

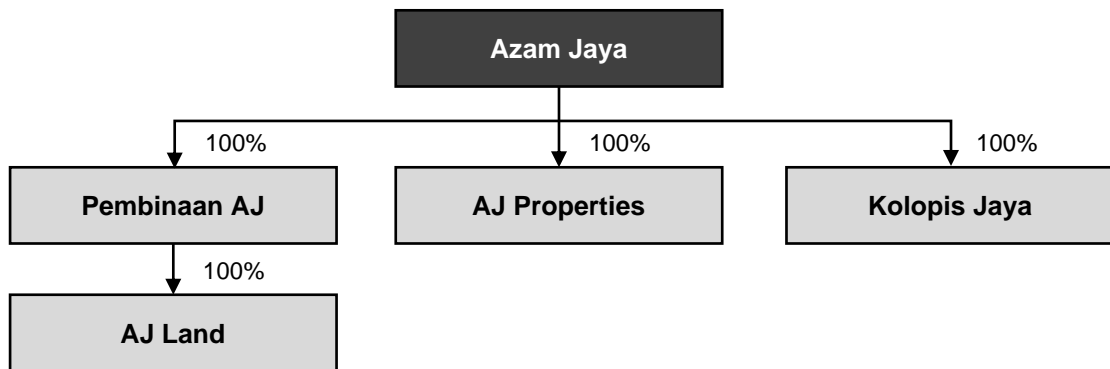
### 3. PROSPECTUS SUMMARY

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

#### 3.1 BACKGROUND AND OVERVIEW

Our Company was incorporated in Malaysia under the Act as a private limited company on 16 June 2022 under the name of Azam Jaya Sdn Bhd and was subsequently converted to a public limited company on 27 June 2024 where we assumed our present name, Azam Jaya Berhad.

We are an investment holding company and through our Subsidiaries, we are principally involved in the provision of construction services. Our Group structure [as at the LPD] and after our IPO is as follows:



Our Group's history can be traced back to the acquisition of 50% of Pembinaan AJ (formerly known as Zaramo Sdn Bhd) by Tan Sri Joseph from his relatives in 1992. Tan Sri Joseph subsequently increased his stake to 75% in 1994. Over the years, our Group was awarded larger and more prominent road infrastructure construction projects within the state of Sabah including:

- (i) the construction of 3 flyovers at the Kolam interchange, the Wawasan interchange and the Karamunsing interchange, as well as upgrading of roads at Jalan Nenas, Karamunsing in 2001, which was completed in 2008;
- (ii) the construction of the longest pre-stressed vehicular bridge in Sabah connecting Binsuluk and Kuala Penyu across Sungai Sitompok, in 2010, which was completed in 2012;
- (iii) the construction of the first vehicular tunnel constructed in Sabah connecting Kota Kinabalu Industrial Park with the Sepanggar Bay Container Port in 2010, which was completed in 2015; and
- (iv) road widening and upgrading works on Jalan Lintas and the construction of 2 interchanges in Kota Kinabalu in 2014, which was completed in 2017.

Apart from road infrastructure projects, our Group has also been involved in building improvement works for government structures. Whilst it is not our primary focus, we have completed 6 building improvement projects for government schools in Sabah to-date.

In 2015, our Group ventured into industrial property development via the development of an industrial park known as "The Factory @ Inanam" which comprised 29 units of detached, semi-detached and terrace industrial buildings in Inanam, Kota Kinabalu. This project had a gross development value of RM89.38 million and was our Group's sole property development project. As at the LPD, our Group does not intend to undertake any property development projects in the future.

### 3. PROSPECTUS SUMMARY (CONT'D)

Our Group has 4 Subsidiaries, namely Pembinaan AJ, AJ Land, AJ Properties and Kolopis Jaya and as at the LPD, all of our Subsidiaries are registered with the CIDB as Grade 7 contractors in Malaysia.

Over the Period under Review, our Group generated our revenues from the provision of construction services and from the sale of factory units from the development of "The Factory @ Inanam". Our revenues by business segments for the Period under Review are as follows:

	Construction		Property development		Total	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
FYE 2021	212,040	91.61	19,417	8.39	231,457	100.00
FYE 2022	289,377	97.49	7,461	2.51	296,838	100.00
FYE 2023	274,766	97.86	6,000	2.14	280,766	100.00

Please refer to Section 12.3.3(i) of this Prospectus for the breakdown of our construction revenue by construction projects undertaken by our Group.

As at [the LPD], our Group has an outstanding order book of approximately RM1.08 billion which is expected to be recognised for the FYEs 2024 to 2027.

#### 3.2 OUR COMPETITIVE STRENGTHS

Our competitive strengths are as follows:

##### (i) Established track record in the construction industry in Sabah

- We have established a track record of more than 30 years in the construction industry in Sabah and have completed over 50 construction projects of varying sizes, complexity, scope and contract values.
- All 4 of our Subsidiaries are registered as Grade 7 contractors with the CIDB which allows us to undertake construction projects with unlimited tendering capacity in Malaysia. In addition, Pembinaan AJ is registered as a holder of the Certificate of Government Procurement Works issued by CIDB as well as a Class A contractor with the Registration Centre for Supply / Service Works Contractors and Consultants, Ministry of Finance, Sabah (PUKONSA) which allows Pembinaan AJ to participate in any government procurement in the field of construction with tendering capacity of RM5,000,001 and above in the State of Sabah. Pembinaan AJ has also been granted Bumiputera status certification from the Ministry of Entrepreneur and Cooperatives Development of Malaysia.

##### (ii) Specialise in road infrastructure construction and is one of the major players in road infrastructure construction in Sabah

- We have evolved from a small construction company into a major road infrastructure specialist capable of delivering comprehensive solutions, encompassing project planning, development, civil engineering, project management and the construction of any road infrastructure in Sabah.
- According to the IMR Report as included in Section 8 of this Prospectus, we are a major infrastructure contractor in Sabah by market share, with a market share of 5.94% based on the value of civil engineering works (infrastructure construction) done in Sabah in 2023 of approximately RM4.62 billion and our construction revenue of approximately RM274.77 million for the FYE 2023.

### 3. PROSPECTUS SUMMARY (CONT'D)

- [As at the LPD], we have 8 ongoing construction projects with an unbilled contract value (order book) of RM1.08 billion.
- (iii) **Commitment to deliver innovative and quality construction projects in a timely manner**
- We have introduced several construction techniques which were the first of its kind in Sabah as further described in Section 7.2(iii) of this Prospectus.
  - We are also adopters of new and innovative construction technologies, such as the use of autonomous vehicle control modules for certain construction equipment and LiDAR-equipped drones which help our Group to boost productivity and operational efficiency as well as optimise cost and resources.
- (iv) **We are led by experienced key management team with expertise and technical knowledge in the construction industry**
- Our Promoter and Non-Independent Executive Chairman, Tan Sri Joseph has over 45 years of experience in the construction industry and has played a vital role in charting the strategic direction of our Group.
  - The Group is currently helmed by Datuk Jonathan, our Non-Independent Managing Director and Datuk Jessica, our Non-Independent Executive Director who are supported by our Key Senior Management with expertise across a broad spectrum of business activities, including project management and procurement.
- (v) **Strong relationship with subcontractors and materials suppliers**
- We have established long-term business relationships with our subcontractors and suppliers.
  - During the Period under Review, we have engaged over 80 subcontractors for various construction services including earthworks, piling, road surfacing, installation of road finishings (such as lane markings, building of lane dividers, installation of lights and signboards) and relocation of utilities services.

### 3.3 BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans are as follows:

- (i) **To maintain / enhance our position as one of the major road infrastructure players in Sabah**
- We intend to continue focusing on our core strengths in road infrastructure construction, capitalising on our Group's track record of over 30 years in this industry.
  - We plan to allocate an amount of RM[●] million from the proceeds of the Public Issue to enhance our construction capabilities by expanding our existing fleet of construction machinery and equipment as well as purchase new technology upgrades for our existing machinery and equipment.
  - We also intend to allocate an amount of RM[●] million from the proceeds of the Public Issue for our working capital requirements which will free up our existing cash to secure tender bonds and performance bonds, which are a prerequisite for most of our construction projects.

### 3. PROSPECTUS SUMMARY (CONT'D)

#### (ii) Tender for a wider range of construction contracts to maximise equipment utilisation

- For the Period under Review, our Group generated all our construction revenue from large-scale road infrastructure projects in Sabah (contract value above RM50 million).
- Our Group benefits when the Government decides to undertake large scale road infrastructure projects in Sabah as our Group is a road infrastructure specialist and one of the major players in the development of road infrastructure in Sabah.
- During cycles of lower Government investment in road infrastructure in Sabah, we aim to maximise the utilisation of our financial capabilities, construction machineries, equipment and direct labour by tendering for smaller road construction projects offered by non-governmental project owners as well as non-road infrastructure projects for which we are licensed and capable of performing.

#### (iii) Implementation of cost reduction initiatives to enhance operational profitability

- We intend to implement several cost reduction initiatives to enhance operational profitability which includes reducing our reliance on subcontractors by investing in additional construction machinery and equipment.
- We also intend to invest in technological upgrades for our existing and new fleet of machinery as this is expected to boost productivity and operational efficiency as well as optimise our cost and resources by minimising mistakes and the need to redo such works.

### 3.4 PRINCIPAL DETAILS OF OUR IPO

Our IPO Shares will be allocated at the IPO Price as summarised in the table below:

Categories	Issue Shares		Offer Shares		Total	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(1)%
<b>Retail Offering</b>						
Malaysian Public (via balloting):						
▪ Bumiputera	12,500,000	2.50	-	-	12,500,000	2.50
▪ Non-Bumiputera	12,500,000	2.50	-	-	12,500,000	2.50
Eligible Persons	10,000,000	2.00	-	-	10,000,000	2.00
<b>Subtotal</b>	<b>35,000,000</b>	<b>7.00</b>	-	-	<b>35,000,000</b>	<b>7.00</b>
<b>Institutional Offering</b> (by way of private placement)						
Institutional and selected investors	43,800,000	8.76	50,000,000	10.00	93,800,000	18.76
<b>Total</b>	<b>78,800,000</b>	<b>15.76</b>	<b>50,000,000</b>	<b>10.00</b>	<b>128,800,000</b>	<b>25.76</b>

**Note:**

- (1) Based on the enlarged total number of 500,000,000 Shares after our IPO.

### 3. PROSPECTUS SUMMARY (CONT'D)

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In accordance with the Equity Guidelines, our Promoters and persons connected to them will not be allowed to sell, transfer or assign their entire shareholdings in our Company as at the date of our Listing, for a period of 6 months from the date of our Listing.

For further information on our IPO and the moratorium on our Shares, please refer to Sections 4.3 and 2.2 of this Prospectus respectively.

#### 3.5 RISK FACTORS

Before investing in our IPO Shares, you should carefully consider all risk factors set out in Section 5 of this Prospectus as summarised below:

- (i) our business is dependent on our ability to secure new projects and replenish our order book which in turn is dependent on continued Government infrastructure spending in the state of Sabah. Failure to secure new projects would have a material impact on our business, operations, and financial performance;
- (ii) we depend on the services of our subcontractors to perform specific tasks for our projects and are subject to the risks associated with poor, late or non-performance by our subcontractors;
- (iii) we are subject to unanticipated increases in the cost of construction materials, subcontractors and labour costs, as our construction contracts are typically based on a fixed rate contract. Unexpected increases in the prices of construction inputs for which we are unable to pass to our customers could have a material adverse impact on our business and financial performance;
- (iv) our joint arrangement with other construction companies to undertake construction projects are subject to risk of non-performance / termination;
- (v) we may experience a delay in / non completion of our projects as well as defect liability claims from customers for our projects;
- (vi) we depend on our continued ability to obtain the requisite permits, licenses, approvals and certifications as well as our skilled and experienced personnel, the loss of which would adversely affect our business, reputation, financial performance as well as our future growth and prospects; and
- (vii) we depend on project financing and are exposed to the associated interest rate risk which may have an adverse impact on our profitability and our financial performance.

For further details and the full list of risk factors affecting our business and operations, the industry in which we operate and our Shares, please refer to Section 5 of this Prospectus.

**3. PROSPECTUS SUMMARY (CONT'D)****3.6 DIRECTORS AND KEY SENIOR MANAGEMENT**

Our Directors and Key Senior Management are as listed below:

<b><u>Name</u></b>	<b><u>Designation</u></b>
<b><u>Directors</u></b>	
Tan Sri Joseph	Non-Independent Executive Chairman
Datuk Jonathan	Non-Independent Managing Director
Datuk Jessica	Non-Independent Executive Director
Datuk Anjin Bin Ajik	Independent Non-Executive Director
Chua Chai Hua	Independent Non-Executive Director
Chung Yue Lin @ Erica	Independent Non-Executive Director
Emmeline Michael Paitin	Independent Non-Executive Director
Johannes Lo	Alternate Director to Tan Sri Joseph
<b><u>Key Senior Management</u></b>	
Johannes Lo	Head of Sustainability and Innovation
Datuk Ir. Wong Chung Teck @ George Wong	Head of Projects
Chiang Chung Wing @ Edwin Chiang	Head of Procurement
Lai Vui Kiong	Head of Corporate Affairs and Finance
Wong Shing Yee	Head of Accounts
Chong Mui Har	Head of HR and Administration

For further information on our Directors and Key Senior Management, please refer to Sections 9.2 and 9.3 of this Prospectus, respectively.

### 3. PROSPECTUS SUMMARY (CONT'D)

#### 3.7 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

Our Promoters and Substantial Shareholders as well as their respective shareholdings in our Company before and after our IPO are as follows:

Name	Country of incorporation / Nationality	Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>
<b><u>Promoters and Substantial Shareholders</u></b>									
Lokah Fortune	Malaysia	200,982,400	47.72	-	-	200,982,400	40.20	-	-
Tan Sri Joseph	Malaysian	33,249,200	7.89	<sup>(3)</sup> 116,680,000	27.70	<sup>(4)</sup> -	-	<sup>(3)</sup> 116,680,000	23.34
Datuk Jonathan	Malaysian	16,750,800	3.98	<sup>(5)</sup> 267,662,400	63.55	<sup>(4)</sup> -	-	<sup>(5)</sup> 267,662,400	53.53
Datuk Jessica	Malaysian	50,000,000	11.87	<sup>(6)</sup> 66,680,000	15.83	50,000,000	10.00	<sup>(6)</sup> 66,680,000	13.34
Johannes Lo	Malaysian	50,000,000	11.87	<sup>(6)</sup> 66,680,000	15.83	50,000,000	10.00	<sup>(6)</sup> 66,680,000	13.34
<b><u>Substantial Shareholders</u></b>									
Lo Vun Yee @ Josephine Lo	Malaysian	16,670,000	3.96	<sup>(7)</sup> 50,010,000	11.87	16,670,000	3.33	<sup>(7)</sup> 50,010,000	10.00
Lo Vun Jiun	Malaysian	16,670,000	3.96	<sup>(7)</sup> 50,010,000	11.87	16,670,000	3.33	<sup>(7)</sup> 50,010,000	10.00
Jacqueline Lo Ker Jack	Malaysian	16,670,000	3.96	<sup>(7)</sup> 50,010,000	11.87	16,670,000	3.33	<sup>(7)</sup> 50,010,000	10.00
Joanna Lo Vun Shii	Malaysian	16,670,000	3.96	<sup>(7)</sup> 50,010,000	11.87	16,670,000	3.33	<sup>(7)</sup> 50,010,000	10.00

**Notes:**

- (1) Based on the total number of 421,200,000 Shares after the Acquisitions and Share Split, but before our IPO.
- (2) Based on the enlarged total number of 500,000,000 Shares after our IPO.
- (3) Deemed interested by virtue of the shares held by his children, Johannes Lo, Lo Vun Yee @ Josephine Lo, Lo Vun Jiun, Jacqueline Lo Ker Jack and Joanna Lo Vun Shii pursuant to Section 59 of the Act.
- (4) After the Offer for Sale of 50,000,000 Shares to institutional and selected investors.
- (5) Deemed interested by virtue of his direct interest in Lokah Fortune pursuant to Section 8 of the Act and the Shares held by his siblings, Lo Vun Yee @ Josephine Lo, Lo Vun Jiun, Jacqueline Lo Ker Jack and Joanna Lo Vun Shii.
- (6) Deemed interested by virtue of the Shares held by his/her siblings, Lo Vun Yee @ Josephine Lo, Lo Vun Jiun, Jacqueline Lo Ker Jack and Joanna Lo Vun Shii.
- (7) Lo Vun Yee @ Josephine Lo, Lo Vun Jiun, Jacqueline Lo Ker Jack and Joanna Lo Vun Shii are deemed interested in the Shares held by each other.

For further information on our Promoters and Substantial Shareholders, please refer to Section 9.1 of this Prospectus.

### 3. PROSPECTUS SUMMARY (CONT'D)

#### 3.8 USE OF PROCEEDS

We intend to use the gross proceeds from the Public Issue of RM[•] million in the following manner:

Details of use of proceeds		Estimated timeframe for use from the date of our Listing	RM'000	%
(i)	Enhancing our construction capabilities	Within 36 months	[•]	[•]
(ii)	General working capital	Within 12 months	[•]	[•]
(iii)	Repayment of bank borrowings	Within 6 months	[•]	[•]
(iv)	Estimated listing expenses	Within 3 months	[•]	[•]
<b>Total</b>			<b>[•]</b>	<b>100.00</b>

The Offer for Sale will raise gross proceeds of RM[•] million which will accrue entirely to our Offerors. For further details on our use of proceeds arising from the Public Issue, please refer to Section 4.6 of this Prospectus.

#### 3.9 FINANCIAL HIGHLIGHTS

The table below sets out the audited combined statements of profit or loss and other comprehensive income of our Group for the Period under Review:

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	(RM'000)	(RM'000)	(RM'000)
Revenue	231,457	296,838	280,766
Cost of sales	(161,529)	(206,044)	(203,188)
GP	69,928	90,794	77,578
PBT	46,027	45,984	38,566
PAT attributable to the owners of the Company	34,142	31,691	25,983
Total equity	54,551	76,265	88,749
Total borrowings	130,348	139,539	143,024
Cash and bank balances	9,306	17,731	29,691
GP margin <sup>(1)</sup> (%)	30.21	30.59	27.63
PBT margin <sup>(2)</sup> (%)	19.89	15.49	13.74
PAT margin <sup>(3)</sup> (%)	14.77	10.68	9.25
Gearing ratio (times) <sup>(4)</sup>	2.39	1.83	1.61

**Notes:**

- (1) GP margin is computed based on GP over revenue.
- (2) PBT margin is computed based on PBT over revenue.
- (3) PAT margin is computed based on PAT over revenue.
- (4) Computed based on total borrowings divided by total equity as at the end of the financial year.



### 3. PROSPECTUS SUMMARY (CONT'D)

The table below sets out the audited combined statements of financial position of our Group as at 31 December 2021, 2022 and 2023:

	<b>Audited</b>		
	<b>As at 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
Non-current assets	71,117	81,726	88,973
Current assets	250,399	255,709	249,808
<b>Total assets</b>	<b>321,516</b>	<b>337,435</b>	<b>338,781</b>
Invested equity	6,800	6,800	6,800
Retained profits	47,151	68,842	81,949
Equity attributable to the owners of the Company	53,951	75,642	88,749
Non-controlling interests	600	623	-
<b>Total equity / Net assets</b>	<b>54,551</b>	<b>76,265</b>	<b>88,749</b>
Non-current liabilities	56,071	58,196	64,978
Current liabilities	210,894	202,974	185,054
<b>Total liabilities</b>	<b>266,965</b>	<b>261,170</b>	<b>250,032</b>
<b>Total equity and liabilities</b>	<b>321,516</b>	<b>337,435</b>	<b>338,781</b>

For further details on our financial information, please refer to Section 12 of this Prospectus.

#### 3.10 DIVIDEND POLICY

For the FYEs 2021, 2022 and 2023, our Group's dividend payout ratio was 20.50%, 31.55% and 50.03%, respectively, which were either set off against amounts owing by Tan Sri Joseph, Datuk Jonathan and a related company in which Tan Sri Joseph and Datuk Jonathan have an interest in or funded via internally-generated funds.

For information, we do not intend to declare and pay any dividends before the completion of the Proposed Listing. Moving forward, we target a payout ratio of at least 30% of our net profit attributable to the owners of our Company for each financial year on a consolidated basis subject to the following:

- (i) our Board's discretion as well as any applicable law, licence conditions and contractual obligations; and
- (ii) provided that such distribution will not be detrimental to our Group's cash requirements or any plans approved by our Board.

Investors should take note that this dividend policy merely describes our present intention and shall not constitute a legally binding obligation on our Company or legally binding statement in respect of our future dividends which are subject to modification (including non-declaration thereof) at our Board's discretion.

For further details on our dividend policy, please refer to Section 12.13 of this Prospectus.