
Selangor									
Twin Park	1,794	4.24	39.26	-	-	-	2,794	3.44	45.28
	<u>1,794</u>	<u>4.24</u>	<u>39.26</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,794</u>	<u>3.44</u>	<u>45.28</u>
	40,816	96.49	40.06	59,475	96.81	43.13	80,883	99.70	40.40
Others									
Construction services	1,485	3.51	55.72	1,961	3.19	15.97	-	-	-
Sale of land held for development	-	-	-	-	-	-	242	0.30	39.93
	<u>1,485</u>	<u>3.51</u>	<u>55.72</u>	<u>1,961</u>	<u>3.19</u>	<u>15.97</u>	<u>242</u>	<u>0.30</u>	<u>39.93</u>
Total GP and overall GP margin	42,301	100.00	40.46	61,436	100.00	40.91	81,125	100.00	40.40

12. FINANCIAL INFORMATION (Cont'd)

For the Period Under Review, our Group's GP and GP margin were mainly derived from the developments in Melaka and Kedah.

Comparison between FYE 2022 and FYE 2021

Our total GP increased by RM19.14 million or 45.25% to RM61.44 million in FYE 2022 (FYE 2021: RM42.30 million), mainly attributable to increase in GP contributed from property development of RM18.66 million or 45.71% to RM59.48 million in FYE 2022 (FYE 2021: RM40.82 million). This was mainly attributable to the following:

- (i) increase in GP from the development of Taman La Casa Lunas by RM23.56 million or 137.46% to RM40.70 million in FYE 2022 (FYE 2021: RM17.14 million) because of higher revenue of the development, among others, the GP of Phases 2 and 3B increased by RM5.54 million and RM14.51 million respectively; and
- (ii) increase in GP from the development of Taman Nuri by RM4.09 million or 35.14% to RM15.73 million in FYE 2022 (FYE 2021: RM11.64 million), mainly due to the increase in GP of Phase 3B2 by RM6.25 million or 268.24% to RM8.58 million in FYE 2022 (FYE 2021: RM2.33 million) as a result of higher revenue of the development.

However, the increase in total GP was partially offset by the following:

- (i) decrease in GP contributed from the development of Taman Bukit Cheng by RM7.07 million or 70.56% to RM2.95 million in FYE 2022 (FYE 2021: RM10.02 million), mainly attributable to lower GP from Taman Bukit Cheng (Phase 1) that reduced by RM9.01 million or 89.92% to RM1.01 million in FYE 2022 (FYE 2021: RM10.02 million), in line with lower revenue of the development; and
- (ii) decrease in GP from Twin Park by RM1.79 million due to no sale in FYE 2022.

Our overall GP margin was mainly driven by the GP margin of the main GP contributor and for FYE 2021 and FYE 2022, our main GP contributor was Taman La Casa Lunas which accounted for 40.52% and 66.24% of total GP for the respective financial year, followed by Taman Nuri which accounted for 27.50% and 25.60% of total GP for the respective financial year.

Our overall GP margin improved slightly by 0.45% from 40.46% in FYE 2021 to 40.91% in FYE 2022, mainly driven by the higher average GP margin of Taman La Casa Lunas which increased by 6.88% from 34.79% in FYE 2021 to 41.67% in FYE 2022. This was mainly due to the increase in contribution of GP from Taman La Casa Lunas (Phases 3B and 2) in FYE 2022, which have higher GP margin as we were able to command higher price as compared to Phase 3A that first launched under Taman La Casa Lunas.

Notwithstanding the above, the GP margin for our construction services decreased by 39.75% from 55.72% in FYE 2021 to 15.97% in FYE 2022 due to downward adjustment of contract sum and subsequent termination of the construction services in December 2022.

Comparison between FYE 2023 and FYE 2022

Our total GP increased by RM19.68 million or 32.03% to RM81.12 million in FYE 2023 (FYE 2022: RM61.44 million), mainly attributable to increase in GP contributed from property development of RM21.39 million or 35.96% to RM80.87 million in FYE 2023 (FYE 2022: RM59.48 million). This was mainly attributable to the following:

- (i) increase in GP from the development of Taman La Casa Lunas by RM20.80 million or 51.11% to RM61.50 million in FYE 2023 (FYE 2022: RM40.70 million) because of higher revenue in FYE 2023, among others, the GP of Phases 4A, 4C and 4D increased by RM12.08 million, RM10.33 million and RM10.58 million respectively; and

12. FINANCIAL INFORMATION (Cont'd)

- (ii) GP from the newly launched development, i.e. Taman Akasia (Phase 1A) of RM3.84 million in FYE 2023.

However, the increase in total GP was partially offset by the following:

- (i) decrease in GP from the development of Taman Nuri, which has reduced by RM3.60 million or 22.89% to RM12.13 million in FYE 2023 (FYE 2022: RM15.73 million). The decrease was mainly attributable to lower GP from Phase 3B2 which reduced by RM3.95 million as a result of lower revenue in FYE 2023; and
- (ii) decrease in GP from the development of Taman Bukit Cheng, which has reduced by RM2.34 million or 79.32% to RM0.61 million in FYE 2023 (FYE 2022: RM2.95 million), in tandem with lower revenue of the development.

Our Group's overall GP margin was mainly driven by the GP margin of the main GP contributor and for FYE 2022 and FYE 2023, our main GP contributor was Taman La Casa Lunas which accounted for 66.24% and 75.80% of total GP for the respective financial year, followed by Taman Nuri which accounted for 25.60% and 14.97% of total GP for the respective financial year.

Our Group's overall GP margin declined slightly by 0.51% from 40.91% in FYE 2022 to 40.40% in FYE 2023 due to lower GP margin for our Group's on-going developments which was mainly affected by the provision for LAD of approximately RM10.26 million for Taman La Casa Lunas (Phases 3A, 3B and 2).

12.3.3.4 Other income

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Administrative and management fees ⁽¹⁾	53	5.88	1,569	52.40	442	54.77
Gain on disposal of property, plant and equipment	-	-	349	11.66	-	-
Rental income ⁽²⁾	663	73.50	662	22.11	259	32.09
Reversal of provision for LAD ⁽³⁾	80	8.87	371	12.39	-	-
Sundry income	51	5.65	43	1.44	106	13.14
Wages subsidies received ⁽⁴⁾	55	6.10	-	-	-	-
Total other income	902	100.00	2,994	100.00	807	100.00

Notes:

- (1) Administrative and management fees comprise management fee received from a former related party for the provision of management and administrative services as well as reimbursements from home buyers for legal fees on memorandum of transfer and memorandum of charge.
- (2) The rental income was mainly derived from the rent-to-own arrangement and the leasing of investment properties, specifically lands held by our Group that tenants utilised for plantation business.
- (3) The reversal of provision for LAD due to overprovision in prior year of RM0.08 million for FYE 2021 was in relation to Taman Nuri (Phase 2) and the RM0.37 million for FYE 2022 was in relation to Taman Bertam Perdana.
- (4) The wages subsidies received are financial assistance provided by SOCSO pursuant to the wage subsidy programme initiated in June 2020 to help employers who are affected economically by the COVID-19 pandemic.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2022 and FYE 2021**

Other income increased by RM2.09 million or 232.22% to RM2.99 million in FYE 2022 (FYE 2021: RM0.90 million) mainly attributable to the following:

- (i) increase in administrative and management fees by RM1.52 million or 3,040.00% to RM1.57 million in FYE 2022 (FYE 2021: RM0.05 million), mainly due to increase in management fee charged to a former related party for the provision of management and administrative services by RM1.51 million; and
- (ii) an one-off gain on disposal of motor vehicles amounting to RM0.35 million.

Comparison between FYE 2023 and FYE 2022

Other income decreased by RM2.18 million or 72.91% to RM0.81 million in FYE 2023 (FYE 2022: RM2.99 million) mainly attributable to the following:

- (i) decrease in administrative and management fees by RM1.13 million or 71.97% to RM0.44 million in FYE 2023 (FYE 2022: RM1.57 million), mainly due to discontinue of management and administrative services provided to a former related party; and
- (ii) decrease in rental income by RM0.40 million or 60.61% to RM0.26 million in FYE 2023 (FYE 2022: RM0.66 million), mainly due to the expiry of tenancies under rent-to-own arrangement.

12.3.3.5 Selling and marketing expenses

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Advertisement and promotion expenses ⁽¹⁾	555	29.12	925	35.74	2,034	48.92
Sales commission ⁽²⁾	694	36.41	1,013	39.14	1,148	27.61
Staff costs ⁽³⁾	657	34.47	650	25.12	976	23.47
Total selling and marketing expenses	1,906	100.00	2,588	100.00	4,158	100.00

Notes:

- (1) *Advertisement and promotion expenses include digital marketing costs (consisting of social media lead generation cost), roadshows, signboards, banners, and development project launching expenses.*
- (2) *These are sales commission paid to property agencies and referral fees paid to home buyers.*
- (3) *Staff costs primarily consist of salaries, incentives, allowances, EPF contribution, SOCSO contribution, EIS contribution and other staff-related expenses for selling and marketing activities.*

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2022 and FYE 2021**

Selling and marketing expenses increased by RM0.68 million or 35.60% to RM2.59 million in FYE 2022 (FYE 2021: RM1.91 million), primarily incurred for the sales of residential properties in Taman Nuri and Taman La Casa Lunas. The increase was mainly attributable to:

- (i) advertisement and promotion expenses increased by RM0.36 million or 64.29% to RM0.92 million (FYE 2021: RM0.56 million); and
- (ii) sales commission increased by RM0.33 million or 47.83% to RM1.02 million (FYE 2021: RM0.69 million).

Comparison between FYE 2023 and FYE 2022

Selling and marketing expenses increased by RM1.57 million or 60.62% to RM4.16 million in FYE 2023 (FYE 2022: RM2.59 million), mainly incurred for the sales of residential properties in Taman Akasia and Taman La Casa Lunas. The increase was mainly attributable to the increase in advertisement and promotion expenses by RM1.11 million or 120.65% to RM2.03 million (FYE 2022: RM0.92 million).

12.3.3.6 Administrative expenses

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Auditors' remuneration	117	1.65	144	1.54	211	1.56
Depreciation	998	14.06	1,236	13.21	2,292	16.94
Directors' remuneration ⁽¹⁾	1,154	16.26	1,550	16.56	2,024	14.96
Legal and professional fees	857	12.07	965	10.31	113	0.84
Management fees ⁽²⁾	60	0.85	45	0.48	1	0.01
Office expenses ⁽³⁾	442	6.23	673	7.19	728	5.38
Other administrative expenses ⁽⁴⁾	369	5.20	632	6.75	1,935	14.30
Quit rent and assessment	258	3.63	236	2.52	224	1.66
Staff costs ⁽¹⁾	2,806	39.51	3,834	40.96	5,929	43.82
Withholding tax	38	0.54	45	0.48	72	0.53
Total administrative expenses	7,099	100.00	9,360	100.00	13,529	100.00

Notes:

- (1) Staff costs primarily consist of salaries, wages and allowances, bonuses, EPF contribution, SOCSO contribution, EIS contribution and other staff-related expenses. Directors' remuneration mainly includes salaries along with EPF, SOCSO and EIS contributions.
- (2) Management fees refer to payment for office management services to a related party. The office management services include provision of office maintenance, administration workers and office equipment.
- (3) Office expenses comprise electricity and water charges, fixed assets written off, office maintenance, office rental, printing and stationery, repair and maintenance, subscription fees as well as telephone and fax charges.
- (4) Other administrative expenses include accounting fees, bank charges, bank overdraft commitment fees, compound, credit card charges, donations, insurance, license and permits fees, newspaper and periodicals, postage and courier charges, printing and stationeries as well as other expenses incurred to maintain our Group's operations.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2022 and FYE 2021**

Administrative expenses increased by RM2.26 million or 31.83% to RM9.36 million in FYE 2022 (FYE 2021: RM7.10 million), mainly attributable to the following:

- (i) an increase in staff costs by RM1.03 million or 36.79% to RM3.83 million in FYE 2022 (FYE 2021: RM2.80 million). This was mainly due to the increase in staff salaries by RM0.75 million along with the increase in relevant statutory contributions such as EPF, SOCSO and EIS contributions by RM0.08 million. Our Group's average administrative staff headcount increased from 40 for FYE 2021 to 48 for FYE 2022. In addition, our Group's spending for staff training and development was increased by RM0.10 million in FYE 2022;
- (ii) an increase in directors' remuneration by RM0.40 million or 34.78% to RM1.55 million in FYE 2022 (FYE 2021: RM1.15 million);
- (iii) an increase in other administrative expenses by RM0.26 million or 70.27% to RM0.63 million in FYE 2022 (FYE 2021: RM0.37 million), mainly due to the following:
 - (a) RM0.19 million property development expenditure written off in FYE 2022 due to the expiry of development order pertaining to lands held for development located in Bidor, Perak; and
 - (b) an increase in bank charges by RM0.11 million which was mainly attributable to bank guarantees charges of RM0.08 million incurred by SPBSB and Laman Exotika during FYE 2022, and
- (iv) an increase in depreciation by RM0.24 million or 24.00% to RM1.24 million in FYE 2022 (FYE 2021: RM1.00 million), mainly due to the increase in depreciation for site equipment which resulted from the acquisition of aluminium formworks.

Comparison between FYE 2023 and FYE 2022

Administrative expenses increased by RM4.17 million or 44.55% to RM13.53 million in FYE 2023 (FYE 2022: RM9.36 million), mainly attributable to the following:

- (i) an increase in staff costs by RM2.10 million or 54.83% to RM5.93 million in FYE 2023 (FYE 2022: RM3.83 million). This was mainly due to the increase in staff salaries by RM1.34 million along with the increase in relevant statutory contributions such as EPF, SOCSO and EIS contributions. Our Group's average administrative staff headcount increased from 48 for FYE 2022 to 63 for FYE 2023;
- (ii) an increase in other administrative expenses by RM1.31 million or 207.94% to RM1.94 million in FYE 2023 (FYE 2022: RM0.63 million), mainly due to the following:
 - (a) stamp duty incurred of RM0.41 million which primarily related to construction contracts for our property developments;
 - (b) an increase in property development expenditure written off by RM0.14 million due to RM0.33 million property development expenditure written off pertaining to a terminated project located in Bandar Baru, Alor Gajah. The project was terminated after due consideration by our management as it was no longer feasible;
 - (c) an increase in fees for licenses and permits by RM0.28 million, mainly attributable to CIDB levy;
 - (d) an increase in security charges by RM0.16 million; and
 - (e) an increase in processing fees by RM0.12 million; and

12. FINANCIAL INFORMATION (Cont'd)

- (iii) an increase in depreciation by RM1.05 million or 84.68% to RM2.29 million in FYE 2023 (FYE 2022: RM1.24 million), mainly due to the acquisition of formwork (site equipment).

The above increase in administrative expenses was partially offset by the decrease in legal and professional fees which decreased by RM0.85 million or 88.54% to RM0.11 million in FYE 2023 (FYE 2022: RM0.96 million), mainly due to reversal of professional fees incurred for the Listing to prepayment.

12.3.3.7 Finance income

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Bank interest received	38	43.68	100	114.94	157	63.05
Housing development account interest received	5	5.75	12	13.79	6	2.41
Late payment interest charged to home buyers	43	49.42	-	-	56	22.49
Waiver of late payment interest charged	-	-	(104)	(119.53)	-	-
Interest received from stakeholder's fund	1	1.15	79	90.80	30	12.05
Total finance income	87	100.00	87	100.00	249	100.00

Comparison between FYE 2022 and FYE 2021

Finance income remained constant at RM0.09 million in FYE 2022 (FYE 2021: RM0.09 million). However, there was a waiver of late payment interest charged to home buyers of RM0.10 million which reduced the finance income in FYE 2022. The decision to waive the late payment interest was determined by our Management on case-by-case basis such as when the delay in payment is beyond the buyers' control. For example, delay in loan processing by Lembaga Pembiayaan Perumahan Sektor Awam or bank. The waiver will only be considered upon receiving the request for waiver from home buyers.

Comparison between FYE 2023 and FYE 2022

Finance income increased by RM0.16 million or 177.78% to RM0.25 million in FYE 2023 (FYE 2022: RM0.09 million), mainly attributable to the absence of waiver of late payment interest charged to home buyers which reduced the finance income in FYE 2022. In contrast, we recorded income from late payment interest charged to home buyers of RM0.06 million in FYE 2023.

12.3.3.8 Finance costs

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Bank overdraft interest	138	7.99	753	79.35	1,526	60.49
Lease liabilities interest	21	1.21	37	3.90	45	1.78
Term loan interest	1,570	90.80	159	16.75	952	37.73
Total finance costs	1,729	100.00	949	100.00	2,523	100.00

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2022 and FYE 2021**

Finance costs decreased by RM0.78 million or 45.09% to RM0.95 million in FYE 2022 (FYE 2021: RM1.73 million), mainly attributable to the decrease in term loan interest by RM1.41 million or 89.81% to RM0.16 million in FYE 2022 (FYE 2021: RM1.57 million). This was mainly due to the settlement of two term loans in FYE 2021.

Comparison between FYE 2023 and FYE 2022

Finance costs increased by RM1.57 million or 165.26% to RM2.52 million in FYE 2023 (FYE 2022: RM0.95 million), mainly attributable to the following:

- (i) increase in term loan interest by RM0.79 million or 493.75% to RM0.95 million in FYE 2023 (FYE 2022: RM0.16 million), mainly due to drawdown of term loan amounted to RM4.0 million in FYE 2023; and
- (ii) increase in bank overdraft interest by RM0.78 million or 104.00% to RM1.53 million in FYE 2023 (FYE 2022: RM0.75 million) due to additional utilisation of the facility.

12.3.3.9 PBT and PBT margin

	Audited		
	FYE 2021	FYE 2022	FYE 2023
PBT (RM'000)	32,556	51,620	61,971
PBT margin (%)	31.14	34.37	30.86

Comparison between FYE 2022 and FYE 2021

Our Group's PBT increased by RM19.07 million or 58.59% to RM51.62 million in FYE 2022 (FYE 2021: RM32.55 million) and our Group's PBT margin improved by 3.23% from 31.14% in FYE 2021 to 34.37% in FYE 2022. The increase in PBT and PBT margin was mainly due to the higher GP and GP margin generated from our property development business and higher other income in FYE 2022 as explained in **Sections 12.3.3.3 and 12.3.3.4** of this Prospectus respectively.

Comparison between FYE 2023 and FYE 2022

Our Group's PBT increased by RM10.35 million or 20.05% to RM61.97 million in FYE 2023 (FYE 2022: RM51.62 million) and our Group's PBT margin decreased by 3.51% from 34.37% in FYE 2022 to 30.86% in FYE 2023. The increase in PBT was mainly due to the higher GP generated from our property development business as explained in **Section 12.3.3.3** of this Prospectus. The decline in PBT margin was mainly due to the increase in administrative expenses and finance costs as well as lower other income for FYE 2023.

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12. FINANCIAL INFORMATION (Cont'd)**12.3.3.10 Taxation**

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Current tax:			
- Current year	7,452	11,819	18,558
- Over provision in prior years	-	(53)	(184)
	7,452	11,766	18,374
Deferred tax:			
- Current year	431	194	(2,794)
- Under provision in prior years	-	-	374
	431	194	(2,420)
Tax expenses	7,883	11,960	15,954
Effective tax rate (%)	24.21	23.17	25.74
Statutory tax rate (%)	24.00	24.00	24.00

We assume responsibility for the withholding tax on services rendered by oversea service providers and have remitted these withholding taxes to the relevant tax authorities.

Comparison between FYE 2022 and FYE 2021

Our tax expenses increased by RM4.08 million or 51.78% to RM11.96 million in FYE 2022 (FYE 2021: RM7.88 million), mainly contributed by the increase in PBT in FYE 2022.

For FYE 2021, our effective tax rate of 24.21% was marginally higher than the statutory tax rate of 24.00%. This was mainly due to expenses not deductible for tax purposes of RM0.74 million which was mainly attributed to depreciation for non-qualifying assets and professional fees.

For FYE 2022, our effective tax rate of 23.17% was marginally lower than the statutory tax rate of 24.00%. This was mainly due to tax saving from land cost which subject to real property gains tax rate of RM0.43 million. The RPGT arose from the reclassification from investment property to inventory which is deemed as a disposal of real property by the IRB and the fair value gains will be subject to real property gains tax.

Comparison between FYE 2023 and FYE 2022

Our tax expenses increased by RM3.99 million or 33.36% to RM15.95 million in FYE 2023 (FYE 2022: RM11.96 million), mainly contributed by the increase in PBT in FYE 2023.

For FYE 2023, our effective tax rate of 25.74% was higher than the statutory tax rate of 24.00%. This was mainly due to the expenses not deductible for tax purposes of RM1.20 million which was mainly attributed to depreciation for non-qualifying assets, interest restriction and professional fees.

12. FINANCIAL INFORMATION (Cont'd)**12.4 REVIEW OF FINANCIAL POSITION****12.4.1 Assets**

	Audited as at 31 December		
	2021	2022	2023
	RM'000	RM'000	RM'000
Non-current assets			
Property, plant and equipment ⁽¹⁾	4,850	7,256	15,266
Investment properties	76,402	76,318	26,966
Inventories	140,317	111,305	190,944
Deferred tax assets	2,916	2,722	5,142
Total non-current assets	224,485	197,601	238,318
Current assets			
Inventories	62,495	86,884	75,206
Contract assets	28,139	75,500	102,536
Contract costs	1,136	1,424	1,364
Trade receivables	32,514	12,773	25,604
Other receivables	22,570	13,330	14,720
Amount due from related parties	74,558	16,668	29
Tax recoverable	197	1,382	590
Cash and short-term deposits	8,882	13,849	28,578
Total current assets	230,491	221,810	248,627
Total assets	454,976	419,411	486,945

Note:

- (1) Included right-of-use assets of our Group which comprise motor vehicles acquired under hire purchase terms and right of using premises recognised in accordance with MFRS 16 Leases.

Comparison between 31 December 2022 and 31 December 2021

Our total assets decreased by RM35.55 million or 7.81% to RM419.41 million as at 31 December 2022 (31 December 2021: RM454.98 million), primarily attributable to the following:

- (i) decrease in non-current assets by RM26.88 million or 11.97% to RM197.60 million as at 31 December 2022 (31 December 2021: RM224.48 million), mainly attributable to the decrease in non-current inventories by RM29.02 million or 20.68% to RM111.30 million as at 31 December 2022 (31 December 2021: RM140.32 million). This was mainly due to the reclassification of lands held for property development (non-current inventories) of RM39.80 million to property development costs (current inventories) given that the lands will be developed within next 12 months. The reclassification was mainly in respect of our development of Taman Akasia as well as Taman La Casa Lunas (Phases 4A and 4C). The decrease in non-current inventories was partially offset by the net additions in lands held for development of RM7.48 million which mainly resulted from the acquisition of Mantap Megajuta.

The above decrease in non-current assets was partially offset by the increase in property, plant and equipment by RM2.41 million or 49.69% to RM7.26 million as at 31 December 2022 (31 December 2021: RM4.85 million) which mainly resulted from the acquisition of site equipment; and

12. FINANCIAL INFORMATION (Cont'd)

- (ii) decrease in current assets by RM8.68 million or 3.77% to RM221.81 million as at 31 December 2022 (31 December 2021: RM230.49 million), mainly attributable to the decrease in amount due from related parties by RM57.89 million or 77.64% to RM16.67 million as at 31 December 2022 (31 December 2021: RM74.56 million) due to the repayment from related parties in FYE 2022.

The decrease in amount due from related parties was partially offset by the increase in contract assets by RM47.36 million or 168.30% to RM75.50 million as at 31 December 2022 (31 December 2021: RM28.14 million), mainly resulting from the recognition of revenue from our Taman La Casa Lunas based on completion stages before reaching the next billing milestone.

Comparison between 31 December 2023 and 31 December 2022

Our total assets increased by RM67.54 million or 16.10% to RM486.95 million as at 31 December 2023 (31 December 2022: RM419.41 million), primarily attributable to the following:

- (i) increase in non-current assets by RM40.72 million or 20.61% to RM238.32 million as at 31 December 2023 (31 December 2022: RM197.60 million), mainly attributable to the increase in non-current inventories by RM79.64 million or 71.55% to RM190.94 million as at 31 December 2023 (31 December 2022: RM111.30 million). This was mainly due to the reclassification of lands previously held as investment properties of RM49.27 million to land held for future development and additional costs incurred during FYE 2023 of RM31.19 million for our land held for future development which mainly comprise earthwork costs for land in Banting, Selangor. Further, property, plant and equipment increased by RM8.01 million or 110.33% to RM15.27 million as at 31 December 2023 (31 December 2022: RM7.26 million), mainly attributable to the acquisition of formworks for our property development.

The above increase in non-current assets was partially offset by the decrease in investment properties by RM49.35 million or 64.66% from RM76.32 million as at 31 December 2022 to RM26.97 million as at 31 December 2023. The decrease was mainly due to the aforementioned reclassification of lands previously held as investment properties to lands held for future development; and

- (ii) increase in current assets by RM26.82 million or 12.09% to RM248.63 million as at 31 December 2023 (31 December 2022: RM221.81 million), mainly attributable to the increase in contract assets by RM27.04 million or 35.81% to RM102.54 million as at 31 December 2023 (31 December 2022: RM75.50 million) pertaining to our on-going developments, particularly Taman La Casa Lunas. Further, our Group's cash and bank balances increased by RM14.72 million or 106.44% to RM28.55 million as at 31 December 2023 (31 December 2022: RM13.83 million), followed by trade receivables increased by RM12.83 million or 100.47% to RM25.60 million as at 31 December 2023 (31 December 2022: RM12.77 million), mainly due to the collection from and billing issued to home buyers for units sold respectively.

The above increase in current assets was partially offset by the decrease in current inventories by RM11.67 million or 13.43% to RM75.21 million as at 31 December 2023 (31 December 2022: RM86.88 million). The decrease was mainly due to the recognition of development costs for units sold in profit or loss during FYE 2023. Further, amount due from related parties of RM16.64 million out of outstanding as at 31 December 2022 of RM16.67 million was recovered as at 31 December 2023.

12. FINANCIAL INFORMATION (Cont'd)**12.4.2 Liabilities**

	Audited as at 31 December		
	2021	2022	2023
	RM'000	RM'000	RM'000
Non-current liabilities			
Borrowings	1,330	13,045	13,265
Lease Liabilities	374	387	250
Deferred tax liabilities	999	999	999
Total non-current liabilities	2,703	14,431	14,514
Current liabilities			
Contract liabilities	8,211	-	117
Trade payables	13,980	15,930	39,900
Other payables	11,631	8,129	11,072
Amount due to related parties	116,974	33,943	7,458
Borrowings	12,367	13,683	36,211
Lease liabilities	282	409	397
Tax payable	1,422	3,370	6,067
Total current liabilities	164,867	75,464	101,222
Total liabilities	167,570	89,895	115,736

Comparison between 31 December 2022 and 31 December 2021

Our Group's total liabilities decreased by RM77.68 million or 46.36% to RM89.89 million as at 31 December 2022 (31 December 2021: RM167.57 million), primarily attributable to the decrease in current liabilities by RM89.41 million or 54.23% to RM75.46 million as at 31 December 2022 (31 December 2021: RM164.87 million). This was mainly due to the decrease in amount due to related parties by RM83.03 million or 70.98% to RM33.94 million as at 31 December 2022 (31 December 2021: RM116.97 million), resulted from the settlement of RM89.25 million outstanding amount due to related parties (excluded director) during FYE 2022. The remaining amount due to related parties as at 31 December 2022 solely represents the advances from a director which has increased by RM6.22 million or 22.44% to RM33.94 million (31 December 2021: RM27.72 million).

The above decrease in current liabilities was partially offset by the increase in non-current liabilities by RM11.73 million or 434.44% to RM14.43 million as at 31 December 2022 (31 December 2021: RM2.70 million). The said increase mainly attributable to the increase in term loans outstanding payables after 12 months by RM11.71 million or 880.45% to RM13.04 million as at 31 December 2022 (31 December 2021: RM1.33 million), resulted from the drawdown of RM15.00 million term loans in FYE 2022 by SPBSB, Laman Exotika and Naluri Wijaya of RM5.00 million each respectively for working capital purposes.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between 31 December 2023 and 31 December 2022**

Our Group's total liabilities increased by RM25.85 million or 28.76% to RM115.74 million as at 31 December 2023 (31 December 2022: RM89.89 million), primarily attributable to the increase in current liabilities by RM25.76 million or 34.14% to RM101.22 million as at 31 December 2023 (31 December 2022: RM75.46 million). This was mainly due to the following:

- (i) increase in trade payables by RM23.97 million or 150.47% to RM39.90 million as at 31 December 2023 (31 December 2022: RM15.93 million) as the construction works of our developments progressed; and
- (ii) increase in short-term borrowings by RM22.53 million or 164.69% to RM36.21 million as at 31 December 2023 (31 December 2022: RM13.68 million), mainly due to the increase in utilisation of bank overdraft facilities during FYE 2023.

The above increase in current liabilities was partially offset by the decrease in amount due to a director by RM26.49 million or 78.05% to RM7.45 million as at 31 December 2023 (31 December 2022: RM33.94 million) as a result of repayment during FYE 2023.

12.5 REVIEW OF CASH FLOWS

The summary of our combined statements of cash flows for the Period Under Review should be read in conjunction with the Accountants' Report as set out in **Section 13** of this Prospectus.

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Net cash flows from operating activities	8,871	11,525	30,166
Net cash (used in)/from investing activities	(8,110)	68,907	(6,889)
Net cash (used in) financing activities	(12,648)	(74,179)	(30,241)
Net (decrease)/increase in cash and cash equivalents	(11,887)	6,253	(6,964)
Cash and cash equivalents at beginning of the financial year	8,800	(3,087)	3,166
Cash and cash equivalents at end of the financial year⁽¹⁾	(3,087)	3,166	(3,798)

Note:

- (1) Cash and cash equivalents comprise the following:

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Cash and short-term deposits	8,882	13,849	28,578
Less: short-term deposits	-	(23)	(23)
	8,882	13,826	28,555
Bank overdrafts	(11,969)	(10,660)	(32,353)
Cash and cash equivalents at end of the financial year	(3,087)	3,166	(3,798)

There are no legal, financial or economic restrictions on our Subsidiaries' ability to transfer funds to our Company in the form of cash dividends, loans or advances subject to the availability of distributable profits and reserves, and any applicable financial covenants.

12. FINANCIAL INFORMATION (Cont'd)**12.5.1 Net cash flows from operating activities****(i) FYE 2021**

For the FYE 2021, our Group generated operating cash flows before working capital changes of RM35.22 million. Our net cash flows from operating activities was RM8.87 million after taken into account of the following:

- (a) RM3.85 million increase in inventories which was mainly attributable to net effect of the following:
- RM8.56 million costs incurred for lands held for future development during FYE 2021 which mainly included a land premium of RM3.96 million incurred for our lands in Banting, Selangor and property development costs of RM1.88 million incurred for our lands in Kluang, Johor;
 - RM59.17 million property development costs incurred whereby RM50.93 of which have been recognised in profit or loss during FYE 2021 for our on-going developments, particularly Taman La Casa Lunas (Phase 3A) and Taman Bukit Cheng (Phase 1); and
 - RM11.34 million costs for completed development properties sold recognised in profit or loss during FYE 2021, mainly attributable to the sales of housing units from Taman Nuri and a factory from Twin Park;
- (b) RM8.22 million decrease in contract customers mainly due to net effect of the following:
- RM14.00 million increase in contract assets, among others, contract assets of Taman Bukit Cheng (Phase 1) increased by RM7.57 million, followed by construction services of RM2.66 million and Taman Nuri Sentosa of RM2.34 million. The building works for Taman Bukit Cheng (Phase 1) and Taman Nuri Sentosa were completed in FYE 2021. However, based on the progress billing milestone, the balance 25% can be billed only after obtaining CCC. Hence, the progress billings the projects have been accrued but yet to be issued for workdone completed. The CCC for Taman Bukit Cheng (Phase 1) and Taman Nuri Sentosa were obtained in January 2022 and April 2022 respectively. For construction services, the progress billing was issued in January 2022 after verification of workdone by the property developer;
 - RM5.86 million increase in contract liabilities due to progress billings issued in FYE 2021 for Taman La Casa Lunas (Phase 3B) have not met the revenue recognition criteria. The development was launched in December 2020 and based on progress billing milestone, we issued progress billings on the first milestone, i.e. 10% upon signing of sales and purchase agreement to home buyers whilst the percentage of completion of the project was 8.84% as at 31 December 2021; and
 - RM0.08 million decrease in provision for LAD due to the reversal of provision in FYE 2021;

12. FINANCIAL INFORMATION (Cont'd)

- (c) RM18.84 million increase in receivables which was mainly due to:
- RM12.56 million increase in trade receivables, mainly attributable to timing involved in processing necessary legal documentation and long processing time required for end financiers to process the loan disbursements as a result of MCO, specifically for Taman La Casa Lunas (Phase 3B) where we sold 259 units residential properties in FYE 2021. Further, progress billings of RM2.49 million for Taman Nuri (Phase 3B2) was issued towards the end of the financial year; and
 - RM6.28 million increase in other receivables, mainly due to the increase in advances to our main contractor for the purchase of construction materials;
- (d) RM12.76 million increase in payables which was mainly contributed by the increase in trade payables of RM10.04 million due to higher outstanding balances owing to our main contractor for various developments as the construction works progressed. Further, other payables increased by RM2.72 million which, among others, the advance payment from home buyers increased by RM2.19 million;
- (e) RM0.27 million increase in contract costs, mainly attributable to higher sales and marketing costs, particularly sales commission incurred for the sales of development properties under Taman La Casa Lunas (Phases 3A and 3B);
- (f) RM6.28 million income tax payments;
- (g) RM1.73 million interest expense paid; and
- (h) RM0.09 million interest income received.

(ii) FYE 2022

For the FYE 2022, our Group generated operating cash flows before working capital changes of RM53.56 million. Our net cash flows from operating activities was RM11.53 million after taken into account of the following:

- (a) RM11.90 million decrease in inventories which was mainly attributable to net effect of the following:
- RM79.79 million property development costs recognised in profit or loss which have been partially offset by the RM73.25 million property development costs incurred during FYE 2022 for our on-going developments, particularly Taman La Casa Lunas (Phases 3A and 3B);
 - RM8.94 million costs for completed development properties sold recognised in profit or loss during FYE 2022, mainly attributable to the sales of housing units from Taman Nuri; and
 - RM3.51 million costs incurred for lands held for future development during FYE 2022;
- (b) RM55.57 million decrease in contract customers due to net effect of the following:
- RM47.36 million increase in contract assets, mainly contributed from Taman La Casa Lunas where progress billings have been accrued but yet to be issued for workdone completed during FYE 2022;

12. FINANCIAL INFORMATION (Cont'd)

- RM7.84 million decrease in contract liabilities as earlier progress billings issued for Taman La Casa Lunas (Phase 3B) had subsequently met the revenue recognition criteria in FYE 2022; and
 - RM0.37 million decrease in provision for LAD due to the reversal of provision in FYE 2021;
- (c) RM28.96 million decrease in receivables which was mainly due to:
- RM19.74 million decrease in trade receivables due to the improve in collection for progress billings issued for Taman La Casa Lunas subsequent to the cessation of MCO; and
 - RM9.24 million decrease in other receivables, mainly attributable to the following:
 - i. RM4.95 million repayment from two individuals which the advances were previously provided for the acquisition of shares in Good Rate, whereby the shares were subsequently transferred to Datuk Yap and Datin Loh;
 - ii. RM3.00 million repayment from third parties which the advance was previously extended for the purpose tendering a waste energy project which was eventually unsuccessful; and
 - iii. RM1.33 million decrease in receivables from our main contractor as the advances to our main contractor for the purchase of construction materials which was offset against amount payables to the main contractor for construction works done for our development projects;
- (d) RM1.53 million decrease in payables which was mainly contributed by the decrease in other payables of RM3.48 million due to the repayment to non-trade creditors. The decrease in other payables was partially offset by the increase in trade payables of RM1.95 million due to increase in amount payables to suppliers and contractors for our various development projects;
- (e) RM13.65 million receivables from a related party pertaining to our construction contract. This amount has been fully repaid in FYE 2023;
- (f) RM0.29 million increase in contract costs, mainly attributable to higher sales and marketing costs, particularly sales commission and legal fees borne by our Group, among others, the contract costs of Taman La Casa Lunas (Phase 3B) increased by RM0.35 million;
- (g) RM11.00 million income tax payments;
- (h) RM0.95 million interest expense paid; and
- (i) RM0.09 million interest income received.

12. FINANCIAL INFORMATION (Cont'd)**(iii) FYE 2023**

For the FYE 2023, our Group generated operating cash flows before working capital changes of RM66.54 million. Our net cash flows from operating activities was RM30.17 million after taken into account of the following:

- (a) RM18.69 million increase in inventories which was mainly attributable to net effect of the following:
 - RM31.19 million costs incurred for our lands held for future development which include earthwork costs of RM12.92 million incurred for our lands in Banting, Selangor; and
 - RM12.34 million costs for completed development properties sold recognised in profit or loss during FYE 2023, primarily attributable to the sales housing units from Taman Nuri;
- (b) RM26.92 million decrease in contract customers due to net effect of the following:
 - RM37.29 million increase in contract assets, mainly attributable to Taman La Casa Lunas (Phase 3B). The building works of the development was completed as at 31 December 2023, but CCC not yet obtained. Hence, progress billings have been accrued for workdone completed during FYE 2023 but yet to be issued to home buyers; and
 - RM10.37 million provision for LAD made in FYE 2023 for Taman La Casa Lunas (Phases 3A, 3B and 2) and Taman Nuri (Phase 3B2);
- (c) RM14.22 million increase in receivables which was mainly due to:
 - RM12.83 million increase in trade receivables due to increase in progress billings issued for our developments, among others, the trade receivables for Taman La Casa Lunas increased by RM10.28 million, in tandem with the increase in sales of the development in FYE 2023; and
 - RM1.39 million increase in other receivables, mainly due to the deposits paid of RM5.61 million for the acquisition of lands for future development in Seberang Perai Utara, Penang as well as payment made for professional fees pertaining to IPO exercise of RM1.46 million. The increase was partially offset by the decrease in advance to our main contractor for the purchase of construction materials of RM5.11 million;
- (d) RM26.91 million increase in payables which was mainly due to:
 - RM23.97 million increase in trade payables as the construction works for property development progressed; and
 - RM2.94 million increase in other payables due to increase in amount payables to non-trade creditors of RM1.51 million and increase in advance payment from home buyers of RM1.42 million;
- (e) RM13.65 million received from a related party of pertaining to our construction contract;
- (f) RM0.06 million decrease in contract costs, mainly attributable to lower costs incurred for advertisement and promotion for Taman La Casa Lunas (Phase 3B) and Taman Nuri;
- (g) RM15.15 million income tax payments;

12. FINANCIAL INFORMATION (Cont'd)

- (h) RM2.52 million interest expense paid;
- (i) RM0.26 million income tax refunded; and
- (j) RM0.25 million interest income received.

12.5.2 Net cash (used in)/from investing activities**(i) FYE 2021**

For the FYE 2021, we recorded net cash used in investing activities of RM8.11 million which was mainly attributable to:

- (a) RM4.34 million advances to related parties which mainly comprise advances to Anjuran Setara of RM2.70 million for its working capital purposes; and
- (b) RM3.77 million for the acquisition of property, plant and equipment during the financial year, including the purchase of site equipment of RM3.25 million, office equipment of RM0.08 million, furniture and fittings of RM0.05 million as well as the addition of right-of-use assets, i.e. motor vehicles of RM0.89 million, of which RM0.50 million were financed with hire purchase facilities. The site equipment purchased was aluminium formworks for our use in property developments.

(ii) FYE 2022

For the FYE 2022, we recorded net cash from investing activities of RM68.91 million which was mainly attributable to:

- (a) RM71.54 million repayment from related parties; and
- (b) RM0.42 million proceeds from disposal of 5 units of motor vehicles.

The cash inflows above were partially offset by the cash outflows arising from the following:

- (a) RM0.02 million fixed deposit placed with a licensed bank; and
- (b) RM3.03 million for the acquisition of property, plant and equipment during the financial year, including the purchase of site equipment of RM2.02 million, office equipment of RM0.18 million, furniture and fittings of RM0.07 million, as well as renovation costs capitalised of RM0.37 million and the addition of right-of-use assets, i.e. motor vehicles of RM0.99 million, of which RM0.60 million were financed with hire purchase facilities. The site equipment purchased was aluminium formworks for our use in property developments.

(iii) FYE 2023

For the FYE 2023, we recorded net cash used in investing activities of RM6.89 million which was mainly attributable to the acquisition of property, plant and equipment of RM9.88 million during the financial year, including the purchase of site equipment of RM8.96 million, office equipment of RM0.26 million, renovation costs capitalised of RM0.59 million, as well as other assets of RM0.07 million. The site equipment purchased mainly comprises aluminium formworks of RM8.96 million for our use in property developments.

The cash outflow was partially offset by the cash inflow from the repayment from related parties of RM2.99 million.

12. FINANCIAL INFORMATION (Cont'd)

12.5.3 Net cash used in financing activities

(i) FYE 2021

For the FYE 2021, we recorded net cash used in financing activities of RM12.65 million. This was mainly attributable to:

- (a) RM30.35 million repayment of term loans. In FYE 2021, we have collectively made advance payments of RM17.50 million for the repayment of principal and interest during the financial year; and
- (b) RM0.35 million repayment of lease liabilities for motor vehicles.

These cash outflows above were partially offset by the cash inflows from:

- (a) RM3.82 million net advances from directors for the purpose of early repayment of term loan utilised for purchase of land in Banting, which were interest-free and repayable on demand; and
- (b) RM14.23 million net advances from related parties, mainly advances from Prasarana Pesona to SPBSB for working capital purposes, which were interest-free and repayable on demand. The advances have been fully settled as at 31 December 2022.

(ii) FYE 2022

For the FYE 2022, we recorded net cash used in financing activities of RM74.18 million. This was mainly attributable to:

- (a) RM2.64 million dividend paid;
- (b) RM0.66 million repayment of term loans;
- (c) RM0.46 million repayment of lease liabilities for motor vehicles; and
- (d) RM89.25 million repayment for advances from related parties which were interest-free and repayable on demand.

These cash outflows above were partially offset by the cash inflows from the following:

- (a) RM15.00 million drawdowns of term loans amounted by SPBSB, Laman Exotika and Naluri Wijaya of RM5.00 million each respectively for working capital purposes; and
- (b) RM3.83 million net interest-free advances from a director, mainly for the purpose of repay the amount due to Prasarana Pesona.

12. FINANCIAL INFORMATION (Cont'd)**(iii) FYE 2023**

For the FYE 2023, we recorded net cash used in financing activities of RM30.24 million. This was mainly attributable to:

- (a) RM4.47 million dividend paid;
- (b) RM2.95 million repayment of term loans;
- (c) RM0.49 million repayment of lease liabilities for motor vehicles and leasing of office; and
- (d) RM26.34 million net repayment for advances from a director which were interest-free and repayable on demand.

These cash outflows were partially offset by the cash inflow from the drawdown of RM4.0 million term loan during the financial year for working capital purposes.

12.6 LIQUIDITY AND CAPITAL RESOURCES**12.6.1 Working capital**

We finance our operations with cash generated from operations, credit extended by trade payables and/or financial institutions as well as cash and bank balances. Our banking facilities from financial institutions comprise bank guarantees, cash line, overdrafts, term loans, and hire purchase arrangement.

Our Board confirms 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, taking into consideration the following:

- (i) cash and bank balances of approximately RM13.36 million as at 31 December 2023 after taking into consideration RM15.20 million held under Housing Development Accounts which is restricted to use in other operations such as for working capital purposes to fund project development only and not for general working capital of our Group;
- (ii) expected future cash flows from operations;
- (iii) banking facilities with a total credit limit of RM76.34 million as at 31 December 2023, which comprise bank guarantees, cash line and bank overdrafts, of which RM39.78 million has yet to be utilised;
- (iv) pro forma gearing level of [●] times, based on our pro forma statements of financial position as at 31 December 2023 after the Acquisitions, Public Issue, use of proceeds and subsequent events;
- (v) the expected increase in the gearing level from the pro forma gearing ratio of [●] times to approximately [●] times after taking into consideration the expected increase in bank borrowings of our Group arising from the potential drawdown of banking facility for the acquisition of Plentong Land;
- (vi) the decrease in operating cash flows from RM30.17 million in FYE 2023 to RM1.68 million in 6-month financial period ended 30 June 2024, which was mainly due to the completion of the land acquisitions in Seberang Perai, Penang in January 2024;
- (vii) the future funding requirements for our future plans and the acquisition of Plentong Land; and
- (viii) the pre-IPO dividend payable of up to RM7.00 million in respect of FYE 2024 to be paid out from SPBSB's internally generated funds.

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 land acquisition and commencement of new property development projects.

12. FINANCIAL INFORMATION (Cont'd)**12.6.2 Borrowings**

All of our bank borrowings are secured and interest-bearing, comprising both fixed and floating rate borrowings. The floating rate borrowings are based on base lending rate plus or minus a rate which varies depending on the type of facilities. Our Group's total borrowings as at 31 December 2023 are as follows:

Maturity profile	As at 31 December 2023			
	(1) (4)Term loans	(2) (4)Bank overdrafts	(3) (4)Lease Liabilities	Total borrowings
	RM'000	RM'000	RM'000	RM'000
Payable within 1 year	3,858	32,353	397	36,608
Payable after 1 year				
- 1 to 2 years	4,103	-	128	4,231
- 2 to 5 years	9,162	-	122	9,284
	13,265	-	250	13,515
Total	17,123	32,353	647	50,123
Floating rate borrowings	16,173	32,353	-	48,526
Fixed rate borrowings	950	-	647	1,597
Effective interest rate (%)	3.50 – 6.85	6.85 – 7.10	2.06 – 5.05	2.06 – 7.10
Gearing ratio (times) ⁽⁵⁾				0.14
Net gearing ratio (times) ⁽⁶⁾				0.06

Notes:

- (1) Term loans were mainly utilised to fund the working capital requirements of our Group.
- (2) Bank overdrafts were mainly utilised to fund the working capital requirements of our Group and to partially finance the acquisition of lands.
- (3) Lease liabilities included hire purchases utilised for acquiring motor vehicles and other lease liabilities recognised in accordance with MFRS 16 Leases related to leasing of office premises.
- (4) In conjunction with the Listing, we have obtained conditional approval for the release and/or discharge of the guarantees from financial institutions by substituting the same with a corporate guarantee from our Company. Until such release and/or discharge are perfected, our Non-Independent Executive Chairman, Non-Independent Executive Director and Chief Financial Officer will continue to guarantee the banking facilities extended to our Group.
- (5) Calculated based on total borrowings over equity attributable to the owners as at 31 December 2023.
- (6) Calculated based on total borrowings less short-term deposits, cash and bank balances over total equity as at 31 December 2023.

As at the LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangements or bank loans, which can materially affect the financial position and results of business operations or investments by holders of our securities.

Our Group has not defaulted on any payment of either principal sum and/or interest in relation to borrowings for the Period Under Review and up to the LPD.

12. FINANCIAL INFORMATION (Cont'd)**12.7 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES**

Save as disclosed in **Section 12.6** above, we do not have or utilise any other financial instruments or have any other treasury policies. All our financial instruments are used to fund the acquisition of land and purchase of property, plant and equipment as well as utilise for our property development business. As at 31 December 2023, save for our lease liabilities and certain term loans which are based on fixed rates, all our other banking facilities from financial institutions are based on base lending rate plus or minus a rate which varies depending on the type of facilities.

12.8 MATERIAL CAPITAL COMMITMENTS

As at the LPD, our Group's material commitments for capital expenditure are summarised below:

	Commitment for capital expenditure	Internal generated funds/bank borrowings	Proceeds from Public Issue
	RM'000	RM'000	RM'000
Approved and contracted for:			
- Acquisition of Plentong Land	(1)97,755	97,755	-

Note:

- (1) The purchase consideration for the acquisition of Plentong Land is RM110.00 million. As at the LPD, a deposit of RM11.00 million was paid and certain portion of the Plentong Land amounting to RM1.38 million does not formed part of the capital expenditure as it will be recognised as inventory.

12.9 MATERIAL LITIGATION AND CONTINGENT LIABILITIES**12.9.1 Material litigation**

Save as in **Section 16.5** of this Prospectus, neither we nor our Subsidiaries are engaged in any governmental, legal or arbitration proceedings, including those relating to bankruptcy, receivership of similar proceedings which may have or have had, material or significant effects on our financial position or profitability, in the 12 months preceding the date of this Prospectus.

12.9.2 Contingent liabilities

As at the LPD, we do not have any material contingent liabilities which, upon becoming enforceable, may have a material adverse impact on our results of operations or financial position.

12. FINANCIAL INFORMATION (Cont'd)**12.10 KEY FINANCIAL RATIOS**

Our key financial ratios for the Period Under Review are as follows:

	Audited as at 31 December		
	2021	2022	2023
Adjusted trade receivables turnover period (days) ⁽¹⁾	89	50	29
Adjusted trade payables turnover period (days) ⁽²⁾	40	25	27
Current ratio (times) ⁽³⁾	1.40	2.94	2.46
Gearing ratio (times) ⁽⁴⁾	0.05	0.08	0.14
Net gearing ratio (times) ⁽⁵⁾	0.02	0.04	0.06

Notes:

- (1) Calculated based on average adjusted trade receivables (excluding stakeholders' sums) at the beginning and end of the respective financial year over the total revenue of the respective financial year and multiplied by 365 days.
- (2) Calculated based on average adjusted trade payables (excluding retention sums and accrued development costs) at the beginning and end of the respective financial year over the total cost of sales of the respective financial year and multiplied by 365 days.
- (3) Calculated based on current assets over current liabilities.
- (4) Calculated based on total borrowings over equity attributable to the owners as at each financial year end.
- (5) Calculated based on total borrowings net of short-term deposits, cash and bank balances over equity attributable to the owners as at each financial year end.

12.10.1 Trade receivables turnover period

	Audited as at 31 December		
	2021	2022	2023
	RM'000	RM'000	RM'000
Trade receivables	32,514	12,773	25,604
Less: Stakeholders' sums ⁽¹⁾	(1,420)	(2,600)	(4,306)
Adjusted trade receivables	31,094	10,173	21,298
Adjusted opening trade receivables	19,882	31,094	10,173
Adjusted closing trade receivables	31,094	10,173	21,298
Adjusted average trade receivables	25,488	20,634	15,736
Adjusted trade receivables turnover period (days) ⁽²⁾	89	50	29

Notes:

- (1) Stakeholders' sums equivalent to 5% of purchase price will be withheld by solicitors upon handing over vacant possession to individual purchasers of development properties. The stakeholders' sums will be receivable in two tranches from the solicitors, i.e. 50% after 18th month and 50% after 24th month from the delivery of the vacant possession. This differs from the normal credit terms granted to our home buyers, which is typically 30 days.
- (2) Calculated based on average adjusted trade receivables (excluding stakeholders' sums) at the beginning and end of the respective financial year over the total revenue of the respective financial year and multiplied by 365 days.

12. FINANCIAL INFORMATION (Cont'd)

The normal credit period granted by our Group to our home buyers is 30 days from invoice date or progress billings date. Due to revenue recognition using the percentage of completion method, our Group's revenue movements may not precisely match the trade receivables turnover period, as trade receivables are recorded based on progress billings issued to end buyers. In addition, we impose an interest rate of 10% per annum on outstanding amounts that exceeded the credit term offered.

Our adjusted trade receivables turnover period of 89 days for FYE 2021 and 50 days FYE 2022 exceeded the normal credit period granted to our home buyers, mainly attributable to the timing involved in processing the necessary legal documentation and the long processing time required for financial institutions or Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA), who are the end financiers of home buyers, to process the first loan disbursements as a result of MCO. Further, home buyers are required to settle the differential sum before the end financiers can disburse the loan. The improvement in trade receivables turnover period from 89 days for FYE 2021 to 50 days for FYE 2022 mainly due to the cessation of MCO which has improved the collection from the progress billings issued for Taman La Casa Lunas.

Our adjusted trade receivables turnover period for FYE 2023 has improved to 29 days, which falls within the normal credit period of 30 days following the recovery of COVID-19 pandemic where the lead time to process loan disbursement by financial institutions for homebuyers has improved.

Our Group does not have any significant credit risk as we are principally a property developer, and we sell our development properties to a mass of buyers using financing from reputable financial institutions. For buyers without end financing facilities, we retain the legal title to all properties sold until the full contracted sales value is settled.

The ageing analysis of our Group's 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 the LPD		Trade receivables net of subsequent collections	
	RM'000	%	RM'000	%	RM'000	%
Neither past due nor impaired	12,488	48.78	(10,015)	(45.32)	2,473	70.59
Past due but not impaired:						
- 1 to 30 days	1,411	5.51	(1,285)	(5.81)	126	3.60
- 31 to 60 days	3,639	14.21	(3,307)	(14.96)	332	9.48
- 61 to 90 days	310	1.21	(310)	(1.40)	-	-
- more than 90 days	7,756	30.29	(7,184)	(32.51)	572	16.33
Total	25,604	100.00	(22,101)	(100.00)	3,503	100.00

As at the LPD, we have collected RM22.10 million or 86.33% of the total trade receivables which were outstanding as at 31 December 2023. The remaining balance outstanding of RM3.50 million was mainly due to the following:

- (i) RM2.31 million stakeholders' sums not past due attributed to Taman Nuri (Phases 3B2, 3B3 and Sentosa) and Taman Bukit Cheng (Phases 1 and 2) of RM0.99 million and RM1.32 million, respectively; and
- (ii) RM0.88 million pending settlement of differential sums or payment of legal fees for memorandum of transfer by home buyers of 5 units residential properties in Taman La Casa Lunas (Phases 4C and 4D) and a residential property in Taman Akasia (Phase 1A), before solicitor issues payment advice to end financiers for loan disbursement.

12. FINANCIAL INFORMATION (Cont'd)

Our management closely and regularly monitors the recoverability of overdue trade receivables and provides for impairment of these trade receivables as and when is appropriate. Nevertheless, no impairment was made for overdue trade receivables as our management is of the view that these receivables are recoverable since they substantially comprise amounts due from buyers with end financing facilities provided by financial institutions. Our Group retains the legal title to all properties sold for home buyers with no end financing facilities until the contracted sales value is fully settled. Our Group has not encountered any major disputes with our debtors.

12.10.2 Trade payables turnover period

	Audited as at 31 December		
	2021	2022	2023
	RM'000	RM'000	RM'000
Trade payables	13,980	15,930	39,900
Less: Retention sums ⁽¹⁾	(3,231)	(9,655)	(9,655)
Less: Accrued development costs ⁽²⁾	(68)	(4,582)	(14,150)
Adjusted trade payables	10,681	1,693	16,095
Adjusted opening trade payables	3,109	10,681	1,693
Adjusted closing trade payables	10,681	1,693	16,095
Adjusted average trade payables	6,895	6,187	8,894
Adjusted trade payables turnover period (days) ⁽³⁾	40	25	27

Notes:

- (1) Retention sums represent payables to our contractors for our on-going and completed projects which will be release to the contractors in two tranches, i.e. first tranche is upon issuance of architect's certificate of practical completion and second tranche is either at the end of the defect liability period or upon issuance of architect's certificate of making good defects.
- (2) Accrued development costs represent costs incurred for work done but yet to receive invoices from sub-contractors and/or suppliers.
- (3) Calculated based on average adjusted trade payables (excluding retention sums and accrued development costs) at the beginning and end of the respective financial year over the total cost of sales of the respective financial year and multiplied by 365 days.

The normal credit period granted by our creditors, including contractors, consultants and suppliers range from 30 to 60 days. As part of our payment processing procedures, our management ensures that all documentation from creditors is in order before making payment.

Our trade payables turnover period for FYE 2021, FYE 2022 and FYE 2023 fall within or below the credit period granted as we made timely payment to our creditors.

12. FINANCIAL INFORMATION (Cont'd)

The ageing analysis of our Group's 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 payments	
	RM'000	%	RM'000	%	RM'000	%
Within credit period	25,187	63.12	(20,338)	73.32	4,849	39.88
Exceeding credit period:						
- 1 to 30 days	2,286	5.73	(2,286)	8.24	-	-
- 31 to 60 days	2,104	5.27	(2,103)	7.58	1	0.01
- 61 to 90 days	106	0.27	(106)	0.38	-	-
- more than 90 days	562	1.41	(491)	1.77	71	0.58
	5,058	12.68	(4,986)	17.97	72	0.59
Trade payables	30,245	75.80	(25,324)	91.29	4,921	40.47
Retention sums	9,655	24.20	(2,415)	8.71	7,240	59.53
Total	39,900	100.00	(27,739)	100.00	12,161	100.00

As at the LPD, we have settled RM27.74 million or 69.52% of the total payables which were outstanding as at 31 December 2023. Apart from retention sums of RM7.24 million which is not yet due, the outstanding trade payables of RM4.92 million remain outstanding as at the LPD are primarily due to accrued development costs pending final invoices from the contractors and/or consultants.

As at the LPD, our Group has not encountered any disputes regarding trade payables and no legal actions have been initiated by our creditors to demand payments. Nevertheless, we will continue to closely monitor our payment obligations.

12.10.3 Current ratio

	Audited as at 31 December		
	2021	2022	2023
	RM'000	RM'000	RM'000
Current assets	230,491	221,810	248,627
Current liabilities	164,867	75,464	101,222
Current ratio (times) ⁽¹⁾	1.40	2.94	2.46

Note:

(1) Calculated based on current assets over current liabilities.

Our Group's current ratio ranges from 1.40 times to 2.94 times for the Period Under Review. This indicates our Group's ability to meet current obligations.

Our Group's current ratio improved from 1.40 times as at 31 December 2021 to 2.94 times as at 31 December 2022. This was mainly attributable to lower current liabilities after the repayment of RM89.25 million owed to related parties.

Our Group's current ratio reduced from 2.94 times as at 31 December 2022 to 2.46 times as at 31 December 2023. This was mainly attributable to the increase in trade payables and short-term borrowings as discussed in **Section 12.4.2** of this Prospectus.

12. FINANCIAL INFORMATION (Cont'd)**12.10.4 Gearing ratio**

	Audited as at 31 December		
	2021	2022	2023
Total borrowings (RM'000) ⁽¹⁾	14,353	27,524	50,123
Equity attributable to the owners (RM'000)	287,406	329,516	371,209
Gearing ratio (times) ⁽²⁾	0.05	0.08	0.14
Net gearing ratio (times) ⁽³⁾	0.02	0.04	0.06

Notes:

- (1) Total borrowings consist of term loans, bank overdrafts and lease liabilities.
- (2) Calculated based on total borrowings over equity attributable to the owners as at each financial year end.
- (3) Calculated based on total borrowings net of short-term deposits, cash and bank balances over equity attributable to the owners as at each financial year end.

Our Group's gearing ratio increased slightly from 0.05 times as at 31 December 2021 to 0.08 times as at 31 December 2022. Despite the increase in equity attributable to the owners which was driven by RM34.61 million higher retained earnings from RM262.86 million as at 31 December 2021 to RM297.47 million as at 31 December 2022, the increase in gearing ratio was mainly due to drawdown of term loans amounted to RM15.00 million during FYE 2022 for working capital purposes.

Our gearing ratio further increased from 0.08 times as at 31 December 2022 to 0.14 times as at 31 December 2023. Despite the increase in equity attributable to the owners which was driven by RM41.69 million higher retained earnings from RM297.47 million as at 31 December 2022 to RM339.16 million as at 31 December 2023, the increase in gearing ratio was mainly due to the increase in utilisation of bank overdraft facilities and drawdown of term loans amounted to RM4.00 million during FYE 2023 for working capital purposes.

12.10.5 Inventories ageing

Inventories held by our Group consist of unsold completed development properties, property development costs and lands held for property development for on-going developments. We only consider on the unsold completed development properties in our inventories ageing analysis.

The unsold completed development properties for the Period Under Review are as follows:

	As at 31 December		
	2021	2022	2023
	RM'000	RM'000	RM'000
By development and geographical areas			
Taman Kasa Heights (Melaka)	864	543	551
Taman Bukit Cheng (Melaka)	-	1,840	2,667
Taman Rembia Setia (Melaka)	162	162	162
Taman Nuri (Melaka)	14,710	10,190	12,777
Twin Park (Selangor)	3,250	3,259	-
Total	18,986	15,994	16,157

12. FINANCIAL INFORMATION (Cont'd)

	Number of unsold completed development properties as at 31 December		
	2021	2022	2023
	unit	unit	unit
By development and geographical areas			
Taman Kasa Heights (Melaka)	3	2	2
Taman Bukit Cheng (Melaka)	-	10	12
Taman Rembia Setia (Melaka)	1	1	1
Taman Nuri (Melaka)	38	29	38
Twin Park (Selangor)	1	1	-
Total	43	43	53

The decrease in unsold completed development properties by RM2.99 million or 15.75% to RM15.99 million as at 31 December 2022 (31 December 2021: RM18.98 million) was attributable to the sales of completed development properties in Taman Nuri (Phases 2, 3A2, 3A3 and 3B1) and Taman Kasa Heights which were completed prior to FYE 2022 of 15 units and 1 unit respectively. Despite the aforementioned sales, there was additional unsold completed development properties of 6 units in Taman Nuri Sentosa which obtained CCC in April 2022 and 10 units in Taman Bukit Cheng (Phase 1) which obtained CCC in January 2022.

The increase in unsold completed development properties by RM0.17 million or 1.06% to RM16.16 million as at 31 December 2023 (31 December 2022: RM15.99 million) was attributable to the sales of 1 unit of semi-detached factory in Twin Park, 1 unit in Taman Bukit Cheng (Phase 1) and 12 units in Taman Nuri (Taman Nuri Sentosa, Phases 3A2, 3B1 and 3B4). Despite the aforementioned sales of unsold completed development properties, there was additional unsold completed development properties from developments completed during FYE 2023, which include 21 units in Taman Nuri (Phase 3B2 and 3B3) and 3 units in Taman Bukit Cheng (Phase 2).

The ageing analysis of inventories of unsold completed development properties as at 31 December 2023 is as follows:

	Less than 1 year	1 to 2 years	More than 2 years	Total
Unsold completed development properties as at 31 December 2023 (RM'000)	8,141	1,785	6,231	16,157
% of the total unsold completed development properties	50.38	11.05	38.57	100.00
Sales of unsold completed development properties from 1 January 2024 up to the LPD (RM'000)	3,355	185	-	3,540
Unsold completed development properties as at 31 December 2023 after net off the subsequent sales (RM'000)	4,786	1,600	6,231	12,617
% of the total unsold completed development properties after net off the subsequent sales	37.93	12.68	49.39	100.00

12. FINANCIAL INFORMATION (Cont'd)

The unsold completed development properties aged less than 2 years as at 31 December 2023 consist of:

- (i) Taman Bukit Cheng (Phases 1 and 2), Cheng, Melaka
 - 9 units of double storey terraced house
 - 3 units of triple storey terraced house
- (ii) Taman Nuri (Phases 3B2, 3B3 and Sentosa), Durian Tunggal, Melaka
 - 8 units of double storey bungalow house
 - 1 unit of double storey semi-detached house
 - 4 units of double storey semi-detached zero-lot house
 - 8 units of double storey cluster house
 - 1 unit of 3-storey flat

The unsold completed development properties aged more than 2 years as at 31 December 2023 consist of:

- (i) Taman Kasa Heights (Phases 2B and 2C), Alor Gajah, Melaka
 - 1 unit of double storey triplex
 - 1 unit of double storey cluster house
- (ii) 1 unit of single storey shop under Taman Rembia Setia in Melaka which was previously under rent-to-own arrangement. The tenancy was terminated in August 2023 and the tenant did not exercise the option to purchase; and
- (iii) Taman Nuri (Phases 1B, 2, 3A2, 3A3 and 3B1), Durian Tunggal, Melaka
 - 1 unit of terraced townhouse
 - 5 units of double storey cluster house
 - 2 units of double storey semi-detached zero lot house
 - 2 units of double storey terraced house
 - 4 units of double storey bungalow house
 - 2 units of double storey semi-detached house

As at the LPD, out of the 53 units unsold completed development properties as at 31 December 2023, we have sold the following:

- (i) Taman Nuri (Phases 3B2 and 3B3), Durian Tunggal, Melaka
 - 4 units of double storey cluster house
 - 4 units of double storey semi-detached zero lot house
 - 2 units of double storey bungalow house and
 - 1 unit of double storey semi-detached house
- (ii) 1 unit of double storey terraced house in Taman Bukit Cheng (Phase 1), Cheng, Melaka

Please refer to **Section 7.8.3** for the details of the unsold completed development properties as at the LPD.

Our Group has analysed and assessed the unsold units for the completed projects aged more than 2 years as at 31 December 2023. Our Directors are of the view that there is no impairment to be made for the unsold units. Nevertheless, we will continue to perform impairment assessment on our unsold completed development properties if any indicators of impairment arise.

In the past, we have not experienced depreciation in the value of our unsold completed development properties; instead, their values have generally appreciated. In this respect, we have the flexibility to either price the unsold units close to the initial selling price or at a discount to market value without incurring losses.

12. FINANCIAL INFORMATION (Cont'd)

12.11 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES ON OUR GROUP'S OPERATIONS

12.11.1 Impact of foreign exchange rates

For the Period Under Review, we were not materially affected by the impact of fluctuation in exchange rates as all of our revenue and purchases are solely transacted in RM.

12.11.2 Impact of interest rates

All our borrowings are interest bearing obligations. Any hikes in interest rates would affect our financial performance. Our finance cost mainly comprises interest charges on banking facilities including term loan, bank overdrafts and lease liabilities which comprise hire purchases that are granted by banks and financial institutions. In this respect, we may be exposed to the liquidity risk that arises principally from our borrowings and the timing of costs incurred and collections from the purchasers of our properties.

Save for the lease liabilities and certain term loans which are fixed rate borrowings, other borrowings are floating rate borrowings which are based on base lending rate plus or minus a rate which varies depending on the type of facilities. In this respect, any increase in interest rates may impact on our financial performance. As at 31 December 2023, our interest-bearing borrowings of RM50.12 million include floating rate borrowings of RM48.53 million. Our interest coverage ratio for the Period Under Review of more than 15 times indicates that we were able to meet our interest serving obligations. For the Period Under Review and up to the LPD, we have not defaulted on any payments of either principal and/or interests in relation to our borrowings.

12.11.3 Impact of commodity prices

We are not directly affected by the fluctuation of commodity prices for the Period Under Review.

12.12 IMPACT OF INFLATION

Our financial performance for the Period Under Review was not materially affected by the impact of inflation as we entered into sale and purchase agreements with buyers with an agreed property price and awarded construction contracts to contractors with an agreed contract sum. Nevertheless, there is no assurance that inflation would not have an impact on our business and financial performance moving forward.

12.13 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

Our business is subject to risks arising from changes in government, economic, fiscal or monetary policies. Any unfavourable changes in those policies could adversely affect the performance of the property market and the value of properties in Malaysia. Please refer to **Section 9.2.1** of this Prospectus for further details.

12.14 SIGNIFICANT CHANGES

Save as disclosed in **Sections 7.6, 9.1 and 12.3.2** of this Prospectus, there is no significant change that has occurred which may have a material effect on the financial position and results of our Group subsequent to the Period Under Review.

12. FINANCIAL INFORMATION (Cont'd)

12.15 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.

12.16 TREND INFORMATION

Based on our track record for Period Under Review, the following trends may continue to affect our operations:

- (i) we will continue to focus on the property development business;
- (ii) our property development business' main focus in terms of geographical locations is Melaka, Kedah, Selangor and Johor and we will continue to expand into Penang in the future; and
- (iii) we have achieved GP margins of 40.46%, 40.91% and 40.40% for FYE 2021, FYE 2022 and FYE 2023 respectively. Moving forward, the ability to maintain our GP margin will depend on our continued ability to manage our costs efficiently and price our properties competitively.

As at the 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:

- (i) known trends, uncertainties, demands, commitments, or events that have had, or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations, save as discussed in this section, IMR Report as set out in **Section 8** and risk factors in **Section 9** of this Prospectus;
- (ii) material commitment for capital expenditure as set out in **Section 12.8** of this Prospectus;
- (iii) 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 disclosed in this section and risk factors in **Section 9** of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that had resulted or that we reasonable expect to result in a material impact on our Group revenue and/or profits save for those that have been disclosed in this section, IMR Report as set out in **Section 8** of this Prospectus and business strategies and future plans as set out in **Section 7.16** of this Prospectus; and
- (v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and risk factors in **Section 9** of this Prospectus.

Having considered the outlook of the property development industry as set out in the IMR Report in **Section 8** of this Prospectus, our Board remains optimistic about the long-term future prospects of our Group given our competitive strengths set out in **Section 7.8** of this Prospectus and our commitment to implement the business strategies and future plans as set out **Section 7.16** of this Prospectus.

12. FINANCIAL INFORMATION (Cont'd)**12.17 RECENT DEVELOPMENTS**

Save as disclosed below, there are 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 since FYE 2023:

- (i) material contracts as disclosed in **Annexure F** of this Prospectus; and
- (ii) material litigation as disclosed in **Section 16.5** of this Prospectus.

12.18 DIVIDEND POLICY

It is our Board's policy to recommend dividends to allow our shareholders to participate in the profits of our Group. Our Board intends to recommend and distribute a dividend of up to 30.0% of our audited PAT of each financial year on a consolidated basis after taking into consideration anticipated future operating conditions, operating cash flow requirements, financing commitments, subject to any applicable law and contractual obligations and provided that such distribution will not be detrimental to our Group's cash requirements or execution and implementation of our future plans and strategies moving forward.

The actual dividend that our Board may recommend or declare in respect of any particular year or period will be subject to the following factors:

- (i) the solvency requirement under the Act, which is applicable to all Malaysian companies;
- (ii) our operating cash flow and working capital requirements as well as financing commitments;
- (iii) our expected financial performance;
- (iv) our anticipated future operating conditions and expansion taking into consideration projected capital expenditure and investment plans;
- (v) prior written consent from financial institutions, where required; and
- (vi) any other contractual restrictions and / or commitments.

As we are an investment holding company, our income and ability to pay dividends are dependent upon the dividends received from our subsidiaries. As at the LPD, save for any applicable financial covenants and the Act, and subject to the availability of distributable profits and reserves, there are no dividend restrictions imposed on our Company or our Subsidiaries.

Save as disclosed below, there was no dividend declared and paid to our shareholders during the Period Under Review and up to the LPD:

	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Dividends declared	(1)2,080	(2)5,028	(3)4,324
Dividends paid	(1)-	(1)(2)2,641	(2)4,467
PAT attributable to our shareholders	24,673	39,660	46,017
Dividend payout ratio (%) ⁽⁴⁾	8.43	12.68	9.40

Notes:

- (1) SPBSB and Rentas Dinamik declared interim dividends of totalling RM2.08 million for FYE 2021 which was fully paid in January 2022.

12. FINANCIAL INFORMATION (Cont'd)

- (2) *SPBSB, Rentas Dinamik and Laman Exotika declared interim dividends of totalling RM5.03 million for FYE 2022, where RM0.56 million was paid in September 2022 and RM4.47 million was fully paid in November 2023.*
- (3) *SPBSB and Rentas Dinamik declared interim dividend of totalling RM4.32 million for FYE 2023 which was fully paid in June 2024.*
- (4) *Calculated based on dividends declared divided by PAT attributable to our shareholders of the respective financial year.*

SPBSB proposes to declare a pre-IPO dividend of up to RM7.00 million to SPBSB's shareholders in respect of FYE 2024 to be paid out from SPBSB's internally generated funds. The dividend is expected to be paid by first quarter of 2025. The payment of dividends will not affect the execution and implementation of our Group's future plans and strategies.

Investors should note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our future dividends which are subject to modifications (including non-declaration thereof) at our Board's discretion. Actual dividends proposed and declared may vary depending on the future financial performance and cash flows of our Group. Hence, no inference should or can be made from any of the statements above as to our actual future profitability and our ability to pay dividends in the future.

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