

INFORMATION ON THE SOUTHERN SCORE GROUP**1. SHARE CAPITAL**

As at the LPD, Southern Score's issued share capital is RM1,000,000 comprising 1,000,000 shares. There were no changes to the issued share capital of Southern Score during the period for the historical financial information as disclosed in the Circular (i.e. FYEs 31 December 2018, 31 December 2019, 31 December 2020, 31 December 2021 and FPEs 30 April 2021 and 30 April 2022).

Details on the transfer of the Southern Score's shares during the period for the historical financial information as disclosed in the Circular are as follows:

Date of transfer	Transferor	Transferee	No. of shares in Southern Score being transferred
4 July 2019	Tan Sri Datuk Seri Gan Yu Chai	Super Advantage	80,000
4 July 2019	Gan Kah Siong	Super Advantage	20,000
4 July 2019	Idaman Sejiwa Development Sdn Bhd	Super Advantage	900,000

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Southern Score.

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INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

2. SUBSTANTIAL SHAREHOLDERS OF SOUTHERN SCORE

The Substantial Shareholders of Southern Score prior to the implementation of the Proposed Regularisation Plan until the completion of the Proposed Regularisation Plan are set out below:

Name	As at 3 July 2019 ⁽¹⁾				As at LPD			
	Direct		Indirect		Direct		Indirect	
	No. of shares	% ⁽²⁾	No. of shares	% ⁽²⁾	No. of shares	% ⁽²⁾	No. of shares	% ⁽²⁾
Gan Kah Siong	20,000	2.00	900,000 ⁽³⁾	90.00	-	-	-	-
Platinum Victory Holdings Sdn. Bhd.	-	-	900,000 ⁽³⁾	90.00	-	-	-	-
Idaman Sejiwa Development Sdn Bhd	900,000	90.00	-	-	-	-	-	-
Super Advantage	-	-	-	-	1,000,000	100.00	-	-
Tan Sri Datuk Seri Gan Yu Chai	80,000	8.00	900,000 ⁽³⁾	90.00	-	-	1,000,000 ⁽⁴⁾	100.00
Gan Yee Hin	-	-	900,000 ⁽³⁾	90.00	-	-	1,000,000 ⁽⁴⁾	100.00
GNB	-	-	-	-	-	-	-	-

Name	After the Proposed Regularisation Plan			
	Direct		Indirect	
	No. of shares	% ⁽²⁾	No. of shares	% ⁽²⁾
Gan Kah Siong	-	-	-	-
Platinum Victory Holdings Sdn. Bhd.	-	-	-	-
Idaman Sejiwa Development Sdn Bhd	-	-	-	-
Super Advantage	-	-	1,000,000 ⁽⁵⁾	100.00
Tan Sri Datuk Seri Gan Yu Chai	-	-	1,000,000 ⁽⁵⁾	100.00
Gan Yee Hin	-	-	1,000,000 ⁽⁵⁾	100.00
GNB	1,000,000	100.00	-	-

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)**Notes:**

- (1) The shareholdings of Southern Score as at 3 July 2019, being the day prior to the effective date of transfer of the shares by Tan Sri Datuk Seri Gan Yu Chai, Gan Kah Siong and Radium Development Berhad (formerly known as Idaman Sejiwa Development Sdn Bhd) in Southern Score to Super Advantage (i.e. 4 July 2019).
- (2) Based on the issued share capital of 1,000,000 Southern Score Shares.
- (3) Deemed interested through the direct interest of Radium Development Berhad (formerly known as Idaman Sejiwa Development Sdn Bhd).
- (4) Deemed interested through the direct interest of Super Advantage.
- (5) Deemed interested through the direct interest of GNB.

2.1 Changes in shareholdings in Southern Score for the past 3 years

Save as disclosed in Section 1 of this Appendix, there are no other changes in the shareholdings in Southern Score for the past 3 years up to the LPD.

3. DIRECTORS OF SOUTHERN SCORE

The Directors of Southern Score and their respective shareholdings in Southern Score as at the LPD are as follows:

Name / Designation	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Tan Sri Datuk Seri Gan Yu Chai (Managing Director)	Malaysian	-	-	1,000,000 ⁽¹⁾	100.00
Gan Yee Hin (Executive Director and Chief Executive Officer)	Malaysian	-	-	1,000,000 ⁽¹⁾	100.00
Datuk Sydney Lim Tau Chin (Executive Director)	Malaysian	-	-	-	-

Note:

- (1) Deemed interested through the direct interest of Super Advantage.

4. VENDOR OF SOUTHERN SCORE

The profile of the Vendor (i.e. Super Advantage) including information on its Directors and substantial shareholders are set out in Section 3(i) of Appendix II(A) of this Circular.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

5. OVERVIEW AND HISTORY OF THE SOUTHERN SCORE GROUP

Southern Score was incorporated in Malaysia as a private limited company on 20 December 2010 under the Companies Act, 1965 (deemed registered under the Act) under the name of Pembinaan Lebar Waras Sdn Bhd. On 29 March 2011, Pembinaan Lebar Waras Sdn Bhd changed its name to Southern Score Sdn Bhd. Southern Score is principally involved in the provision of construction management services mainly for high-rise residential buildings.

Tan Sri Datuk Seri Gan Yu Chai has been actively involved in the construction and property development industries for more than 30 years. He was first involved in Southern Score when he and his brother, Gan Kah Siong directly acquired 80% and 20% equity interest respectively in Southern Score from 2 unrelated third party individuals. Under his leadership, Southern Score ventured into construction services, where he saw potential growth opportunities for such specialised project management services which contribute to improved resource allocation, cost efficiencies and project profitability.

Southern Score began operations in 2012, under the leadership of Tan Sri Datuk Seri Gan Yu Chai, undertaking business development activities by way of approaching landbank owners and property developers to initiate property development projects. Between 2012 and 2015, the management of Southern Score approached several public and private landbank owners and property developers to initiate residential development projects.

In 2015, Southern Score successfully secured its first project from PR1MA Corporation Malaysia for the development of PR1MA Jalan Jubilee, an affordable housing project in Kuala Lumpur. In respect of this project, Southern Score acted as the turnkey contractor to PR1MA Corporation Malaysia.

In 2016, Southern Score was registered as a Grade 7 contractor under CIDB for the categories of Building (B), Civil Engineering (CE) and Mechanical Engineering (ME). The CIDB Grade 7 registration allows Southern Score to tender for construction projects that are of unlimited value and undertake construction activities throughout Malaysia.

In 2018, Southern Score secured a project from Weng Wah Developments Sdn Bhd for the development of Platinum Teratai Residences. In respect of this project, Southern Score acted as a specialty contractor to Weng Wah Developments Sdn Bhd for main external road works and associated works.

In 2019, Southern Score secured several projects, namely Vista Sentul Residences from Constant Premium Sdn Bhd, Platinum Arena Residences from Marques Land Sdn Bhd, Vista Wirajaya 1 @ PV 9 Residences from Ambanang Development Sdn Bhd and PV 18 Residences from Binastra Construction (M) Sdn Bhd. In respect of the abovementioned projects, Southern Score acted as the main contractor for piling works and main building works and specialty contractor for main external road works and associated works, as stipulated in its contracts with the respective awarding parties.

In 2020, Southern Score secured a project for the development of Vista Sentul Residences, where Southern Score was engaged as the main contractor to Constant Premium Sdn Bhd for main building works.

In 2021, Southern Score was registered with the Ministry of Finance for Government procurement under the supply of provision of services in the sectors as set out in the registration. Please refer to Section 7.14 of this Appendix for further details on this registration. During the same year, TSPC was incorporated on 5 April 2021 with TCS Group Holdings Berhad holding 65% equity interest and Southern Score holding the remaining 35% equity interest. Southern Score intends to venture into the manufacture of IBS products via TSPC. Please refer to Section 7.23 of this Appendix for further details on Southern Score's future plans and business strategies. In the same year, Southern Score further secured a project from Klasik Ikhtiar Sdn Bhd, where Southern Score was appointed as the turnkey contractor for the development of Vista Harmoni Residences.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

In early 2022, Southern Score secured projects in the capacity as turnkey contractor, namely Berlian Setapak 2 Residences from Monisprings Development Sdn Bhd and a residential development project from Magna Sutera Development Sdn Bhd.

5.1 Southern Score's subsidiary, joint venture and associate company

As at the LPD, Southern Score does not have any subsidiary or joint venture.

The details of Southern Score's associate company are as follows:

Name	Date and country of incorporation	Share capital	Southern Score's effective equity interest %	Principal activities
TSPC	5 April 2021, incorporated in Malaysia	RM750,000, comprising 750,000 shares	35.00	To carry on the business of construction, builders, contractors, sub-contractors for all kinds of buildings and to carry on all types of construction activities, and act as consultants, advisors, technical consultants, collaborators, designers, architects, wholesalers and retailers for all kinds of construction activities and materials and to undertake all civil, mechanical, electrical works, all types of infrastructure facilities and to provide other services or products which in the opinion of the board of directors, be advantageously carried on by the company in connection with or ancillary to the aforementioned business in Malaysia and overseas.

Save as disclosed above, Southern Score does not have any other associate company as at the LPD.

5.1.1 Details on TSPC**(a) Background and history**

TSPC was incorporated on 5 April 2021 under the Act as a private limited company.

The principal place of business of TSPC is at No 1 & 3, Bangunan TCS, Jalan SP 1/1, 42610 Bandar Saujana Putra, Selangor.

TSPC intends to venture into the manufacture of IBS products.

(b) Share capital

As at the LPD, TSPC has an issued share capital of RM750,000 comprising 750,000 ordinary shares, with the following changes to its issued share capital since incorporation.

Date of allotment	No. of ordinary shares	Consideration⁽¹⁾	Cumulative issued share capital	
			No. of shares	RM
5 April 2021	100	Cash	100	100
25 May 2021	749,900	Cash	750,000	750,000

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)**Note:**

- (1) For all consideration given, there was no discount, special term or instalment payment term.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in TSPC.

(c) Shareholder and directors

As at the LPD, the shareholdings of TSPC are as follows:

Name	Country of incorporation	Direct		Indirect	
		No. of shares	%	No. of shares	%
TCS Group Holdings Berhad	Malaysia	487,500	65.00	-	-
Southern Score	Malaysia	262,500	35.00	-	-

As at the LPD, TSPC's directors are Datin Koh Ah Nee, Dato' Ir. Tee Chai Seng, Tan Sri Datuk Seri Gan Yu Chai, Gan Yee Hin and Wong Choo Leong.

(d) Subsidiary, joint venture and associate company

As at the LPD, TSPC does not have any subsidiary, joint venture or associate company.

6. MATERIAL INVESTMENT AND DIVESTURES**6.1 Material investment**

The Southern Score Group has not undertaken any material capital expenditure during the FYEs 31 December 2018, 31 December 2019, 31 December 2020, 31 December 2021, FPE 30 April 2022 and up to the LPD.

6.2 Material divestures

The Southern Score Group has not undertaken any material divestitures during the FYEs 31 December 2018, 31 December 2019 and 31 December 2020, 31 December 2021, FPE 30 April 2022 and up to the LPD.

7. BUSINESS OVERVIEW**7.1 Principal activities**

Southern Score is principally involved in the provision of construction management services mainly for high-rise residential buildings in Kuala Lumpur. The scope of Southern Score's construction services involves the provision of professional project management services from project initiation until the completion of construction works, as follows:

- (i) Project initiation;
- (ii) Planning and design;
- (iii) Appointment of subcontractors;
- (iv) Procurement;
- (v) Construction project management; and
- (vi) Inspection and completion handover.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

As a provider of construction management services, Southern Score strives to distinguish itself by supporting landbank owners and property developers that require more holistic and full-fledged project management services, encompassing project initiation, project planning and design as well as construction project management prior to handover.

By engaging Southern Score, these landbank owners and property developers entrust Southern Score with the responsibility to plan and build properties that will be ready for sales once the project is completed, with minimal work required on the part of landbank owners and property developers. Further, these landbank owners and property developers only need to liaise with a single party (being Southern Score) throughout the duration of a development and construction project.

Southern Score engages and works closely with the necessary professional parties and sub-contractors to undertake labour intensive and specialised works. Through this model, Southern Score is able to maintain an agile and lean team.

To date, Southern Score has undertaken public and private sector projects with a focus on high-rise residential property developments. Southern Score's customers are primarily landbank owners and project developers who engaged Southern Score for its construction services. By leveraging on its capabilities, in the provision of construction management services, in particular for turnkey projects, Southern Score is also able to target and support novice landbank owners and property developers that require full-fledged services from project initiation to completion.

7.1.1 Provision of construction services

Southern Score undertakes construction projects either as a turnkey contractor or main contractor, where its roles and responsibilities differ according to the terms of the contract, and can be generally categorised as follows:

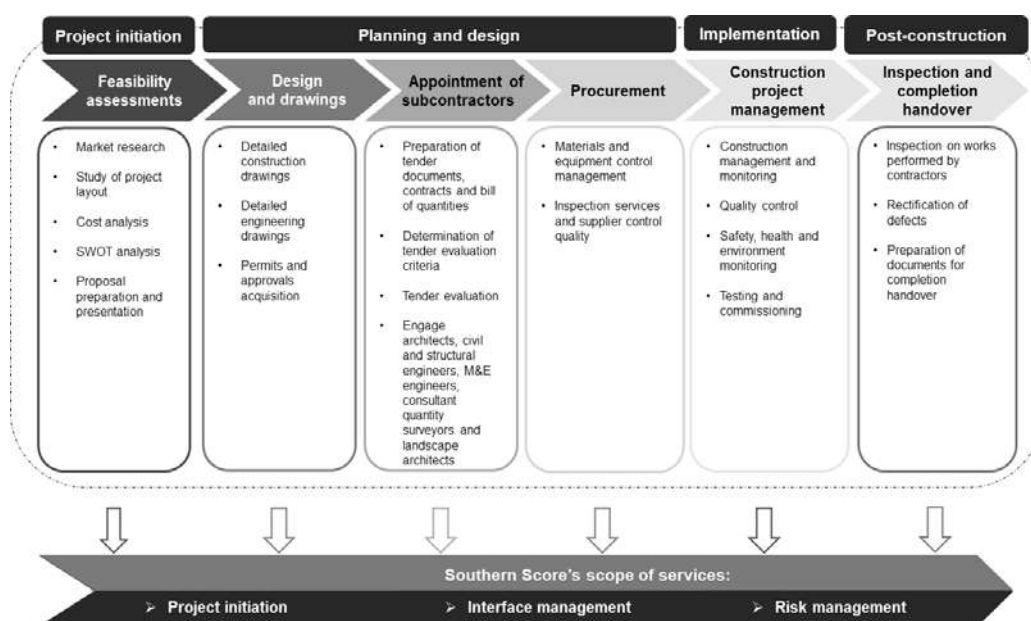
Role	Responsibilities
Turnkey contractor	Initiates feasibility assessment with proposed development components, compliance with regulatory requirements for all development approvals with the assistance of the professional consultants and plays a central coordinator role in planning and managing the overall construction project to ensure successful handover to customers within the contract period. This requires Southern Score to supervise daily construction activities, coordinate with suppliers and subcontractors, as well as plan and manage resources including site workers, construction machinery and equipment, and construction materials in accordance with the master work programme prepared.
Main contractor	Plays a central coordinator role in planning and managing the overall construction project to ensure successful handover to customers within the contract period. This requires Southern Score to supervise daily construction activities, coordinate with suppliers and subcontractors, as well as plan and manage resources including site workers, construction machinery and equipment, and construction materials in accordance with the master work programme prepared.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

The roles performed by Southern Score as a turnkey contractor and main contractor are similar in which Southern Score performs the construction of buildings for which it has been awarded. In general, while a turnkey contractor is typically awarded the contract directly by the landbank owner, the main contractor is typically awarded the contract by the property developer. Nonetheless, there may also be instances wherein Southern Score is engaged by novice property developers under turnkey contracts for development projects as the latter require more full-fledged project management services.

Southern Score is involved in the implementation of development and construction projects, which includes project planning and design development, as well as daily management of all the works required for timely completion of the projects. Southern Score also engages subcontractors to provide selected services such as supply and installation of construction materials, machinery and equipment, geotechnical and piling works, main building works, road works and internal infrastructure and landscaping works as well as other specialised trade works such as M&E engineering works, drainage and sewerage works as well as other related works.

Southern Score's construction services business model and the corresponding business activities that it undertakes in a typical construction project cycle are as illustrated below:



(i) Project initiation

Southern Score undertakes construction services from the phase of project initiation and up to post construction when engaged by landbank owners as a turnkey contractor.

Southern Score proactively initiates development and construction projects by way of assessing the development potential of landbanks in strategic and/or prime locations, and developing a concept for development on a particular landbank. Southern Score undertakes the following activities internally by leveraging on its internal capabilities:

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

- Led by Tan Sri Datuk Seri Gan Yu Chai, Gan Yee Hin and Datuk Sydney Lim Tau Chin, Southern Score's project team will conduct in-house feasibility assessments on landbanks where this includes, among others, strength, weakness, opportunities and threat (SWOT) analysis, market research, study of project layout and cost analysis. Southern Score's project team also considers the financial feasibility aspects such as capital requirements and potential return of the project, risk assessment on the financial position of the potential customers, prospects of the projects based on current market demand, as well as the required and availability of skilled resources for the project. This allows Southern Score to assess the viability of developing a particular landbank from an economical, legal and technical perspective, while also determining whether the project is both possible and profitable for the landbank owner to undertake before allocating further manpower, time and budget resources.
- In determining the development potential of landbanks, Southern Score takes into consideration the characteristics and uniqueness of the land parcels and future planned developments such as upcoming roads, highways as well as infrastructure development. Southern Score seeks to increase the realisable value of the land parcels and increase the appeal of new property developments for landbank owners and ultimately, buyers of the residential property. Southern Score's approach is tailor-made to each landbank and location.
- Southern Score then approaches landbank owners to present the development potential and concept proposition of a particular landbank as part of its business development activities to initiate new property development projects. Upon acceptance of the concept proposition by the landbank owners, a letter of award will be issued to Southern Score, which specifies the details of the project and scope of works. Southern Score will then proceed to the planning and design phase.

(ii) Planning and design

Southern Score undertakes construction services from the phase of planning and design stage and up to post construction when engaged by property developers as a main contractor.

Southern Score undertakes detailed planning activities to ensure successful delivery of the project. Southern Score is involved in planning activities such as design works, preparation of project QESH plan, master work program, project budget and resource requirements.

Southern Score's Director of Development and Projects is responsible for assembling a project team which will oversee the management and implementation of all aspects of the project, such as construction works, quality control, safety, health and environment, time management, project costing and procurement of construction materials and supplies as well as appointment of subcontractors.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

Upon approval from landbank owners / property developers, Southern Score will appoint the relevant professional consultants such as architects, civil and structural engineers, M&E engineers, consultant quantity surveyors and landscape architects to undertake detailed construction drawings and engineering drawings relating to building engineering design, building architectural design, building mechanical, electrical, communications and plumbing design as well as landscape design. Southern Score's project team will review the detailed construction drawings and engineering drawings developed by these consultants and incorporate technical support and value engineering input, where applicable, to ensure cost effectiveness and methodology efficiency. Based on the approved designs, drawings, calculations and proposals, an estimated project costing will be prepared by an independent quantity surveyor that has been engaged for the project, together with Southern Score's internal quantity surveyor. This will be used as a guide to maintain control over the project budget.

To increase the sales potential of the residential properties arising from its concept proposition, Southern Score strives to develop designs that are functional and appealing to the buyers of the residential property. Thus, Southern Score's project team incorporates modern building features as well as architectural designs to increase the physical appeal of the proposed designs.

The project team will liaise with the respective professional engineers and architects to submit and procure the requisite approvals and permits from the local authorities for the development project.

The procurement and purchasing team of Southern Score will source and propose to landbank owners, subcontractors and suppliers that meet the technical, cost and quality requirements to provide services such as the supply and installation of construction materials, machinery and equipment, as well as other specialised trade works.

Suitable suppliers and subcontractors will be identified and invited to participate in a bidding process based on the relevant tender documents, contract documents and bill of quantities prepared by the appointed consultant quantity surveyor.

All documents submitted by the bidders which include drawings, product information, samples as well as other supporting information will be reviewed by Southern Score's project team for evaluation based on criteria such as product/service quality, price, past track record, financial strength and ability to meet the project's delivery milestones. Thereafter, Southern Score's project team will hold discussions with the consultants to identify the shortlisted bidders and determine the winning bidders.

Upon approval from landbank owners / property developers, Southern Score will proceed to appoint these subcontractors and suppliers. Southern Score will issue a letter of award to the appointed subcontractors and suppliers upon identifying the winning bidders that meet its technical, cost and quality requirements.

Subsequently, Southern Score's procurement and purchasing team will procure the raw materials and services required for the project according to the tender schedule.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

(iii) Implementation

Construction works commence once the required approvals and permits for the development project have been secured from the local authorities. During this implementation phase, Southern Score is responsible for construction project management, where they oversee the construction works being carried out by subcontractors.

Southern Score's project team oversees construction works guided by the master work programme which shows the work activities, sequence and milestones according to the project requirements and specifications. Individual tasks in the project will be closely followed based on the timeline planned in the master work programme and the timeline will be monitored to ensure construction works are completed in a timely manner.

During the construction works phase, Southern Score's project team will act as the site administrator in which its personnel will devise a detailed construction plan, coordinate and supervise subcontractors, liaise with customers and consultants as well as implement and monitor construction milestones.

Southern Score's procurement and purchasing team will coordinate the transfer and/or procurement of the equipment and construction materials needed to the construction site according to the master work programme. Southern Score's project team will set up site facilities, plan, coordinate and allocate manpower resources, enforce a site management system throughout the project and liaise with the respective utility providers for utility relocation and temporary diversion. Further, Southern Score's Procurement and Purchasing team, along with the independent quantity surveyor, will evaluate work done on site, prepare interim claims and resolve contractual issues.

Together with the subcontractor's project team, Southern Score's project team will monitor the construction site to ensure compliance to the quality, site occupational safety, health and environmental guidelines and policies. A project QESH plan will be developed and implemented according to the construction progress.

Southern Score is responsible for monitoring the overall building construction works being carried out by its subcontractors which encompass:

- (a) Earthworks which involve the process of preparing the ground to be suitable for the construction of buildings, structures and infrastructure. Earthworks mainly include site clearance, excavation and backfilling, as well as levelling and compacting the earth;
- (b) Site preparation to facilitate efficient and effective workflow for construction activities including preparation of the staging areas for construction machinery and equipment, temporary storage areas for construction materials and temporary site for site-office and basic amenities; and
- (c) Building construction which comprises substructure and superstructure works, whereby:
 - (i) substructure includes foundations, retaining walls and basements; and
 - (ii) superstructure comprises all buildings and structures above the ground.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

Southern Score is responsible for managing and monitoring substructure and superstructure works being carried out by its subcontractors. Southern Score engages subcontractors who are geotechnical and piling specialists for substructure works such as deep foundation piling, retaining walls and basement construction. Southern Score also engages subcontractors to carry out superstructure works, where these subcontractors perform the works under its supervision, control and management.

The superstructure construction works are focused on the physical building and incorporates the following:

- (a) Constructing and erecting columns, beams, walls, floors and roofs;
- (b) Installation of M&E, communications and plumbing systems. Appointed subcontractors or carry out these installation services under Southern Score's project team's supervision and control;
- (c) Other building construction works include external wall cladding and façade, architectural works including installation of windows and doors, and internal and external finishing for floors, walls, ceilings, columns and stairs; and
- (d) Internal infrastructure construction and landscaping work within the development area. Internal infrastructure works include the following:
 - (i) roadworks such as construction of roads, pavements and walkways;
 - (ii) utilities including supply and distribution of power, communications and potable water, sewerage and drainage, stormwater drainage and retention pond; and
 - (iii) perimeter fencing, gates, guardhouses and security systems.

Landscaping mainly includes contouring the land, planting flora, creating walkways and installing fixtures, features and amenities

Throughout the implementation phase, Southern Score's project team will manage the interface between various parties involved in the project, which include but may not be limited to representatives of the customer, consultants, subcontractors, suppliers/vendors as well as regulatory authorities. The purpose of interface management is to ensure clear communication between the parties involved, which in turn enables clear communication between the contracting parties and establishes clear lines of responsibilities as well as deliverables timeline. Interface management supports project performance and mitigates the likelihood of poor outcomes.

Southern Score's project team holds regular project meetings with the respective working parties to review and monitor work progress and performance. Thereafter, Southern Score will provide regular updates to customers on the overall work status progress of the project, as well as the potential issues and concerns relating to the project, if applicable.

During construction works, Southern Score's project team monitors and maintains a risk registry which identifies potential technical issues that may cause delays in the implementation of the project. The project team will highlight potential issues or any other material issues to the customer, as well as mitigation or corrective measures to address them. The risk registry is updated periodically and circulated to the customer for reference and records.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

Southern Score's project team will carry out final inspections, testing and commissioning jointly with the customer's representative at the end of construction works and prior to demobilising resources from the construction site. The project team will then assemble final project documentation such as as-built drawings, warranties, and operations and maintenance manuals where a complete set of project documents will be presented to the customer during the handover stage. Thereafter, the project team will demobilise resources from the construction site in stages.

(iv) Post construction

A construction project is deemed practically completed when Southern Score obtains the CPC issued by the architect engaged by its customer. Upon receiving the CPC, Southern Score will submit its penultimate claim which will include claim for release of the first portion of the retention sum.

The defects liability period will begin upon Southern Score obtains the CPC. During the defect liability period, upon receiving report on defects identified by the customer, Southern Score's project team will investigate and rectify the issue by getting the relevant subcontractors to rectify the defects. The length of the defects liability period generally ranges from 12 to 24 months after issuance of the CPC. Upon expiry of the defect liability period and the complete rectification of all defects identified, Southern Score's customer will issue a CMGD.

Southern Score will submit to the customers all documents supporting the draft final accounts within 12 months to 24 months after the issuance of the CPC. The final account shall be completed and issued by the customer in accordance to the terms of the contracts.

Southern Score's customers are entitled to retain 5.0% of the contract sum awarded as retention sum. The customer will retain the retention sum throughout the contract period until the issuance of the CPC, of which half of the total retention sum will be released to Southern Score upon the issuance of the CPC, while the remaining half of the retention sum will be retained by the customer until the end of the defects liability period and upon the issuance of the CMGD. The remaining retention sum may be utilised by Southern Score's customer to remedy defects if Southern Score fails to rectify such defects within the agreed period.

Similarly, Southern Score also retains 5.0% of the awarded sub-contract value against its subcontractors as retention sum. Southern Score will release the retention sum to its subcontractors, of which half of the retention sum will be released upon the issuance of the CPC, whilst the remaining half of the retention sum will be released at the end of the defects liability period and upon the issuance of the CMGD by the architect engaged by its customer. The remaining retention sum may be utilised by Southern Score to remedy defects if the subcontractor fails to rectify such defects within the agreed period.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

7.1.2 Completed and ongoing projects

Southern Score has completed 4 projects as at the LPD, details of which are as follows:

Completed projects

Project name and description	Scope of construction works	Awarding party	Date of award	Contractual contract period	Completion date	Contract value ⁽¹⁾ (RM million)
PR1MA Jalan Jubilee Development of one block of 31 storeys PR1MA apartment consisting 543 units residential units, four units of shoplots, six storeys parking podium, one unit of guard house and swimming pool at Lot PT 66, Jalan Jubilee Seksyen 93, Wilayah Persekutuan Kuala Lumpur	Turnkey contractor	PR1MA Corporation Malaysia (via public-private partnership [#])	8 June 2015 ⁽²⁾	29 April 2016 to 28 April 2019 (Extended to 15 May 2020)	15 May 2020 ⁽⁵⁾	186.51
Platinum Teratai Residences Construction and completion on main external works and associated works for development at off Jalan Langkawi, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur	External road works	Weng Wah Developments Sdn Bhd ⁽⁹⁾ (via selective tender*)	5 June 2018 ⁽³⁾	8 June 2018 to 7 December 2018	7 December 2018 ⁽⁶⁾	9.95
Vista Sentul Residences Piling and pilecap works for development of a commercial building consisting Block A – 24 storeys service apartments (262 units), Block B – 37 storeys service apartment (443 units), eight storeys car park including two units of TNB substations with one level of public facilities (podium) at Lot 50954, Mukim Batu, Wilayah Persekutuan Kuala Lumpur	Piling works	Constant Premium Sdn Bhd (via selective tender*)	8 April 2019 ⁽³⁾	3 June 2019 to 2 January 2020 (Extended to 5 June 2020)	5 June 2020 ⁽⁷⁾	10.58

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

Project name and description	Scope of construction works	Awarding party	Date of award	Contractual contract period	Completion date	Contract value ⁽¹⁾ (RM million)
PV 18 Residences Development of three blocks of apartments consisting of Block A – high cost apartments (318 units) – 40 storeys, Block B – high cost apartments (534 units) – 42 storeys, Block C – affordable apartments (398 units) – 33 storeys, eight storeys podium with facilities, two units guard house at PT 8758 and PT 8759, Jalan Langkawi, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur	External road works	Binastra Construction (M) Sdn Bhd (via negotiated tender^)	18 June 2019 ⁽⁴⁾	21 June 2019 to 20 December 2019	20 December 2019 ⁽⁸⁾	9.88

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INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

As at the LPD, Southern Score is presently involved in the following ongoing projects:

Ongoing projects

Project name and description	Scope of construction works	Awarding party	Date of award	Contractual contract period	Contract value ⁽¹⁾ (RM million)	Percentage of completion as at 30 June 2022 (%)	Remaining contract sum as at 30 June 2022 (RM million)
Vista Wirajaya 1 @ PV9 Residences Main building works for housing development – three blocks of apartments (35 storeys) consisting of Block A – one block of 26 storeys of medium cost apartments Type B&D (429 units), Block B – one block of 27 storeys of medium cost apartments Type B&C (524 units), Block C – one block of 21 storeys of affordable apartment Type A&A1 (438 units), eight storeys car parking podium including two storeys of sub-basement, one storey club house and swimming pool at Level 8, two units of TNB substations, one unit of guard house, two units of refuse chambers and other facilities at Lot 25580, Jalan Persiaran Pertahanan, Kampung Wirajaya, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur	Main building works	Ambanang Development Sdn Bhd ⁽⁹⁾ (via selective tender*)	7 June 2019 ⁽³⁾	1 July 2019 to 31 December 2021 (Extended to 31 October 2022)	308.68	94.92	15.69
Platinum Arena Residences Main building works for 37 storeys and one storey underground mixed commercial development consisting of eight storeys of commercial podium and one storey underground shop/office lot (36 strata units) and car park with one unit of TNB substation, two blocks of 29 storeys service apartments (728 units) (including one storey of facilities space at level 8) at Lot 103657 (previously PT 15115, Lot 35312, Lot 8088 and Lot 15607), Jalan Kelang Lama, Mukim Petaling, Wilayah Persekutuan Kuala Lumpur	Main building works	Marques Land Sdn Bhd ⁽⁹⁾ (via selective tender*)	6 June 2019 ⁽³⁾	1 July 2019 to 31 December 2021 (Extended to 31 October 2022)	199.11	86.38	27.12

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

Project name and description	Scope of construction works	Awarding party	Date of award	Contractual contract period	Contract value ⁽¹⁾ (RM million)	Percentage of completion as at 30 June 2022 (%)	Remaining contract sum as at 30 June 2022 (RM million)
Vista Sentul Residences Main building works for development consisting of Block A – 24 storeys of apartment suites (262 units), Block B – 37 storeys apartment suites (443 units), eight storeys of car park including two units of TNB substations, one storey of public facilities and one guard house at Lot 50954, Jalan Sentul, Mukim Batu, Wilayah Persekutuan Kuala Lumpur	Main building works	Constant Premium Sdn Bhd ⁽⁹⁾ (via selective tender*)	22 July 2020 ⁽³⁾	3 August 2020 to 2 February 2023 (Extended to 5 June 2023)	149.57	62.22	56.50
Vista Harmoni Residences Build and design works for development of 2 blocks apartments consisting of Block A - 19 storeys of Perumahan Penjawat Awam Malaysia (250 units), Block B – 23 storeys of apartment suites (205 units) above a seven- storey podium comprising one storey residents' facilities, seven storeys car park and one guard house at Lot 760, Jalan Pelangi 2, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur	Turnkey contractor	Klasik Iktiar Sdn Bhd (via selective tender*)	30 October 2021 ⁽¹⁰⁾	15 December 2021 to 14 April 2025	131.41	7.23	121.91
Berlian Setapak 2 Residences Design, procurement, construction and completion of earthworks, foundation, substructure and superstructure works for: One block of 38-storeys apartment consisting of eight storeys with 1 mezzanine parking facility including 2 storeys facilities at the ground floor and 8 th floor as well as 1 TNB unit, one block of 29-storeys apartment (79 units affordable housing and 184 units free price units) on Lot 319, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur	Turnkey contractor	Monisprings Development Sdn Bhd (via selective tender*)	20 January 2022 ⁽¹⁰⁾	20 February 2022 to 19 June 2025	110.00	6.21	103.17

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

Project name and description	Scope of construction works	Awarding party	Date of award	Contractual contract period	Contract value ⁽¹⁾ (RM million)	Percentage of completion as at 30 June 2022 (%)	Remaining contract sum as at 30 June 2022 (RM million)
A residential development project⁽¹¹⁾ Development and construction including design, procurement, construction and completion of earthworks, foundation, structural works of a high-rise residential development on land plot adjacent to Lot 56, Jalan Sungai Besi, Mukim Wilayah Persekutuan Kuala Lumpur	Turnkey contractor	Magna Sutera Development Sdn Bhd (via selective tender*)	28 March 2022 ⁽¹⁰⁾	48 months from commencement date of project ⁽¹²⁾	167.00	-	167.00

Notes:

- (1) Include variation orders
- (2) Based on the date of master en-bloc purchase agreement
- (3) Based on the date of letter of acceptance
- (4) Based on the date of work order
- (5) Based on the date of Handover Certificate
- (6) Based on the date of Certificate of Payment
- (7) Based on the date of CPC
- (8) Based on the date of Binastra Construction (M) Sdn Bhd's statement of subcontractors' work done
- (9) Please refer to Section 8.1 of this Appendix for the interests of Southern Score's Director, Substantial Shareholder or persons connected with them in the respective awarding parties.
- (10) Based on letter of award
- (11) As at the LPD, no official project name is available
- (12) As at the LPD, the project has yet to commence

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

- # Public-private partnership – Under the public-private partnership, it is a cooperation between the Government and the private sector to undertake public works and/or to construct/develop public sector assets.
- * Selective tender – Selected contractors to submit tenders by invitation only.
- ^ Negotiated tender – A negotiated tender between the customer and a single contractor.

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INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

7.1.3 Key milestones, awards and achievements

Year	Key milestones
2010	<ul style="list-style-type: none"> • Incorporation of Southern Score under the name of Pembinaan Lebar Waras Sdn Bhd
2011	<ul style="list-style-type: none"> • Southern Score adopted its present name
2015	<ul style="list-style-type: none"> • Southern Score was appointed as a turnkey contractor for the development of PR1MA Jalan Jubilee
2016	<ul style="list-style-type: none"> • Southern Score was registered as a Grade 7 contractor under CIDB for the categories of Building (B), Civil Engineering (CE) and Mechanical Engineering (ME)
2018	<ul style="list-style-type: none"> • Southern Score secured a project for the development of Platinum Teratai Residences in relation to main external road works and associated works
2019	<ul style="list-style-type: none"> • Southern Score secured the following projects: <ul style="list-style-type: none"> (a) Vista Sentul Residences in relation to piling works; (b) Platinum Arena Residences in relation to main building works; (c) Vista Wirajaya 1 @ PV 9 Residences in relation to main building works; and (d) PV 18 Residences in relation to main external road works and associated works
2020	<ul style="list-style-type: none"> • Southern Score secured a project for the development of Vista Sentul Residences in relation to main building works
2021	<ul style="list-style-type: none"> • Southern Score was registered with the Ministry of Finance for Government procurements under the supply of provision of services in the sectors set out in the registration • Southern Score incorporated an associate company, i.e. TSPC, with TCS Group Holdings Berhad holding 65% equity interest and Southern Score holding the remaining 35% equity interest • Southern Score was appointed as a turnkey contractor for the development of Vista Harmoni Residences
2022	<ul style="list-style-type: none"> • Southern Score secured the following projects: <ul style="list-style-type: none"> (a) Berlian Setapak 2 Residences in relation to turnkey construction services; and (b) a residential development project located adjacent to Lot 56, Jalan Sungai Besi, Mukim Wilayah Persekutuan Kuala Lumpur in relation to turnkey construction services

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

7.2 Principal markets

Southern Score is principally involved in the provision of construction management services mainly for high-rise residential buildings. Southern Score is responsible for the implementation of development and construction projects, which includes project planning and design development, as well as daily management of all the works required for timely completion of the projects.

For the FYEs 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021 as well as FPE 30 April 2022, Southern Score's revenue was fully derived from projects located in Kuala Lumpur.

	FYE 31 December								FPE 30 April	
	2018		2019		2020		2021		2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Turnkey construction services	44,930	81.9	19,660	29.3	10,684	7.2	462	0.2	10,587	12.6
Main construction services	9,955	18.1	47,330	70.7	138,124	92.8	284,539	99.8	73,645	87.4
Total	54,885	100.0	66,990	100.0	148,808	100.0	285,001	100.0	84,232	100.0

7.3 Process flow

Southern Score is principally involved in the provision of construction management services mainly for high-rise residential buildings. The scope of Southern Score's construction services involves the provision of professional project management services from the project initiation until the completion of construction works. Southern Score undertakes construction projects either as a turnkey contractor or main contractor, where its roles and responsibilities differ according to the terms of the contract.

The process flow of construction services undertaken by Southern Score is as follows:

- (i) The senior management identifies potential projects based on landbank prospects;
- (ii) A proposal team comprising the Managing Director, Executive Directors, Director of Development and Projects and Project Manager will be established to undertake feasibility assessments and prepare a conceptual proposal;
- (iii) The proposal team will present the conceptual proposal and results of feasibility studies to the landbank owner / project developer upon approval from the senior management team;

Upon acceptance of the proposal from the landbank owner / project developer, a detailed design and breakdown of the bill of quantities will be presented to the landbank owner / project developer for deliberation;
- (iv) The landbank owner / project developer will issue a letter of award to Southern Score;
- (v) Southern Score's team will prepare the relevant construction drawings and contract documentation;
- (vi) The Project Manager of Southern Score will plan out the necessary project schedule and arrange physical commencement of construction activities;

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

- (vii) The Project Manager will coordinate with the finance team, subcontractors, suppliers, site personnel, as well as other consultants on technical and financial matters. The project team will monitor work progress to ensure the following:
 - 1. Work progress based on master work programme;
 - 2. Safe working environment
 - 3. Compliance with requirements and standards imposed by regulating authorities;
 - 4. Quality control of works performed;
 - 5. Minimisation of wastages;
 - 6. Time management; and
 - 7. Preparation of monthly reporting and cashflow reports;
- (viii) Upon completion of construction works, the project team will arrange for handover of the project to the customer's representative. A construction project is deemed practically completed when Southern Score obtains the CPC issued by the architect engaged by its customer. Upon receiving the CPC, Southern Score will submit its penultimate claim which will include claim for release of the first portion of the retention sum;
- (ix) The defects liability period will begin upon Southern Score obtains the CPC. During the defect liability period, upon receiving report on defects identified by the customer, Southern Score's project team will investigate and rectify the issue by getting the relevant subcontractors to rectify the defects. The length of the defects liability period generally ranges from 12 to 24 months after issuance of the CPC. Upon expiry of the defect liability period and the complete rectification of all defects identified, Southern Score's customer will issue a CMGD; and

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INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

- (x) Southern Score will submit to the customers all documents supporting the draft final accounts including all variation orders within 12 to 24 months after the issuance of the CPC. The final account shall be completed and issued by the customer in accordance to the terms of the contracts.



7.4 Competitive strengths

- (i) **Southern Score has an experienced and technically strong management team**

The experience, drive and passion of Southern Score's management team, comprising its Managing Director, Executive Directors and key senior management, have been instrumental in leading Southern Score to its current position within the industry. The commitment and teamwork between them have provided the impetus for the continuous growth of Southern Score.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

Southern Score's management team comprises:

Management	Designation	Years of relevant working experience
Tan Sri Datuk Seri Gan Yu Chai	Managing Director	31
Gan Yee Hin	Executive Director and Chief Executive Officer	7
Datuk Sydney Lim Tau Chin	Executive Director	26
Lee Chen Nee	Chief Financial Officer	18
Ong Beng Hoe	Director, Project and Construction	26
Puan Sri Datin Seri Elaine Lee Kuan Kiow	Director, Human Resource and Administrative	17
Pang Cheng Wei	Head, Legal and Corporate Communication	18

Please refer to Sections 3, 4.2 and 5.1 of Appendix II(A) of this Circular for the profiles of Southern Score's Managing Director, Executive Directors and key senior management team.

Southern Score's ability to deliver projects and provide reliable solutions are attributable to its experienced and technically strong management team. Their technical know-how and industry knowledge has been instrumental in attracting new customers while maintaining existing business relationships. The strength and experience of this management team will enable Southern Score to continue to further grow its business and expand its market presence.

(ii) Southern Score adopts construction practices that support the efficiency optimisation of its construction project

Southern Score's nature of business focuses on high-rise residential buildings and as such, Southern Score adopts IBS in most of its development and construction projects. IBS is a construction process that utilises techniques, products, components and / or building systems which involve prefabricated components and onsite installation. The main IBS products that Southern Score use in its projects are precast concrete framing, panel and box systems, formwork systems, steel framing systems, prefabricated timber framing systems and block work systems. The use of IBS is aimed at increasing productivity, through the speeding up of the construction process and shortening of project completion times, and improving quality with the use of prefabricated components manufactured off-site.

Although Southern Score presently does not have its own manufacturing plant for IBS, Southern Score sources from IBS suppliers and utilises steel, aluminium and other formwork systems in its projects, depending on the specific requirements of the project. Formwork systems act like moulds to form concrete structures, where concrete is poured into the formwork and allowed to set inside the formwork structure. As part of its future plans, Southern Score intends to venture into the manufacture of IBS products. Please refer to Section 7.23 of this Appendix for further details.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

Further, in all its projects, Southern Score observes and adopts internal construction practices that include QESH practices. These are internally developed practices that form part of Southern Score's standard operating procedures to ensure that the various facets of project delivery are performed based on the same standards and with consistent quality.

Southern Score's adoption of IBS as well as construction good practices has enabled Southern Score to complete its projects in a timely manner and within project budget.

(iii) Southern Score has an asset-light and flexible delivery model

Southern Score is able to offer a standardised and cost-efficient building process as a result of its asset-light delivery model, which enables scalability and flexibility with lower exposure to cyclicalities and house prices. Southern Score also benefits from a flexible cost structure, with the majority of its cost of sales being flexible costs (i.e., external variable costs that are only incurred when under contract). This is made possible by factors that are inherent to Southern Score's business model, namely:

- (a) Southern Score undertakes construction development projects on landbanks owned by its customers. For these projects, Southern Score commits no investments in land acquisition, and only limited direct costs (related to design) are incurred by Southern Score before obtaining the required building permits. As such, Southern Score's projects involve limited counterparty risk. The capital cost required for a typical construction project is heavily loaded during the implementation phase where physical construction works are being carried out. However, Southern Score adopts an asset light and flexible delivery model which enables it to deliver its projects without tying up its working capital, as Southern Score builds on third-party (customer-owned) land as well as milestone payment terms with its suppliers and subcontractors. As a result, Southern Score benefits from limited tie-up of capital as well as limited direct costs before permits and approvals from local authorities have been secured.
- (b) Southern Score outsources all construction works to its subcontractors. This allows Southern Score to maintain a flexible and scalable model for its construction services business. Further, outsourced construction allows Southern Score to adapt its costs to changes in order book, as opposed to having workers contracted or employed in-house which would conversely render its cost base more rigid. Contractors also supply all necessary building site machinery, for which reason Southern Score does not need to invest in this. Southern Score aspires to build long-lasting and loyal business relationships with its subcontractors, as this enhances the efficiency of the building process and facilitates control inspections and follow-up actions as such subcontractors become more well-versed with Southern Score's processes and quality requirements.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

While Southern Score has an asset-light and flexible delivery model, Southern Score has begun taking measures to ensure the security of supply of construction materials as well as machinery and equipment for its projects over the long term. Southern Score began strategically purchasing construction materials as well as purchasing and/ or renting machinery and equipment for the Vista Harmoni Residences development. Southern Score will further seek to purchase selected machinery and equipment for its future projects. The abovementioned measures will allow Southern Score to benefit from cost efficiencies through the bulk procurement of selected construction materials at optimal pricing (i.e. when prices are favourable). By acquiring and/ or renting construction machinery and equipment, Southern Score will be able to assist its subcontractors in mitigating any potential shortages in construction machinery and equipment that would affect project delivery milestones and cost. Moreover, by having its own construction machinery and equipment, Southern Score would be able to better manage its subcontractor costs. Further, Southern Score will be able to explore leasing out the construction machinery and equipment that it owns to other contractors and/or subcontractors when they are not being utilised for Southern Score's projects.

Southern Score intends to leverage on its past experience in the procurement of construction materials on behalf of its subcontractors for ongoing and completed projects. Further, Southern Score has recruited project managers from the construction industry with prior experience in managing the maintenance and leasing of machinery and equipment. Collectively, this will enable Southern Score to expand into the bulk procurement of construction materials, as well as maintenance and leasing out of machinery and equipment.

Save for the imposition of containment measures and supply chain disruptions following the COVID-19 outbreak which affected the supply and availability of machinery and equipment, Southern Score has not experienced any other incidences of shortages of machinery and equipment that have affected the delivery milestones of its projects.

Please refer to Section 7.23 (b) of Appendix III(A) for further details on Southern Score's future plans.

(iv) Southern Score has established relationships with customers and suppliers

Southern Score's ability to deliver quality construction projects has allowed it to establish relationships with its customers. Since its establishment in December 2010, Southern Score has secured a total of 10 contracts from 9 customers, namely PR1MA Corporation Malaysia, Weng Wah Developments Sdn Bhd, Ambanang Development Sdn Bhd, Marques Land Sdn Bhd, Binastra Construction (M) Sdn Bhd, Constant Premium Sdn Bhd, Klasik Ikhtiar Sdn Bhd, Monisprings Development Sdn Bhd and Magna Sutera Development Sdn Bhd. Save for PRIMA Corporation Sdn Bhd, Binastra Construction (M) Sdn Bhd, Klasik Ikhtiar Sdn Bhd, Monisprings Development Sdn Bhd and Magna Sutera Development Sdn Bhd, the remaining customers are related parties to Southern Score by virtue of Tan Sri Datuk Seri Gan Yu Chai being an existing director of these companies. Nonetheless, Tan Sri Datuk Seri Gan Yu Chai does not influence decisions relating to the appointment of contractors as such matters are deliberated by the management of each company.

Southern Score is also actively maintaining working relationships with its subcontractors and suppliers to ensure continuous supply of construction materials and skilled workmen to undertake its subcontract works.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)**(v) Southern Score has been involved in the construction of high-rise residential buildings**

Southern Score's core area of expertise and business focus is in the construction of high-rise residential buildings. Southern Score has been involved in the construction of high-rise buildings since securing its first construction project in 2015. Southern Score's first project was the PR1MA Jalan Jubilee development comprising one block of 31 storeys PR1MA apartment consisting 543 residential units, four units of shoplots and six storeys parking podium at Jalan Jubilee, Kuala Lumpur. Leveraging on its capabilities, Southern Score has continued to secure projects for the construction of high-rise residential buildings.

Since securing its first construction project in 2015 and up to the LPD, Southern Score has completed 4 construction projects relating to high-rise buildings. Several of Southern Score's notable high-rise building projects include the PR1MA Jalan Jubilee project (31 storeys), and ongoing projects such as Vista Wirajaya 1 @ PV9 Residences project (35 storeys), Platinum Arena Residences project (37 storeys) and Vista Sentul Residences project (37 storeys).

This will serve as a reference for securing new high-rise residential development projects in the future.

7.5 Seasonality of business

Southern Score has not experienced any material seasonality or cyclicity in its business as the demand for its construction services is neither subject to seasonal fluctuations nor cyclical variations.

7.6 Types, sources and availability of supplies and services

Southern Score's cost of sales comprise subcontractors' fees as well as building fixtures used for its development and construction projects. Southern Score relies on its subcontractors to procure the necessary building fixtures and construction materials as well as machinery and equipment for its development and construction projects. However, Southern Score may from time to time, procure building fixtures for its development and construction projects based on the requirements of its projects.

Southern Score engages subcontractors to carry out different parts of its construction activities particularly those requiring the installation of construction materials, piling works, main building works, road works, internal infrastructure and landscaping works as well as other specialised trade works such as M&E works, drainage and sewerage works and other related works. This reduces the need for Southern Score to employ a large workforce to control and lower its operating costs.

For FYEs 31 December 2018, 31 December 2019, 31 December 2020, 31 December 2021 and FPE 30 April 2022, subcontractors' fees contributed approximately 98.9%, 92.9%, 99.2%, 99.8% and 92.6% of Southern Score's total cost of sales respectively. The types of services required by Southern Score are sourced on project basis from its subcontractors. Southern Score maintains a list of pre-approved subcontractors which meet their project requirements and quality specifications. In the event Southern Score is unable to source services from its existing list of pre-approved subcontractors, Southern Score is still able to source similar services from other subcontractors in the local market.

Southern Score has developed policies and procedures that guide its selection of subcontractors. All selected subcontractors are evaluated in terms of financial performance, technical capabilities, ability to deliver services that meet Southern Score's quality requirements, and ability to deliver in a timely manner. Southern Score appoints experienced subcontractors that are reliable and financially secure to ensure the quality of service that it delivers to its customers.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

The building fixtures that Southern Score procures are generally widely available from local suppliers.

The breakdown of cost of sales, which includes subcontractors' fees as well as building fixtures incurred by Southern Score in FYEs 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021 as well as FPE 30 April 2022 are as follows:

	FYE 31 December								FPE 30 April	
	2018		2019		2020		2021		2022	
	RM'000	% ⁽¹⁾	RM'000	% ⁽¹⁾	RM'000	% ⁽¹⁾	RM'000	% ⁽¹⁾	RM'000	% ⁽¹⁾
Subcontractors' fees⁽²⁾										
Piling works	-	-	4,784	8.8	3,603	3.0	-	-	2,421	3.5
Main building works	32,443	77.2	36,171	66.2	114,763	95.8	232,981	99.8	62,223	89.1
Road works, internal infrastructure and landscaping works ⁽³⁾	9,094	21.7	9,783	17.9	457	0.4	-	-	-	-
Total	41,537	98.9	50,738	92.9	118,823	99.2	232,981	99.8	64,644	92.6

Notes:

- (1) As a percentage of total cost of sales.
- (2) Includes cost of construction materials and rental of machineries and equipment. Southern Score typically awards contracts to its subcontractors at an agreed total contract sum which encompasses the cost of materials, rental of machinery and equipment as well as labour workmanship.
- (3) Including landscaping works, sewerage and drainage works, installation of amenities and facilities as well as maintenance works.

For information purposes, Southern Score is responsible in guiding its subcontractors to procure the necessary materials such as steel, concrete, cement, sanitaryware and lockset for its construction and development projects. Southern Score will ensure the materials meet the technical, cost and quality requirements. The prices of the construction materials such as steel, concrete and cement may be subject to price fluctuations as a result of demand and supply conditions. Nevertheless, the prices of construction materials purchased for the development and construction projects have been within Southern Score's budgeted cost.

During the procurement stage, Southern Score generally takes into account the suppliers' lead time to prevent potential delay to project delivery schedule. The construction materials and supplies are procured on a project and purchase order basis. In addition, Southern Score maintains a list of pre-approved suppliers which meet its project requirements. In the event Southern Score is unable to source from its existing suppliers, it is still able to source similar construction materials from other suppliers in the market. Therefore, Southern Score is not dependent on any single supplier.

7.7 Business development and marketing strategies

Southern Score's business development and marketing strategies are spearheaded by Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin. Southern Score focuses on business development activities to maintain its business network and to seek new business opportunities.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

The objectives of Southern Score's business development and marketing strategy is to provide its business with sustainable revenue streams as well as growth of its construction services business based on the following approaches:

- (i) Continue with its core competencies in construction services to provide business sustainability with the following:
 - (a) Continue to focus on high-rise residential development and construction which require higher skills set and experience; and
 - (b) Continue to focus on development and construction projects in Klang Valley where Southern Score has the track record and has built its market reputation;
- (ii) Continue to focus on projects where Southern Score is the turnkey contractor. As a G7 registered contractor, this allows Southern Score to carry out projects of unlimited value; and
- (iii) To actively bid for public sector projects.

7.8 Quality, environment, safety and health

Southern Score places emphasis on quality management to ensure that the quality of its construction services comply with the relevant regulations and meet the expectations and requirements of its customers, as well as to maintain its reputation in the industry.

Southern Score's project team that is responsible for the implementation of QESH management system across its development and construction projects. This project team ensures QESH plans are implemented onsite throughout the construction in accordance to applicable standards and to Southern Score's quality and safety practices.

Southern Score conducts regular inspections which include quality and safety assessments throughout the construction period. Southern Score's project team works together with subcontractors to coordinate and solve any technical matters pertaining to the construction project prior to commencement of construction work.

Southern Score's project team follows a set of stringent procedures that include the adoption of a detailed monitoring, controlling and inspection work sequence, periodical internal quality and safety audits and quality assessment practices on internal finishes such as floors, walls, ceilings, doors, windows, internal fixtures (such as build-in cabinets and storages), and M&E fittings.

Southern Score prioritises the health and safety of its employees and subcontractors. In line with this, Southern Score is committed to comply with the relevant occupational health and safety requirements.

Southern Score adopts occupational safety, health and environment practices that comply with the relevant regulations such as the Factories and Machinery Act 1967, Occupational Safety and Health Act 1994 and the Department of Occupational Safety and Health guidelines.

7.9 Research and development

Due to the nature of Southern Score's business, Southern Score is not involved in any research and development activities, and has not recognised any research and development expenditure for the FYEs 31 December 2018, 31 December 2019, 31 December 2020, 31 December 2021 and FPE 30 April 2022.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

7.10 Technology used

Southern Score utilises AutoCAD to facilitate the development of detailed construction drawings and detailed engineering drawings. In the construction industry, AutoCAD is used by architects, project managers, engineers, city planners and other professionals as a modeling, drawing and drafting software to develop two-dimensional (2-D) and three-dimensional (3-D) architecture and engineering drawings.

7.11 Production output, capacity and utilisation rate

Southern Score is principally involved in the provision of construction management services mainly for high-rise residential buildings. Thus, measures of production output, capacity and utilisation rate are not applicable to Southern Score's business operations.

7.12 Key construction machinery and equipment

Presently, Southern Score does not own construction machinery and equipment. This is as Southern Score delivers its construction services by way of engaging subcontractors that own and/or rent the requisite construction machinery for its development and construction projects.

However, it is Southern Score's intention to ensure the security of supply of machinery and equipment for its projects over the long term. Please refer to Section 7.4(iii) of Appendix III(A) for further information.

7.13 Material contracts

Save as disclosed below, the Southern Score Group has not entered into any material contracts which are not in the ordinary course of its business within the FYEs 31 December 2018, 31 December 2019, 31 December 2020, 31 December 2021, FPE 30 April 2022 and up until the LPD:

- (i) Share sale agreement entered into between Super Advantage and TCS Group Holdings Berhad dated 17 November 2020 in respect of the acquisition of 25% equity interest in Southern Score by TCS Group Holdings Berhad. This agreement entails the acquisition of 250,000 ordinary shares of Super Advantage by TCS Group Holdings Berhad for a total purchase consideration of RM 30.0 million to be fully satisfied via issuance of 60,000,000 new shares in TCS Group Holdings Berhad. This agreement was terminated on 29 January 2021 by way of a deed of termination.
- (ii) Shareholders agreement entered into between Super Advantage, TCS Group Holdings Berhad and Southern Score dated 17 November 2020 to regulate the relationship of the shareholders of Southern Score in respect of the financial, administrative, and other arrangements in Southern Score. This agreement was terminated on 29 January 2021 by way of a deed of termination.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

7.14 Approval, major licenses, permits and registrations

As at the LPD, the Southern Score Group hold the following major licences, permits and registrations for its business operations:

No.	Nature of Licence/ Approval	Issuer/ Authority	License/Permit holder	Effective date/ Date of expiry	Major conditions imposed	Status of compliance
(i)	<p>Ministry of Finance Registration Certificate</p> <p>Registration No.: 357-0002331435</p> <p>Address of licenced premises: No. 21-3, Jalan Melati Utama 2, Taman Melati Utama, Setapak, 53100 Wilayah Persekutuan Kuala Lumpur</p>	Ministry of Finance ("MOF")	Southern Score	<p>Registration date: 15 January 2021</p> <p>Expiry date: 14 January 2024</p>	<p>This certificate contains the following conditions:</p> <p>(a) Any changes to the information of Southern Score must be updated online at www.eperolehan.gov.my within 21 days of such change in information. The MOF may suspend or cancel the registration of Southern Score in the event of failure to comply with this condition, and the directors of Southern Score may be subject to disciplinary action including being blacklisted without notice if the information provided by Southern Score is incorrect;</p> <p>(b) Southern Score must submit all information as may be requested by the MOF within such prescribed period. The MOF may suspend or cancel the registration of Southern Score in the event of failure to comply with this condition, and the directors of Southern Score may be subject to disciplinary action including being blacklisted without notice if the information provided by Southern Score is incorrect;</p> <p>(c) Southern Score shall ensure that the fields listed in this certificate do not overlap with the fields that have been approved for any other companies having the same owner or board of directors of Southern Score or that operate on the same licenced premises;</p>	Complied

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

No.	Nature of Licence/ Approval	Issuer/ Authority	License/Permit holder	Effective date/ Date of expiry	Major conditions imposed	Status of compliance
					<p>(d) The MOF reserves the right to conduct an audit or inspection at any time without prior notice at Southern Score's premises. The MOF may suspend or cancel the registration of Southern Score in the event of failure to comply with the registration requirements imposed by the MOF, and the directors of Southern Score may be subject to disciplinary action including being blacklisted without notice if the information provided by Southern Score is incorrect;</p> <p>(e) Southern Score shall not change its owner(s) or board of directors for a period of 6 months from the date of registration of this certificate;</p> <p>(f) Failure to renew this certificate after a period of 1 year after the expiry date may result in the cancellation and automatic removal of Southern Score's registration with the MOF, upon which Southern Score shall be required to make a new application accordingly.</p> <p>(g) Southern Score's registration shall be suspended or cancelled in the event of any of the following:</p> <p>(i) Southern Score or its owners or directors or any member of its management commits a crime and is found guilty by a local or foreign court, or has suffered civil liability;</p>	

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

No.	Nature of Licence/ Approval	Issuer/ Authority	License/Permit holder	Effective date/ Date of expiry	Major conditions imposed	Status of compliance
					<ul style="list-style-type: none"> (ii) Southern Score fails to perform the obligations of any contracts that it has entered into with the Government; (iii) Southern Score is found to have amended this certificate with fraudulent or other similar purposes; (iv) Southern Score allows this certificate to be misused by other individuals or companies; (v) Southern Score is discovered to be collaborating with other companies on price when entering into government tenders or subcontracts without the prior consent of the relevant government agencies. 	
(ii)	<p>Grade 7 Certificate of Registration pursuant to the CIDB Act 1994 ("CIDB Act").</p> <p>Registration No.: 0120160205-SL170451</p> <p>Address of licenced premises: C-6-12, Streetmall, One South, Jalan Os, Taman Serdang Perdana, Seksyen 6, 43300 Seri Kembangan, Selangor</p>	CIDB	Southern Score	3 February 2022/ 2 February 2023	<p>This certificate contains the following conditions:</p> <ul style="list-style-type: none"> (a) This certificate cannot be transferred. (b) CIDB reserves the right to revise the registered grade of Southern Score from time to time (c) Southern Score is required to comply with the provisions in the CIDB Act, the regulations made pursuant to the CIDB Act and any terms and conditions or restrictions imposed by the CIDB from time to time. (d) Southern Score shall not participate in any tenders or conduct any construction works after the expiry of this certificate. 	Complied

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

No.	Nature of Licence/ Approval	Issuer/ Authority	License/Permit holder	Effective date/ Date of expiry	Major conditions imposed	Status of compliance
	<p>Grade 7 Certificate for the following:</p> <p>(a) Category B: Building Construction – B04: Construction works on buildings;</p> <p>(b) Category CE: Civil Engineering Construction – CE21: General civil engineering works; and</p> <p>(c) Category ME: Mechanical and Electrical – M15: Miscellaneous mechanical equipment</p>				<p>(e) Southern Score shall not carry out any construction projects that exceed the value permitted under Southern Score's registered grade and shall not conduct any construction works outside its registered category.</p> <p>(f) Southern Score shall submit information regarding any construction work or contract within 14 days after the date of award or before the commencement of construction works, whichever is the earlier.</p> <p>(g) Southern Score is required to display the certificate of registration issued by CIDB or a copy of the certificate certified by CIDB at its place of business.</p> <p>(h) Southern Score is required to display its registration number on a notice board in every construction site.</p> <p>(i) Southern Score shall apply for the renewal of its certificate within a period of 60 days from the expiry date as stipulated in the certificate.</p> <p>(j) Southern Score is required to comply with all requirements and conditions of the Code of Ethics for Contractors.</p> <p>(k) Southern Score is required to appoint skilled construction workers and site supervisor who is accredited and certified by CIDB.</p> <p>(l) All workers at the construction site are required to have a valid CIDB construction personnel card.</p>	

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

No.	Nature of Licence/ Approval	Issuer/ Authority	License/Permit holder	Effective date/ Date of expiry	Major conditions imposed	Status of compliance
					<p>(m) This certificate shall be revoked or suspended if Southern Score:</p> <p>(i) fails to comply with any written legislation;</p> <p>(ii) is adjudicated bankrupt;</p> <p>(iii) is subject to a winding up petition;</p> <p>(iv) fails to comply with any provisions under the CIDB Act;</p> <p>(v) obtained this certificate by making or causing to be made false or fraudulent representations;</p> <p>(vi) abandons any construction work undertaken without any reasonable cause;</p> <p>(vii) is found guilty of negligence by the courts or any investigative authority established under any written legislation in relation to any construction work undertaken; or</p> <p>(viii) breaches any term and condition as stipulated above.</p>	

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

No.	Nature of Licence/ Approval	Issuer/ Authority	License/Permit holder	Effective date/ Date of expiry	Major conditions imposed	Status compliance																
					<div><div>Grade schedule and limits of tender amount</div><table><tr><th>Grade</th><th>Limits of tender amount</th></tr><tr><td>G7</td><td>No limits on tender amount</td></tr><tr><td>G6</td><td>No more than RM10,000,000</td></tr><tr><td>G5</td><td>No more than RM5,000,000</td></tr><tr><td>G4</td><td>No more than RM3,000,000</td></tr><tr><td>G3</td><td>No more than RM1,000,000</td></tr><tr><td>G2</td><td>No more than RM500,000</td></tr><tr><td>G1</td><td>No more than RM200,000</td></tr></table></div>	Grade	Limits of tender amount	G7	No limits on tender amount	G6	No more than RM10,000,000	G5	No more than RM5,000,000	G4	No more than RM3,000,000	G3	No more than RM1,000,000	G2	No more than RM500,000	G1	No more than RM200,000	
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G1	No more than RM200,000																					

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

No.	Nature of Licence/ Approval	Issuer/ Authority	License/Permit holder	Effective date/ Date of expiry	Major conditions imposed	Status of compliance
(iii)	<p>Grade 7 Certificate of Registration pursuant to the CIDB Act</p> <p>Registration No.: 0120210610-SL076460</p> <p>Address of licenced premises: Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam</p> <p>/</p> <p>Grade 7 Certificate for the following:</p> <p>(a) Category B: Building Construction – B04: Construction works on buildings;</p> <p>(b) Category CE: Civil Engineering Construction – CE21: General civil engineering works; and</p> <p>(c) Category ME: Mechanical and Electrical – M15: Miscellaneous mechanical equipment.</p>	CIDB	TSPC	11 June 2021 / 10 June 2023	<p>This certificate contains the following conditions:</p> <p>(a) this certificate cannot be transferred;</p> <p>(b) CIDB reserves the right to revise the registered grade of TSPC from time to time;</p> <p>(c) TSPC is required to comply with the provisions of the CIDB Act, the regulations made pursuant to the CIDB Act and any terms and conditions or restrictions imposed by CIDB from time to time;</p> <p>(d) TSPC shall not participate in any tenders or conduct any construction works after expiry of this certificate;</p> <p>(e) TSPC shall not carry out any construction projects that exceed the value permitted under TSPC's registered grade and shall not conduct any construction works outside its registered category;</p> <p>(f) TSPC shall submit information regarding any construction work or contract within 14 days after the date of award or before the commencement of construction works, whichever is the earlier;</p> <p>(g) TSPC is required to display the certificate of registration issued by CIDB or a copy of the certificate certified by CIDB at its place of business;</p> <p>(h) TSPC is required to display its registration number on a notice board in every construction site;</p>	Complied

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

No.	Nature of Licence/ Approval	Issuer/ Authority	License/Permit holder	Effective date/ Date of expiry	Major conditions imposed	Status of compliance
					<p>(i) TSPC shall apply for the renewal of its certificate within a period of 60 days from the expiry date as stipulated in the certificate;</p> <p>(j) TSPC is required to comply with all requirements and conditions of the Code of Ethics for Contractors;</p> <p>(k) TSPC is required to appoint skilled construction workers and site supervisor who is accredited and certified by CIDB;</p> <p>(l) All workers at the construction site are required to have a valid CIDB construction personnel card;</p> <p>(m) This certificate shall be revoked or suspended if TSPC:</p> <p>(i) fails to comply with any written legislation;</p> <p>(ii) is adjudicated bankrupt;</p> <p>(iii) is subject to a winding up petition;</p> <p>(iv) fails to comply with any provisions under the CIDB Act;</p> <p>(v) obtained this certificate by making or causing to be made false or fraudulent representations;</p> <p>(vi) abandons any construction work undertaken without any reasonable cause;</p>	

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

No.	Nature of Licence/ Approval	Issuer/ Authority	License/Permit holder	Effective date/ Date of expiry	Major conditions imposed	Status of compliance																
					<p>(vii) is found guilty of negligence by the courts or any investigative authority established under any written legislation in relation to any construction work undertaken; or</p> <p>(viii) breaches any term and condition as stipulated above.</p> <p><u>Grade schedule and limits of tender amount</u></p> <table><tr><th>Grade</th><th>Limits of tender amount</th></tr><tr><td>G7</td><td>No limits on tender amount</td></tr><tr><td>G6</td><td>No more than RM10,000,000</td></tr><tr><td>G5</td><td>No more than RM5,000,000</td></tr><tr><td>G4</td><td>No more than RM3,000,000</td></tr><tr><td>G3</td><td>No more than RM1,000,000</td></tr><tr><td>G2</td><td>No more than RM500,000</td></tr><tr><td>G1</td><td>No more than RM200,000</td></tr></table>	Grade	Limits of tender amount	G7	No limits on tender amount	G6	No more than RM10,000,000	G5	No more than RM5,000,000	G4	No more than RM3,000,000	G3	No more than RM1,000,000	G2	No more than RM500,000	G1	No more than RM200,000	
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G2	No more than RM500,000																					
G1	No more than RM200,000																					
(iv)	Business Licence Reference no.: DBKL.JPPP/01577/01/2020/PR01 Address of licenced premises: Tingkat 3 Platinum Hill PV7, Unit 21-3, Taman Melati Utama, Setapak, 53100 Kuala Lumpur	Kuala Lumpur City Hall	Southern Score	27 April 2022 / 26 April 2023	Nil	-																

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

No.	Nature of Licence/ Approval	Issuer/ Authority	License/Permit holder	Effective date/ Date of expiry	Major conditions imposed	Status of compliance
(v)	Business Licence Reference no.: DBKL.JPPP/PR01/4274/11/2021 Address of licenced premises: No. 341, Jalan Pahang, 53000 Kuala Lumpur	Kuala Lumpur City Hall	Southern Score (Project Site Department)	30 November 2021 / 29 November 2022	The number of foreign employees employed at this premises shall not exceed 50% of the licensee's total number of employees and must be employed with a valid work permit.	Complied.

7.15 Trade marks registered

As at the LPD, the Southern Score Group does not own any trademarks or patents.

7.16 Properties**(i) Properties own by the Southern Score Group**

As at the LPD, the Southern Score Group does not own any properties.

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INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

(ii) Properties rented by the Southern Score Group

Below are the details of properties rented by the Southern Score Group:

No.	Location	Description / existing use	Landlord	Tenant	Approximate rented area (Square feet)	Monthly rental (RM)	Period of tenancy/ Date of expiry of lease
(i)	21-3, Jalan Melati Utama 2, Taman Melati Utama, Setapak, 53100 Kuala Lumpur	4-storey shop office / Head office	Lim Ah Suan ⁽¹⁾	Southern Score	2,500	3,000	1 year Commencing: 1 July 2022 Expiring: 30 June 2023 The Tenant may extend the term of this tenancy by a further year by giving 2 months' notice to the Landlord at a rental to be agreed upon between the Landlord and the Tenant.
(ii)	No. 341, Jalan Pahang, 53000 Kuala Lumpur	2-storey shop office	Leow Tuck Chui & Sons Realty Sdn Bhd ⁽²⁾	Southern Score	3,050	4,500	1 year Commencing: 1 October 2021 Expiring: 30 September 2022 The Tenant may extend the term of this tenancy by a further year by giving 2 months' notice to the Landlord at a rental to be agreed upon between the Landlord and the Tenant.

Notes:

- (1) Lim Ah Suan is not a connected person to the Enlarged GNB Group, Southern Score's directors and shareholders, and the Vendor.
- (2) Leow Tuck Chui & Sons Realty Sdn Bhd is not a connected person to the Enlarged GNB Group, Southern Score's directors and shareholders, and the Vendor.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

7.17 Regulatory requirements and environmental issues**7.17.1 Regulatory requirements**

Southern Score's business operations are subject to the following regulatory requirements:

- (i) the Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994 which sets out the requirements for registration as a contractor with CIDB;
- (ii) the Construction Industry Payment and Adjudication Act 2012 which facilitates regular and timely payment, provides a mechanism for speedy dispute resolution through adjudication, to provide remedies for the recovery of payment in construction industry and to provide for connected and incidental matters;
- (iii) the Local Government Act 1976, which is enacted for the purpose of administration of local government;
- (iv) the Occupational Safety and Health Act 1994 provides a regulatory framework to promote standards for safety and health at work;
- (v) the Occupational Safety and Health (Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease) Regulations 2004 sets out the requirement on the method, procedure and process of notification of accident, dangerous occurrence, occupational poisoning and occupational disease;
- (vi) the Income Tax Act 1967 and the prevailing taxation regulations and policies in Malaysia;
- (vii) the Workmen's Compensation Act 1952 is enacted for the purpose of providing compensation to injured employees during their course of employment; and
- (viii) the Environmental Quality Act 1974 which regulates the prevention, abatement, control of pollution and enhancement of the environment.

7.17.2 Environmental issue

As at the LPD, there is no environmental issue which may materially affect Southern Score's business operations.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)**7.18 Top 5 major customers**

Southern Score's customers are primarily landbank owners and project developers, whom are all based in Malaysia. Due to the nature of Southern Score's construction services business which is on project basis with landbank owners and project developers, Southern Score had 2, 5, 4, 4 and 5 customers for the FYEs 31 December 2018 to 2021 and FPE 30 April 2022, respectively. The limited number of customers each year is due to the long gestation period for each project which requires active involvement of the project team as well as the significant financing required for each project. Moreover, the competitive bidding process for the available projects in the market means there is a limited availability of contracts which are economically beneficial to be secured every year. In view of the limited human and financial resources and the taking into consideration of the economic aspects of the projects, Southern Score serviced only several customers in the past 4 FYEs 31 December 2018 to 2021 and FPE 30 April 2022. These customers, ranked by their revenue contribution for the FYE 31 December 2018 to FYE 31 December 2021 as well as FPE 30 April 2022 are as follows:

FYE 31 December 2018

No	Major customers	Services provided	Revenue contribution in FYE 31 December 2018		Length of business relationship as at LPD
			RM'000	%	
1.	PR1MA Corporation Malaysia ⁽¹⁾	Turnkey contractor	44,930	81.9	6
2.	Weng Wah Developments Sdn Bhd ⁽²⁾⁽⁷⁾	External road works	9,955	18.1	3
Total revenue			54,885	100.0	

FYE 31 December 2019

No	Major customers	Services provided	Revenue contribution in FYE 31 December 2019		Length of business relationship as at LPD
			RM'000	%	
1.	Ambanang Development Sdn Bhd ⁽³⁾⁽⁷⁾	Main building works	20,675	30.9	3
2.	PR1MA Corporation Malaysia ⁽¹⁾	Turnkey contractor	19,660	29.3	6
3.	Marques Land Sdn Bhd ⁽⁴⁾⁽⁷⁾	Main building works	10,771	16.1	3
4.	Binastra Construction (M) Sdn Bhd ⁽⁵⁾	External road works	9,876	14.7	3
5.	Constant Premium Sdn Bhd ⁽⁶⁾⁽⁷⁾	Piling works	6,008	9.0	3
Total revenue			66,990	100.0	

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

FYE 31 December 2020

No	Major customers	Services provided	Revenue contribution in FYE 31 December 2020		Length of business relationship as at LPD
			RM'000	%	
1.	Ambanang Development Sdn Bhd ⁽³⁾⁽⁷⁾	Main building works	93,778	63.0	3
2.	Marques Land Sdn Bhd ⁽⁴⁾⁽⁷⁾	Main building works	28,104	18.9	3
3.	Constant Premium Sdn Bhd ⁽⁶⁾⁽⁷⁾	Piling and main building works	16,242	10.9	3
4.	PR1MA Corporation Malaysia ⁽¹⁾	Turnkey contractor	10,684	7.2	6
Total revenue			148,808	100.0	

FYE 31 December 2021

No	Major customers	Services provided	Revenue contribution in FYE 31 December 2021		Length of business relationship as at LPD
			RM'000	%	
1.	Ambanang Development Sdn Bhd ⁽³⁾⁽⁷⁾	Main building works	146,257	51.3	3
2.	Marques Land Sdn Bhd ⁽⁴⁾⁽⁷⁾	Main building works	93,533	32.8	3
3.	Constant Premium Sdn Bhd ⁽⁶⁾⁽⁷⁾	Piling and main building works	44,750	15.7	3
4.	Klasik Ikhtiar Sdn Bhd ⁽⁸⁾	Turnkey contractor	461	0.2	1
Total revenue			285,001	100.0	

FPE 30 April 2022

No	Major customers	Services provided	Revenue contribution in FPE 30 April 2022		Length of business relationship as at LPD
			RM'000	%	
1.	Constant Premium Sdn Bhd ⁽⁶⁾⁽⁷⁾	Main building works	25,075	29.8	3
2.	Marques Land Sdn Bhd ⁽⁴⁾⁽⁷⁾	Main building works	24,719	29.4	3
3.	Ambanang Development Sdn Bhd ⁽³⁾⁽⁷⁾	Main building works	23,851	28.3	3
4.	Klasik Ikhtiar Sdn Bhd ⁽⁸⁾	Turnkey contractor	7,363	8.7	1
5.	Monisprings Development Sdn Bhd ⁽⁹⁾	Turnkey contractor	3,224	3.8	1
Total revenue			84,232	100.0	

Notes:

- (1) Relating to PR1MA Jalan Jubilee development.
- (2) Relating to Platinum Teratai Residences development.
- (3) Relating to Vista Wirajaya 1 @ PV 9 Residences development.
- (4) Relating to Platinum Arena Residences development.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

- (5) Relating to PV 18 Residences development. The PV 18 Residences project was awarded to Binastra Construction (M) Sdn Bhd, a third party construction company, by Platinum Victory Development Sdn Bhd. Platinum Victory Development Sdn Bhd is a related party whereby Tan Sri Datuk Seri Gan Yu Chai is a director and shareholder. Binastra Construction (M) Sdn Bhd subcontracted only the external road works portion to Southern Score and focused on the core construction activities for PV 18 Residences development.
- (6) Relating to Vista Sentul Residences development.
- (7) Please refer to Section 8.1 of this Appendix for the interests of Southern Score's Director, Substantial Shareholder or persons connected with them in the respective major customers.
- (8) Relating to Vista Harmoni Residences development.
- (9) Relating to Berlian Setapak 2 Residences.

Revenue contribution from customers fluctuates year-on-year given the nature of Southern Score's business, which is mainly based on projects that are secured from time to time as well as work in progress claims. The revenue contribution is typically more resource-intensive during the planning and design as well as implementation phases, where the bulk of the project revenue is generated and recognised. Thereafter, during the post-construction phase, the remaining revenue is recognised over time based on the progress towards complete satisfaction of Southern Score's performance obligation.

Southern Score's has exhibited some degree of reliance on the following major customers:

- (i) PR1MA Corporation Malaysia which contributed to 81.9%, 29.3% and 7.2% of Southern Score's revenues in the FYEs 31 December 2018, 31 December 2019 and 31 December 2020 respectively. There was no revenue contribution from PR1MA Corporation Malaysia in FYE 31 December 2021 following the completion of the PR1MA Jalan Jubilee development in 2020; and
- (ii) Ambanang Development Sdn Bhd which contributed to 30.9%, 63.0%, 51.3% and 28.3% of Southern Score's revenues in the FYEs 31 December 2019, 31 December 2020 and 31 December 2021 as well as FPE 30 April 2022, respectively.

As Southern Score only implements a handful of new projects every year, therefore these customers naturally account for a significant portion of Southern Score's revenue for that particular year.

As at the LPD, Southern Score has received a letter of intent for 1 construction and development project and has 1 project in the tender stage, undergoing evaluation and pending outcome of decision, from a third-party property developer and landbank owner respectively. Upon approval or successful bidding of the projects, Southern Score is anticipated to further diversify its customer base by securing new projects from different third-party customers.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)**7.19 Top 5 major suppliers**

Southern Score's major suppliers for FYE 31 December 2018 to FYE 31 December 2021 and FPE 30 April 2022 are set out as follows:

FYE 31 December 2018

No	Major suppliers	Services/ building materials acquired	Purchases in FYE 31 December 2018		Length of business relationship as at LPD
			RM'000	%	
1.	Binastra Construction (M) Sdn Bhd ⁽¹⁾	Subcontractor for main building works	32,569	77.5	3
2.	TE Distribution Sdn Bhd	Subcontractor for road works	6,939	16.5	3
3.	Kim Chong Plumbing Sdn Bhd	Provision of sewerage works	1,065	2.5	3
4.	Tenaga Ptaras (M) Sdn Bhd	Provision of drainage works	724	1.7	3
5.	SL Blue Venture Sdn Bhd	Provision of drainage works	202	0.5	3
Total purchases			41,499	98.7	

FYE 31 December 2019

No	Major suppliers	Services/ building materials acquired	Purchases in FYE 31 December 2019		Length of business relationship as at LPD
			RM'000	%	
1.	Conlay Construction Sdn Bhd ⁽²⁾	Subcontractor for main building works	16,759	30.7	3
2.	Binastra Construction (M) Sdn Bhd ⁽¹⁾	Subcontractor for main building works	10,805	19.8	3
3.	MCC Overseas (M) Sdn Bhd ⁽³⁾	Subcontractor for main building works	8,607	15.8	3
4.	Incredinvest Sdn Bhd	Subcontractor for road works	6,856	12.5	2
5.	Leong Hin Equipment (M) Sdn Bhd	Subcontractor for piling works	4,784	8.8	2
Total purchases			47,811	87.6	

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)**FYE 31 December 2020**

No	Major suppliers	Services/ building materials acquired	Purchases in FYE 31 December 2020		Length of business relationship as at LPD
			RM'000	%	
1.	Conlay Construction Sdn Bhd ⁽²⁾	Subcontractor for main building works	78,783	65.7	3
2.	MCC Overseas (M) Sdn Bhd ⁽³⁾	Subcontractor for main building works	23,465	19.6	3
3.	TCS Construction Sdn Bhd	Subcontractor for main building works	10,292	8.6	1
4.	Leong Hin Equipment (M) Sdn Bhd	Subcontractor for piling works	3,603	3.0	2
5.	Binastra Construction (M) Sdn Bhd ⁽¹⁾	Subcontractor for main building works	2,223	1.9	3
Total purchases			118,366	98.8	

FYE 31 December 2021

No	Major suppliers	Services/ building materials acquired	Purchases in FYE 31 December 2021		Length of business relationship as at LPD
			RM'000	%	
1.	Conlay Construction Sdn Bhd ⁽²⁾	Subcontractor for main building works	122,319	52.4	3
2.	MCC Overseas (M) Sdn Bhd ⁽³⁾	Subcontractor for main building works	70,365	30.2	3
3.	TCS Construction Sdn Bhd	Subcontractor for main building works	40,297	17.3	2
4.	CIDB	Levy fees for turnkey contract	164	-(4)	7
5.	Hiform System Sdn Bhd	Downpayment for column and formwork system rental	75	-(4)	1
Total purchases			233,220	99.9	

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INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

FPE 30 April 2022

No	Major suppliers	Services/ building materials acquired	Purchases in FPE 30 April 2022		Length of business relationship as at LPD
			RM'000	%	
1.	TCS Construction Sdn Bhd	Subcontractor for main building works	22,624	32.4	2
2.	Conlay Construction Sdn Bhd ⁽²⁾	Subcontractor for main building works	19,881	28.5	3
3.	MCC Overseas (M) Sdn Bhd ⁽³⁾	Subcontractor for main building works	19,164	27.5	3
4.	G-Pile Sistem Sdn Bhd	Subcontractor for piling works	2,421	3.5	1
5.	Makin Juta Sdn Bhd	Supplier for steel bar	999	1.4	1
Total purchases			65,089	93.3	

Notes:

- (1) Binastra Construction (M) Sdn Bhd is one of Southern Score's major supplier and subcontractor for main building works, contributing approximately 77.5%, 19.8%, 1.9% of total purchases for FYEs 31 December 2018, 2019 and 2020 respectively. Binastra Construction (M) Sdn Bhd was engaged by Southern Score to provide main building works for the development of PR1MA Jalan Jubilee.
- (2) Conlay Construction Sdn Bhd has contributed approximately 30.7%, 65.7%, 52.4% and 28.5% to Southern Score's total purchases for FYEs 31 December 2019, 2020 and 2021 as well as FPE 30 April 2022 respectively. Conlay Construction Sdn Bhd was appointed as the subcontractor for main building works for the development of Vista Wirajaya 1 @ PV 9 Residences.
- (3) MCC Overseas (M) Sdn Bhd was appointed as the subcontractor for main building works for the development of Platinum Arena Residences. MCC Overseas (M) Sdn Bhd has contributed approximately 15.8%, 19.6%, 30.2% and 27.5% to Southern Score's total purchases for FYEs 31 December 2019, 2020 and 2021 as well as FPE 30 April 2022, respectively.
- (4) Negligible

The types of services required by Southern Score are sourced on a project basis from its list of pre-approved subcontractors. Southern Score engages subcontractors to carry out different parts of its construction activities particularly those requiring the installation of construction materials, piling works, main building works, internal infrastructure and landscaping works as well as other specialised trade works such as M&E works, drainage and sewerage works and other related works.

Southern Score evaluates its subcontractors based on multiple criteria, including the availability of materials, service quality, pricing and lead time for delivery as well as their reliability. Southern Score maintains a list of pre-approved subcontractors which meet their project requirements and quality specifications. In the event Southern Score is unable to source from its major suppliers, Southern Score is still able to source similar services from other subcontractors in the local market. Therefore, Southern Score is not dependent on any single supplier.

For the avoidance of doubt, the major suppliers are not connected to the Enlarged GNB Group, its directors, Southern Score's directors and shareholders, and the Vendor.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

7.20 Employees

(i) Number of employees

As at 31 December 2021 and LPD, Southern Score has a total workforce of 32 and 38 permanent employees respectively. The following depicts the breakdown of Southern Score's employees:

Department/Division	Number of employees as at:	
	31 December 2021	LPD
Managing Director and Executive Directors	3	3
Legal and corporate communication	2	2
Finance and corporate finance	4	4
Human resource and administration	4	5
Procurement and purchasing	6	7
Project ⁽¹⁾	13	17
Total	32	38

Note:

(1)	Project division	Number of employees as at:	
		31 December 2021	LPD
	Project director	1	1
	General managers	1	2
	Project managers	4	3
	Site supervisors	-	3
	Safety officer	-	1
	Land surveyor	1	1
	Engineers	3	3
	Clerk of works	2	2
	Project administrators	1	1
	Total	13	17

As at the LPD, Southern Score does not have any contractual employees. None of Southern Score's employees belong to any labour union. As at the LPD, there has not been any industrial dispute pertaining to our employees.

(ii) Training and development programmes

The key training and development programmes attended by our employees are set out below:

Year of event	Training and development programmes
2016	<ul style="list-style-type: none"> CIDB – Effective Maintenance Repair and Avoiding Building Defects (Civil) CIDB – Ethics and Integrity of Contractors in Construction Industry CIDB – Certification of Completion and Compliance, Procedure and Requirement CIDB – Infrastructure Project Appraisal CIDB – QLASSIC Awareness Course
2017	<ul style="list-style-type: none"> CIDB – QLASSIC Assessor Course
2019	<ul style="list-style-type: none"> Malaysia Institute of Accountants (“MIA”) – Optimising Tax Benefits for Companies and Related Entities MIA – Key Updates and Changes for Corporate Accountants Suruhanjaya Syarikat Malaysia – Seminar for Introduction to Malaysian Business Reporting Standards

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

Year of event	Training and development programmes
2020	<ul style="list-style-type: none"> • MIA – Malaysia Property Taxes - Practical Issues and Insights • MIA – Accounting for Leases under Malaysian Financial Reporting Standard 16 and Section 20 of Malaysian Private Entities Reporting Standards • MIA – 2021 Budget Seminar
2021	<ul style="list-style-type: none"> • Confexhub - Age-Friendly Cities 2021 • MIA - 2022 Budget Seminar • Learnabee International SB - Constitution of Companies: What to do and not to do? What are the MUST change? • Real Estate and Housing Developers' Association Malaysia ("REHDA") - How does Federal Court ruling on LAD calculation date impact property developers • Continuing Professional Development ("CPD") L Training Services - Contract Payment Application and Certification • CPD L Training Services - Effective Contract Administration • CPD L Training Services - Understanding How to Prepare Contract Claim Documentation
2022	<ul style="list-style-type: none"> • Malaysian Institute of Management ("MIM") - High Impact Transformation Coaching • MIM - Managing for Performance • MIM - Essentials Skills for Managers • MIM - Train the Trainer • Emrest (M) Sdn Bhd - Lifting Supervisor Competency Training

(iii) **Management succession plan**

The Board of Southern Score believes that the success of the Southern Score Group depends on the ability and retention of its key management. Therefore, the Southern Score Group makes effort to train its employees and remunerate them accordingly. The Southern Score Group's future success will also depend on its ability to attract and retain skilled personnel.

The Southern Score Group has a management succession plan consisting of:

- (i) selection and recruitment;
- (ii) career planning and development; and
- (iii) continuous training and education.

As part of the Southern Score Group's management succession plan, it has put in place a process to groom new management staff to gradually assume more responsibilities and exposure to different functions within the Southern Score Group's business. The Southern Score Group's strategy for management continuity is driven by its top management who is responsible for identifying key competencies and requirements of candidates. If the need arises, the Southern Score Group will recruit qualified personnel with knowledge and expertise of its business to enhance its operations.

The Southern Score Group believes that its employees are valuable assets to the Southern Score Group and it provides the necessary training for their future development.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

7.21 Dependency on industrial, commercial and financial contracts

As at the LPD, the Southern Score Group is not dependent on any industrial, commercial and financial contracts.

7.22 Interruptions to business and operations

Saved as disclosed below, Southern Score has not experienced any interruptions which has significantly affected its business during the past 12 months preceding the LPD.

Impact of COVID-19 and MCO on Southern Score's business operations

In December 2019, there was an outbreak of COVID-19 which began in China and spread to other nations globally including Malaysia. COVID-19 has since been classified as a global pandemic. As a result of this pandemic, businesses globally faced disruptions in production arising from a shortage of workers and restrictions on human contact resulting from various forms of lockdown instituted by governing authorities.

Due to the outbreak of COVID-19, the Government imposed a Movement Control Order, which was effective from 18 March 2020 to 3 May 2020 ("**MCO1.0**"). The imposition of this lockdown has impacted most of the economic sectors and activities, especially those operating in non-essential services, and led to work stoppages in construction activities.

As a result, Southern Score temporarily suspended its operations at both its construction project sites and main office, with office-based employees working remotely from home. On 4 May 2020 with the commencement of the conditional MCO1.0, Southern Score resumed operations after obtaining approval from MITI and complying with the standard operating procedures as well as other rules and guidelines stipulated by MITI. Prior to resumption of operations, Southern Score was required to perform COVID-19 testing on all its site construction workers.

During MCO1.0, Southern Score's procurement and operations were affected. The imposition of the MCO1.0 resulted in some delays in the supply of materials from suppliers and subcontractor services, particularly among suppliers and subcontractors that were not initially classified as essential services. This subsequently led to a temporary delay in the delivery of projects. For the avoidance of doubt, Southern Score did not experience any cancellation in contracts/work orders during this period as the matter has since been resolved with the resumption of business activities by its suppliers and subcontractors.

The imposition of MCO1.0 halted the construction activities of Southern Score's on-going projects for approximately 6 weeks from 18 March 2020 to 3 May 2020. Although construction works were temporarily suspended for that period, Southern Score did not experience a material impact on its business operation and financial condition.

On 11 January 2021, the Government announced the implementation of MCO ("**MCO2.0**") with certain restrictions in selected states beginning 13 January 2021 until 26 January 2021 to curb the rising COVID-19 cases. This MCO2.0 was then extended until 4 March 2021 in Kuala Lumpur, Selangor, Johor and Penang. The Government decided to lift MCO 2.0 and place Selangor, Kuala Lumpur, Johor, Penang and Kelantan under CMCO starting 5 March 2021, while the rest of the states in Malaysia were placed under RMCO until 31 March 2021. During this period, all economic sectors were allowed to operate. The imposition of MCO2.0 did not materially impact Southern Score's operations as it had secured exemption from MITI to operate as usual with observation of standard operating procedures at all project sites.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

On 10 May 2021, the Government announced a nationwide lockdown from 12 May 2021 to 7 June 2021 (“**MCO3.0**”) as the nation faces rising COVID-19 infections. Based on the increasing trend of daily COVID-19 cases, the Government has decided to take more drastic and stringent measures to curb the spread of COVID-19 infections in the community and prevent a sharp increase in cases. On 28 May 2021, the Government announced the first phase of a full closure of social and economic sectors for 14 days beginning 1 June 2021 until 14 June 2021, which has since been extended. During this period, all sectors are not allowed to operate except the essential services and economic sectors. In compliance with the directive from the Government, Southern Score temporarily suspended its operation at both its construction project sites while waiting for MITI approval. Southern Score implemented work from home policy, where 40% of its office-based employees are required to work from home, while the remaining 60% will be allowed in office at any one time. Southern Score obtained approval from MITI to resume operations for on-site construction activities with observation of standard operating procedures at project sites. Thereafter, Southern Score's subcontractors gradually resumed on-site construction activities with workforce capacity remains at 60%.

Subsequently on 15 June 2021, the Government announced the National Recovery Plan (“**NRP**”), a four-phase recovery plan for Malaysia to return to normalcy by end of the year. Under the NRP plan, an MCO was imposed from June 2021 to December 2021. The NRP consisted of four phases where Phase 1 commenced with the implementation of the FMCO. The second phase will be implemented if the first phase succeeds in reducing the number of daily COVID-19 cases to 4,000 and below, which will allow the reopening of some economic sectors in stages. This will be followed by the third phase where nearly all economic sectors will be allowed to operate subject to strict standard operating procedures and restrictions on the number of people allowed to be physically present at workplaces. Lastly, the fourth phase will see a full reopening of the economy where interstate travel and domestic tourism will also be allowed.

On 1 July 2021, the Government announced that various areas in Selangor and Kuala Lumpur will be placed under EMCO for 2 weeks, beginning 3 July 2021 to 16 July 2021. During this period, all sectors are not allowed to operate except the essential services and economic sectors. Further on 3 July 2021, the Government announced that all construction and related work in areas under the EMCO in Kuala Lumpur and Selangor must cease. Permits issued by MITI cannot be used to continue construction work during the EMCO period, however, critical maintenance, repairs and wiring work would still be allowed but by appointment only and with approvals from the nearest police station. In compliance with the MCO3.0 and EMCO, Southern Score has temporarily halted construction activities on its ongoing projects.

The table below sets out the temporary suspension period of Southern Score's ongoing projects:

Ongoing projects	Temporary suspension period	Resumption of onsite construction activities
Vista Wirajaya 1@ PV9 Residences	1 June 2021 – 21 July 2021 (7 weeks)	22 July 2021
Platinum Arena Residences	1 June 2021 – 7 June 2021 (1 week)	8 June 2021
Vista Sentul Residences	6 July 2021 – 27 July 2021 (3 weeks)	28 July 2021

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

In addition, Southern Score has arranged for all site workers for COVID-19 testing before resumption of on-site construction activities to prevent COVID-19 infections in the project sites. In compliance with the guidelines and standard operating procedures, workers at construction sites are limited to 60% workforce capacity during the MCO period. Southern Score had applied and been granted further extension of time to deliver its projects with no imposition of LAD for 2 ongoing projects namely Platinum Arena Residences and Vista Wirajaya 1@ PV9 Residences. Southern Score will closely monitor subsequent developments arising from the COVID-19 pandemic to ascertain further impact to the project timeline.

On 1 October 2021, Kuala Lumpur and Selangor entered into Phase 3 of the NRP, and all types of construction works were allowed to operate under NRP Phase 3.

Notwithstanding the above, if the Government imposes tighter restrictions which have an impact on the progress of on-going Southern Score's projects, Southern Score shall apply to its clients for further extension of time to deliver projects with no imposition of LAD.

Measures to commence and continue business operations

As part of the requirements to commence operations, Southern Score's subcontractors' site construction workers have undergone COVID-19 testing to ensure that they are not infected with the virus. Two-thirds of the total cost incurred for COVID-19 tests for the on-site construction workers are borne by Southern Score's subcontractors, while the remaining one-third is borne by the property developer. Southern Score also incurs cost for COVID-19 tests for its own employees.

Southern Score has also implemented COVID-19 safety and health instructions and procedures, where this involves adopting social distancing guidelines imposed by the Government, relevant authorities and local councils. These COVID-19 standard operating procedures include the following:

- (i) requiring all employees to declare their health conditions and travel history prior to returning to office and project sites;
- (ii) implementation of movement control routing;
- (iii) ensuring all employees, construction workers and visitors wear face masks at all times, regularly sanitise their hands and practise social distancing;
- (iv) measuring and recording the body temperature of employees, construction workers and visitors daily;
- (v) regular sanitising of office and project sites;
- (vi) requiring all employees and construction site workers (subcontractors' workers) to visit nearby hospitals for diagnosis and treatment immediately if they have developed any COVID-19 symptoms and have not recovered after being in quarantine for a specified period; and
- (vii) reminding all employees and construction workers of the importance of health protection, good hygiene practises and social distancing.

Up to the LPD, the total costs for the implementation of the abovementioned COVID-19 standard operating procedures is approximately RM41,000.

In addition, Southern Score incurred approximately RM270,000 to procure 4,000 doses of COVID-19 vaccines for its staff, consultants, contractors, site workers and their immediate family members as well as community members, as part of its corporate social responsibility initiative.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)***Impact of COVID-19 and MCO on supply chain***

The imposition of MCO1.0 and MCO3.0 had temporarily suspended Southern Score's suppliers' and subcontractors' operations and resulted in delays in the supply of materials and subcontracting services. Southern Score did not experience any cancellation in contracts/work orders during this period as it has since been resolved with the resumption of business activities by its suppliers and subcontractors. Despite the outbreak of COVID-19 and the imposition of MCO1.0, MCO2.0 and MCO3.0, Southern Score has not experienced any disruption to its supply chain upon resumption of operations at all project sites.

Impact of COVID-19 and MCO on projects

Due to the imposition of MCO1.0 and MCO3.0, the initial work plans for Southern Score's ongoing projects have been deferred. The suspension of operations may also result in customers claiming LAD for delays in completing works. In this respect and as at the LPD, Southern Score has applied to 2 customers for extension of time for the completion of ongoing projects with no imposition of LAD, as follows:

Project	Scope of construction works	Completion date	
		Contractual completion	Extension of time given
Platinum Arena Residences	Main building works	31 December 2021	31 October 2022
Vista Wirajaya 1 @ PV9 Residences	Main building works	31 December 2021	31 October 2022
Vista Sentul Residences	Main building works	2 February 2023	5 June 2023

Impact of COVID-19 and MCO on Southern Score's cash flows, liquidity, financial position and performance

Southern Score experienced some disruptions in its business operations as a result of impositions of various phases of MCOs since March 2020. During MCO1.0, the temporary stoppage of work at all its project sites have resulted in delays in project timeline. However, Southern Score did not experience material impact on its financial performance from the delays in its project timeline as demonstrated by an increase in revenue from RM66.99 million in FYE 31 December 2019 to RM285.00 million in FYE 31 December 2021.

Notwithstanding the short-term impacts of COVID-19 and MCO on Southern Score's operations, Southern Score currently does not expect any material impact to the sustainability of business operations in the foreseeable future as:

- (i) Southern Score's on-site operations resumed to its full capacity upon obtaining MITI approval complying with the standard operating procedures and other rules and guidelines required by MITI and upon lifting of the MCO;
- (ii) Southern Score did not experience any cancellation in contracts during the lockdown period as it has since been resolved with the resumption of business activities by its suppliers and subcontractors;
- (iii) Southern Score's ongoing projects being Platinum Arena Residences project and Vista Wirajaya 1 @ PV9 Residences project were granted extension of time with no impositions of LAD to complete the construction works; and
- (iv) Southern Score has a cash and bank balances of approximately RM1.61 million as at 30 April 2022.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

Southern Score does not expect any material impacts to its liquidity, financial position and financial performance from the impact of COVID-19 and MCO. Despite the challenging environment, Southern Score managed to secure 1 new contract during FYE 31 December 2020 and FYE 31 December 2021, being Vista Sentul Residences project in relation to main building works and Vista Harmoni Residences in relation to turnkey construction services, respectively. Save as disclosed above, Southern Score does not anticipate any financial difficulties in meeting its obligations to sustain the business operations.

7.23 Future plans, strategies and prospects**(a) Southern Score intends to further expand its construction services**

Southern Score will continue to replenish and grow its order book for the provision of construction services which will contribute to expanding its market presence. As at the LPD, Southern Score has received a letter of intent for 1 construction and development projects and has 1 project in the tender stage pending, undergoing evaluation and pending outcome of decision, from a third-party property developer and landbank owner respectively. These are mainly for affordable housing projects located in Klang Valley, with a total contract sum of RM634.3 million. If Southern Score succeeds in its bids for these tenders, the addition of these projects will further increase the value of Southern Score's order book.

Southern Score has successfully completed a total of 4 development and construction projects, namely PR1MA Jalan Jubilee (main building works), Platinum Teratai Residences (external road works), Vista Sentul Residences (piling works) and PV 18 Residences (external road works). These projects are Southern Score's reference to secure future tender opportunities as it is equipped with the required knowledge and technical skills to manage and execute the construction of these projects. Further, these projects have served to equip Southern Score with the expertise and skills required for the construction of high-rise residential buildings. Moving forward, Southern Score intends to further capitalise on its expertise and business network to participate in more tender exercises for high-rise residential buildings where its growth prospects appear promising.

(b) Southern Score intends to venture into the manufacture of IBS products

TSPC was incorporated on 5 April 2021 with TCS Group Holdings Berhad holding 65% equity interest and Southern Score holding the remaining 35% equity interest. Southern Score intends to venture into the manufacture of IBS products via TSPC.

IBS is a construction process that utilises techniques, products, components and/or building systems which involve prefabricated components that are manufactured off-site and transported to the construction site for installation. The main IBS products used for building and infrastructure development in Malaysia are precast concrete framing, panel and box systems, formwork systems, steel framing systems, prefabricated timber framing systems and block work systems. The use of IBS in construction supports increasing productivity, through the speeding up of the construction process and shortening of project completion times, and improving quality with the use of prefabricated components manufactured off-site.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

As the manufacturing of IBS products is a new venture, TCS Group Holdings Berhad will provide the manpower resources required to operate the IBS manufacturing plant. TCS Group Holdings Berhad will allocate a team of personnel to undertake the manufacturing of IBS products and may recruit experienced professionals to support the manufacturing process, if required. Southern Score will support the venture by providing the necessary funding.

As at the LPD, TSPC has identified a vacant parcel of land measuring 24 acres in Batu Caves, Kuala Lumpur, for the setting of an IBS manufacturing plant. To realise this plan, Southern Score intends to allocate approximately RM21.80 million of the proceeds raised to partially finance the setting up an IBS manufacturing plant and its first-year operating cost.

The estimated total cost required to set up the IBS manufacturing plant in fully operational form is approximately RM62.29 million, of which RM21.80 million will be sourced from the proceeds raised from the Proposed Private Placement to represent 35.0% of the total estimated Precast Costs whilst TCS Group Holdings Berhad will contribute the remaining 65% of the total estimated Precast Costs.

The breakdown of Precast Costs required to set up the IBS manufacturing plant in fully operational form and its first-year operating cost are set out as follows:

Description	Estimated cost RM'000
Setting up of IBS manufacturing plant	
- Machineries and equipment ⁽¹⁾	2,867
- Building construction and structural steelworks	8,253
(A)	11,120
First-year operating cost	
- Annual operating cost	2,316
- Raw material cost	27,356
- Labour cost	7,102
- Cost for sealant works	2,083
- Cost for erecting precast concrete structures	9,764
- Other miscellaneous costs ⁽²⁾	2,549
(B)	51,170
Total (A+B)	62,290

Notes:

- (1) The estimated cost breakdown for the acquisition of machineries and equipment is as follows:

Types of machinery and equipment	No. of units	Total estimated cost RM'000
Gantry cranes	6	2,340
Generator sets	3	390
Others*	-	137
		2,867

Note:

* Including, but not limited to, fuel tank, automatic level, office equipment and other miscellaneous equipment for production

- (2) Including, but not limited to, transportation costs, steel moulds and other miscellaneous costs

The IBS products manufactured by TSPC is intended to support the cost efficiency and delivery timelines of Southern Score's development and construction projects, and generate additional revenue from the sales of IBS products to external parties.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

8. RELATED PARTY TRANSACTIONS

8.1 Related party transactions

Save as disclosed below, there are no other material related party transactions entered into by the Southern Score Group which involves the interest, direct or indirect, of the Southern Scores' Directors, major shareholders and/or persons connected with them for the past 4 FYEs 31 December 2018, 31 December 2019, 31 December 2020, 31 December 2021 and up to 30 June 2022.

No.	Transacting parties	Nature of relationship of related parties	Nature of transaction	Revenue				
				FYE 31 December				From 1 January 2022 up to 30 June 2022
				2018	2019	2020	2021	
				(RM'000)	(RM'000)	(RM'000)	(RM'000)	
1.	Southern Score and Weng Wah Developments Sdn Bhd	<u>Interested major shareholders and Directors of Southern Score:</u> (i) Tan Sri Datuk Seri Gan Yu Chai. (ii) Gan Yee Hin <u>Interested persons connected to Tan Sri Datuk Seri Gan Yu Chai:</u> (i) Gan Kah Siong Please refer to note (1) for the details of the relationship of related parties.	Provision of external road works by Southern Score to Weng Wah Developments Sdn Bhd for the Platinum Teratai project. ⁽¹⁾	9,955 (represents 18.1% of Southern Score's revenue)	-	-	-	-

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

No.	Transacting parties	Nature of relationship of related parties	Nature of transaction	Revenue				
				FYE 31 December				From 1 January 2022 up to 30 June 2022
				2018	2019	2020	2021	
				(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
2.	Southern Score and Ambanang Development Sdn Bhd	<u>Interested major shareholders and Directors of Southern Score:</u> (i) Tan Sri Datuk Seri Gan Yu Chai. (ii) Gan Yee Hin <u>Interested persons connected to Tan Sri Datuk Seri Gan Yu Chai:</u> (i) Gan Kah Siong (ii) Gan Tiong Kian (iii) Gan Kok Peng Please refer to note (2) for the details of the relationship of related parties.	Provision of main construction services (main building works) by Southern Score to Ambanang Development Sdn Bhd for the Vista Wirajaya 1 @ PV9 Residences project. ⁽²⁾	-	20,675 (represents 30.9% of Southern Score's revenue)	93,778 (represents 63.0% of Southern Score's revenue)	146,256 (represents 51.3% of Southern Score's revenue)	32,285 (represents 26.0% of Southern Score's revenue)
3.	Southern Score and Constant Premium Sdn Bhd	<u>Interested major shareholders and Directors of Southern Score:</u> (i) Tan Sri Datuk Seri Gan Yu Chai. (ii) Gan Yee Hin <u>Interested persons connected to Tan Sri Datuk Seri Gan Yu Chai:</u> (i) Gan Kah Siong (ii) Gan Tiong Kian (iii) Gan Kok Peng Please refer to note (3) for the details of the relationship of related parties.	Provision of main construction services (piling works) by Southern Score to Constant Premium Sdn Bhd for the Vista Sentul Residences project. ⁽³⁾	-	6,008 (represents 9.0% of Southern Score's revenue)	4,575 (represents 3.1% of Southern Score's revenue)	-	-
			Provision of main construction services (main building works) by Southern Score to Constant Premium Sdn Bhd for the Vista Sentul Residences project. ⁽³⁾	-	-	11,667 (represents 7.8% of Southern Score's revenue)	44,750 (represents 15.7% of Southern Score's revenue)	36,652 (represents 29.5% of Southern Score's revenue)

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

No.	Transacting parties	Nature of relationship of related parties	Nature of transaction	Revenue				
				FYE 31 December				From 1 January 2022 up to 30 June 2022
				2018	2019	2020	2021	
				(RM'000)	(RM'000)	(RM'000)	(RM'000)	
4.	Southern Score and Marques Land Sdn Bhd	<u>Interested major shareholders and Directors of Southern Score:</u> (i) Tan Sri Datuk Seri Gan Yu Chai. (ii) Gan Yee Hin <u>Interested persons connected to Tan Sri Datuk Seri Gan Yu Chai:</u> (i) Gan Kah Siong (ii) Gan Tiong Kian (iii) Gan Kok Peng (iv) Puan Sri Datin Seri Lee Kuan Kiow (v) Gan Lee Ha (vi) Gan Wei Ling (vii) Gan Lee Hoon Please refer to note (4) for the details of the relationship of related parties.	Provision of main construction services (main building works) by Southern Score to Marques Land Sdn Bhd for the Platinum Arena Residences project. ⁽⁴⁾	-	10,771 (represents 16.1% of Southern Score's revenue)	28,104 (represents 18.9% of Southern Score's revenue)	93,533 (represents 32.8% of Southern Score's revenue)	39,584 (represents 31.8% of Southern Score's revenue)

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)**Notes:**

- (1) This project was awarded pursuant to a letter of award dated 5 June 2018 from Weng Wah Developments Sdn Bhd to Southern Score. Construction works commenced on 8 June 2018 and was completed on 7 December 2018. As at the LPD, Tan Seri Datuk Seri Gan Yu Chai and Gan Yee Hin are directors and shareholders of Weng Wah Developments Sdn Bhd. Gan Kah Siong was a shareholder and a director of Weng Wah Developments Sdn Bhd at the time of this transaction but as at the LPD, is no longer a director and shareholder of Weng Wah Developments Sdn Bhd. Tan Sri Datuk Seri Gan Yu Chai and Gan Kah Siong are siblings.
- (2) This project was awarded pursuant to a letter of award dated 7 June 2019 from Ambanang Development Sdn Bhd to Southern Score. Construction works commenced on 1 July 2019 with an initial targeted completion date of 31 December 2021. Due to the imposition of various stages of movement control orders by the Government from March 2020 to present date, Southern Score has sought and obtained extension of the target completion date to 31 October 2022 from Ambanang Development Sdn Bhd. The salient terms of the abovementioned letter of award are as follows:

- (a) Details on the remaining contract sum are set out in Section 7.1.2 of Appendix III(A) of this Circular;
- (b) The letter of award does not contain any termination provisions; and
- (c) In the event that Southern Score fails to complete the construction works by the stipulated completion date, liquidated and ascertained damages shall be imposed at a capped amount of RM50,000 per day.

Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin were indirect shareholders of Ambanang Development Sdn Bhd through the direct interest of Radium Development Berhad (formerly known as Idaman Sejiwa Development Sdn Bhd) in Ambanang Development Sdn Bhd and has ceased to be indirect shareholders of Ambanang Development Sdn Bhd on 19 February 2021. As at the LPD, Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin do not hold interest in shares of Ambanang Development Sdn Bhd.

Gan Kah Siong, Gan Tiong Kian and Gan Kok Peng are directors of Ambanang Development Sdn Bhd and are indirect shareholders of Ambanang Development Sdn Bhd whereby they are deemed interested through the direct interest of Radium Development Berhad (formerly known as Idaman Sejiwa Development Sdn Bhd) in Ambanang Development Sdn Bhd. Tan Sri Datuk Seri Gan Yu Chai, Gan Kah Siong, Gan Tiong Kian, and Gan Kok Peng are siblings.

- (3) This project was awarded pursuant to a letter of award dated 22 July 2020 from Constant Premium Sdn Bhd to Southern Score. Construction works commenced on 3 August 2020 with a target completion date of 2 February 2023. The salient terms of the abovementioned letter of award are as follows:

- (a) Details on the remaining contract sum are set out in Section 7.1.2 of Appendix III(A) of this Circular;
- (b) The letter of award does not contain any termination provisions; and
- (c) In the event that Southern Score fails to complete the construction works by the stipulated completion date, liquidated and ascertained damages shall be imposed at a capped amount of RM30,000 per day.

Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin were indirect shareholders of Constant Premium Sdn Bhd through the direct interest of Radium Development Berhad (formerly known as Idaman Sejiwa Development Sdn Bhd) in Constant Premium Sdn Bhd and has ceased to be indirect shareholders of Constant Premium Sdn Bhd on 19 February 2021. As at the LPD, Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin do not hold interest in shares of Constant Premium Sdn Bhd.

Gan Kah Siong, Gan Tiong Kian and Gan Kok Peng are shareholders of Constant Premium Sdn Bhd whereby they are deemed interested through the direct interest of Radium Development Berhad (formerly known as Idaman Sejiwa Development Sdn Bhd) in Constant Premium Sdn Bhd. Additionally, Gan Kah Siong, Gan Tiong Kian and Gan Kok Peng are directors of Constant Premium Sdn Bhd. Tan Sri Datuk Seri Gan Yu Chai, Gan Kah Siong, Gan Tiong Kian and Gan Kok Peng are siblings.

- (4) This project was awarded pursuant to a letter of award dated 6 June 2019 to Southern Score from Marques Land Sdn Bhd. Construction works commenced on 1 July 2019 with an initial targeted completion date of 31 December 2021. Due to the imposition of various stages of movement control orders by the Government from March 2020 to present date, Southern Score has sought and obtained extension of the target completion date to 31 October 2022 from Marques Land Sdn Bhd. The salient terms of the abovementioned letter of award are as follows:

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

- (a) Details on the remaining contract sum are set out in Section 7.1.2 of Appendix III(A) of this Circular;
- (b) The letter of award does not contain any termination provisions; and
- (c) In the event that Southern Score fails to complete the construction works by the stipulated completion date, liquidated and ascertained damages shall be imposed at a capped amount of RM35,000 per day.

Tan Sri Datuk Seri Gan Yu Chai, Puan Sri Datin Seri Lee Kuan Kiow, Gan Yee Hin and Gan Kah Siong were directors of Marques Land Sdn Bhd at the time of this transaction. As at the LPD, the directors of Marques Land Sdn Bhd are Gan Lee Ha and Gan Wei Ling. Tan Sri Datuk Seri Gan Yu Chai, Gan Yee Hin, Gan Kah Siong, Gan Tiong Kian and Gan Kok Peng are shareholders of Marques Land Sdn Bhd whereby they are deemed interested through their direct interest in Platinum Victory Holdings Sdn Bhd in Marques Land Sdn Bhd. Tan Sri Datuk Seri Gan Yu Chai, Gan Kah Siong, Gan Tiong Kian, Gan Kok Peng, Gan Lee Ha and Gan Wei Ling are siblings.

The Proposed Directors of GNB are of the opinion that the related party transactions as disclosed above were carried out on an arm's length basis and on normal commercial terms which are not more favourable to our related parties than those generally available to third parties and are also not to our detriment and to the detriment of our minority shareholders.

After the completion of the Proposed Regularisation Plan:

- (i) the Directors of GNB through the Audit and Risk Management Committee, will ensure that related party transactions are carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and will not be detrimental to minority interests;
- (ii) the Audit and Risk Management Committee of GNB will review any related party transaction and conflict of interest situation that may arise within the Enlarged GNB Group including any transaction, procedure or course of conduct that raises questions of management integrity and report the same to the Board of GNB; and
- (iii) any preferential rates accorded will go through a stringent qualifying process and will be subject to the approval of the Board of GNB.

In addition, GNB will adhere to the requirements under the Listing Requirements in relation to related party transactions and recurrent related party transactions, including making the necessary announcements to Bursa Securities or obtaining shareholders' approval as may be necessary. Further, the interested persons shall abstain from voting on the resolution(s) pertaining to the respective transactions.

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INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

8.2 Transactions that are unusual in their nature or conditions

There are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which the Southern Score Group was a party for the past 4 FYEs 31 December 2018, 2019, 2020, 2021, FPE 30 April 2022 and up to the LPD.

8.3 Outstanding loans and/or financial assistance made to or for the benefit of related parties

Save as disclosed below, there are no outstanding loans (including advances of any kind) and/or financial assistance that was made by the Southern Score Group to or for the benefit of any related parties for the past 4 FYEs 31 December 2018, 2019, 2020, 2021, FPE 30 April 2022 and up to LPD.

No.	Transacting parties	Nature of relationship of related parties	Nature of transaction	Outstanding amount					
				FYE 31 December				FPE 30 April	From 1 May 2022
				2018	2019	2020	2021	2022	up to LPD
				(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
1.	Southern Score and Super Advantage	<u>Interested major shareholders and Directors of Southern Score:</u> (i) Tan Sri Datuk Seri Gan Yu Chai. (ii) Gan Yee Hin <u>Interested persons connected to Tan Sri Datuk Seri Gan Yu Chai:</u> (i) Gan Kah Siong (ii) Gan Tiong Kian (iii) Gan Kok Peng Please refer to note (1) for the details of the relationship of related parties.	Advances from Southern Score to Super Advantage	-	-	1,187 (represents 9.7% of Southern Score's NA)	-	-	-

Note:

- (1) Tan Sri Datuk Seri Gan Yu Chai, Gan Kah Siong, Gan Tiong Kian, and Gan Kok Peng are siblings. On 26 August 2021, Gan Kah Siong and Gan Tiong Kian resigned from their position as Directors of Super Advantage. On 4 September 2021, Gan Kah Siong, Gan Tiong Kian and Gan Kok Peng completed the transfer of their entire equity interests in Super Advantage to Tan Sri Datuk Seri Gan Yu Chai. As at the LPD, Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin are the directors and shareholders of Super Advantage. Puan Sri Datin Seri Elaine Lee Kuan Kiow is also a director of Super Advantage.

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

The above advances from Southern Score to related parties were non-trade in nature, interest-free, unsecured and repayable on demand and as such, they were not made on an arm's length basis. As at the LPD, all outstanding amounts due from Super Advantage had been fully repaid. Moving forward, the Enlarged GNB Group has put in place strict internal control and compliance procedures in relation to advances and loans to third parties, and no further advances or loans will be given to any related parties of the Enlarged GNB Group unless such advances and loans are permitted under law and the Listing Requirements and brought to the Audit and Risk Management Committee and the Board of the Enlarged GNB Group for deliberation and approval.

9. CONFLICT OF INTEREST

The Board of GNB as well as the Board of Southern Score are of the view that there is no conflict of interest situation arising from the interests of GNB's Directors, Proposed Directors and proposed Substantial Shareholders in the businesses or corporations disclosed in Section 9.1 below. As set out in Section 4.4.1 of Appendix II(A) of this Circular, GNB's Audit and Risk Management Committee will review any conflict of interest situations that may arise within Enlarged GNB Group including such transaction, procedure or course that raises questions of management integrity. GNB's Audit and Risk Management Committee will also ensure that any such transactions are carried out on terms that are not detrimental to the Enlarged GNB Group.

9.1 Involvement of GNB's Directors, Proposed Directors and proposed Substantial Shareholders in businesses or corporations which carry on a similar trade as the Southern Score Group or which is its customers or suppliers

As at the LPD, save as disclosed below, GNB's Directors, Proposed Directors and proposed Substantial Shareholders do not have any interest, direct or indirect, in any businesses or corporations which are carrying on a similar trade as that of the Southern Score Group or who are its customers and/ or suppliers:

No.	Businesses/ Corporations	Principal activities	Nature	Nature of interest
1.	Marques Land Sdn Bhd	Property development	<p>Marques Land Sdn Bhd is Southern Score's customer.</p> <p>Southern Score is the main contractor to Marques Land Sdn Bhd for main building works for the development of Platinum Arena Residences.</p>	<p>Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin are proposed Directors and proposed Substantial Shareholders of the Enlarged GNB Group.</p> <p>Tan Sri Datuk Seri Gan Yu Chai holds an equity interest of 59.0% in Platinum Victory Holdings Sdn Bhd, the holding company of Marques Land Sdn Bhd.</p> <p>Gan Yee Hin holds an equity interest of 20.0% in Platinum Victory Holdings Sdn Bhd, the holding company of Marques Land Sdn Bhd.</p>

INFORMATION ON THE SOUTHERN SCORE GROUP (Cont'd)

The Board of GNB as well as the Board of Southern Score is of the view that the interests of Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin in Marques Land Sdn Bhd do not give rise to a conflict of interest situation after taking into consideration the following:

- (a) Tan Sri Datuk Seri Gan Yu Chai and Gan Yee Hin does not hold any managerial or executive position in Marques Land Sdn Bhd.

Tan Sri Datuk Seri Gan Yu Chai was a Non-Executive Director in Marques Land Sdn Bhd. As such, he was not involved in the day-to-day management and operations (including tendering process, procurement and appointment of contractors). Daily operations of Marques Land Sdn Bhd were managed independently by the company's personnel. Tan Sri Datuk Seri Gan Yu Chai only attends the board meetings for Marques Land Sdn Bhd in which they deliberate on matters which are brought to board level for discussion. In those board meetings, Tan Sri Datuk Seri Gan Yu Chai abstain from deliberating and voting on all related party transactions. On 26 August 2021, Tan Sri Datuk Seri Gan Yu Chai had resigned as Director.

- (b) Transactions with Marques Land Sdn Bhd are carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public.

Further, the Board of Southern Score excluding the interested Directors also ensures the transactions with Marques Land Sdn Bhd are in the best interests of Southern Score.

9.2 Declaration by advisers on conflict of interests

Please refer to Section 2 of Appendix IX of this Circular.

10. RISK MANAGEMENT AND INTERNAL CONTROL REVIEW RESULTS AND ACTIONS PLANS TO ADDRESS THE WEAKNESSES IDENTIFIED

Based on the internal control review report issued by Sterling Business Alignment Consulting Sdn Bhd ("**Sterling Consulting**") in July 2022, a list of key weaknesses and remedial actions have been identified by Sterling Consulting to be taken towards establishing an improved risk management framework and internal control system to safeguard the assets of Southern Score and promote growth in profitability and sustainability. As at the LPD, Southern Score has addressed and implemented the improvements where such improvements shall be continuously enforced and enhanced.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE

The following management's discussion and analysis of past financial performances and results of operations on Southern Score should be read in conjunction with the accompanying notes, assumptions and bases thereto included in the Accountants' Report as set out in Appendix IV of this Circular.

1. Financial information on Southern Score

There was no audit qualification on the audited financial statements of Southern Score for the past 4 FYEs 31 December 2018, 2019, 2020 and 2021 as well as FPE 30 April 2022. Southern Score has not adopted any accounting policies which are peculiar to its business or the industry it is involved in for the past 4 FYEs 31 December 2018, 2019, 2020 and 2021 as well as FPEs 30 April 2021 and 30 April 2022. Please refer to note 3, pages 14 to 26 of the Accountants' Report as set out in Appendix IV of this Circular for the summary of significant accounting policies adopted by Southern Score.

1.1 Historical financial information

The following table summarises Southern Score's statement of financial position, statement of profit or loss and other comprehensive income as well as statement of cash flows for the FYEs 31 December 2018, 2019, 2020 and 2021 as well as FPEs 30 April 2021 and 30 April 2022. These financial statements should be read in conjunction with the Reporting Accountants' Report, together with the accompanying notes and assumptions as set out in Section 1.1 of this appendix and Appendix IV of this Circular.

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MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

1.1.1 Statement of profit and loss and other comprehensive income

	Audited				Unaudited	Audited
	FYE 31 December				FPE 30 April	
	2018	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	54,885	66,990	148,808	285,001	132,194	84,232
Cost of sales	(42,000)	(54,636)	(119,837)	(233,438)	(111,900)	(69,796)
Gross profit	12,885	12,354	28,971	51,563	20,294	14,436
Other income	1	2	59	5	26	20
Administrative expenses	(592)	(2,499)	(3,532)	(5,194)	(1,545)	(1,862)
Finance income	-	1	19	122	17	36
Finance cost	(1,559)	(827)	(5)	(4)	-	(2)
Share of net loss of an associate	-	-	-	(5)	-	(1)
PBT	10,735	9,031	25,512	46,487	18,792	12,627
Tax expense	(2,549)	(2,518)	(6,315)	(11,309)	(4,510)	(3,038)
Profit for the financial year/ Total comprehensive income for the financial year	8,186	6,513	19,197	35,178	14,282	9,589
EBITDA ⁽¹⁾	12,307	9,878	25,558	46,473	18,797	12,645
GP margin (%) ⁽²⁾	23.5	18.4	19.5	18.1	15.4	17.1
PBT margin (%) ⁽³⁾	19.6	13.5	17.1	16.3	14.2	15.0
PAT margin (%) ⁽⁴⁾	14.9	9.7	12.9	12.3	10.8	11.4
Basic / diluted EPS (sen) ⁽⁵⁾	818.6	651.3	1,919.7	3,517.8	1,428.2	958.9

Notes:

(1) EBITDA represents earnings before interest, taxation, depreciation and amortisation.

The table below sets out the computation in arriving at Southern Score's EBITDA:

	Audited				Unaudited	Audited
	FYE 31 December				FPE 30 April	
	2018	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PBT	10,735	9,031	25,512	46,487	18,792	12,627
Adjusted for:						
- Depreciation expenses	13	21	60	104	22	52
- Finance income	-	(1)	(19)	(122)	(17)	(36)
- Finance cost	1,559	827	5	4	-	2
EBITDA	12,307	9,878	25,558	46,473	18,797	12,645

(2) GP divided by total revenue.

(3) PBT divided by total revenue.

(4) PAT attributable to owner of the company divided by total revenue.

**MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS
OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)**

- (5) PAT divided by 1,000,000 Shares, being the existing number of Shares of Southern Score. Basic and diluted EPS are the same as Southern Score does not have any outstanding convertible securities for FYE 31 December 2018 to FYE 31 December 2021 as well as FPEs 30 April 2021 and 30 April 2022.

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MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

1.1.2 Statement of financial position

	Audited				Audited
	As at 31 December				As at 30 April
	2018	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>ASSETS</u>					
Non-current assets					
Property, plant and equipment	28	295	366	824	817
Investment in an associate	-	-	-	258	257
Total non-current assets	28	295	366	1,082	1,074
Current assets					
Trade receivables	39,950	35,298	59,770	71,251	84,210
Contract assets	-	3,335	16,648	21,514	17,797
Other receivables	73,902	2,500	2,739	4,612	1,021
Tax recoverable	-	1,734	-	-	-
Cash and bank balances	30	6,206	2,728	4,160	1,613
Total current assets	113,882	49,073	81,885	101,537	104,641
TOTAL ASSETS	113,910	49,368	82,251	102,619	105,715
<u>EQUITY AND LIABILITIES</u>					
Equity					
Share capital	1,000	1,000	1,000	1,000	1,000
Retained earnings	49,512	7,025	11,222	21,400	20,989
TOTAL EQUITY / NET ASSETS	50,512	8,025	12,222	22,400	21,989
Non-current liabilities					
Deferred tax liabilities	5	12	30	68	95
Lease liability	-	-	-	126	115
Total non-current liabilities	5	12	30	194	210
Current liabilities					
Trade payables	33,891	28,891	53,261	74,034	78,674
Contract liability	10,400	8,067	-	462	59
Other payables	129	1,195	16,112	1,357	719
Borrowing	18,589	3,178	-	-	-
Lease liability	-	-	-	34	34
Tax payable	384	-	626	4,138	4,030
Total current liabilities	63,393	41,331	69,999	80,025	83,516
TOTAL LIABILITIES	63,398	41,343	70,029	80,219	83,726
TOTAL EQUITY AND LIABILITIES	113,910	49,368	82,251	102,619	105,715
Net assets per share (RM) ⁽¹⁾	50.5	8.0	12.2	22.4	22.0

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)
Note:

- (1) Net assets divided by 1,000,000 Southern Score Shares, being the existing number of Southern Score Shares.

1.1.3 Statement of cash flows

	Audited				Unaudited	Audited
	FYE 31 December				FPE 30 April	
	2018	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax	10,735	9,031	25,512	46,487	18,792	12,627
Adjustments for:						
Depreciation of property, plant and equipment	13	21	60	104	22	52
Interest expense	1,559	827	5	4	-	2
Interest income	-	(1)	(19)	(122)	(17)	(36)
Share of net loss of an associate	-	-	-	5	-	1
Operating profit before changes in working capital	12,307	9,878	25,558	46,478	18,797	12,646
Changes in working capital:						
Receivables	(33,193)	76,054	(23,524)	(14,541)	(6,769)	(9,368)
Contract assets/ liability	433	(5,668)	(21,380)	(4,404)	(844)	3,314
Payables	28,177	(3,934)	24,287	21,018	5,301	4,002
Cash generated from operations	7,724	76,330	4,941	48,551	16,485	10,594
Interest received	-	1	19	79	17	36
Tax refunded	540	-	1,018	-	-	-
Tax paid	(2,375)	(4,629)	(4,955)	(7,759)	(1,164)	(3,119)
Net cash from operating activities	5,889	71,702	1,023	40,871	15,338	7,511
CASH FLOWS (USED IN)/ FROM INVESTING ACTIVITIES						
(Advance to)/ repayment from holding company	-	-	(1,187)	1,187	1,187	-
Purchase of property, plant and equipment	-	(288)	(131)	(383)	(277)	(45)
Acquisition of an associate	-	-	-	(263)	-	-
Interest received	-	-	-	43	-	-
Net cash (used in)/ from investing activities	-	(288)	(1,318)	584	910	(45)
CASH FLOWS USED IN FINANCING ACTIVITIES						
Interest paid	(1,559)	(827)	(5)	(4)	-	(2)
Repayment to a Director	(3)	-	-	-	-	-
Repayment of revolving financing	(16,098)	(15,411)	(3,178)	-	-	-
Dividends paid	-	(49,000)	-	(40,000)	-	(10,000)
Drawdown of revolving financing	11,794	-	-	-	-	-
Repayment of lease liability	-	-	-	(19)	-	(11)
Net cash used in financing activities	(5,866)	(65,238)	(3,183)	(40,023)	-	(10,013)

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

	Audited				Unaudited	Audited
	FYE 31 December				FPE 30 April	
	2018	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net increase/(decrease) in cash and cash equivalents	23	6,176	(3,478)	1,432	16,248	(2,547)
Cash and cash equivalents at the beginning of financial year	7	30	6,206	2,728	2,728	4,160
Cash and cash equivalents at the end of financial year	30	6,206	2,728	4,160	18,976	1,613

2. Management's discussion and analysis of financial condition and results of operations and prospects

The following discussion and analysis of the Southern Score's past financial condition and results of operations should be read in conjunction with the historical financial information set out in Section 1.1 of this appendix as well as the Accountant's Report set out in Appendix IV of this Circular.

This discussion and analysis contain information derived from the Southern Score's audited financial statements as well as forward-looking statements that involve risks and uncertainties. Southern Score's actual results may differ significantly from those projected in the forward-looking statements. Factors that may cause such differences include, but are not limited to, those discussed below and elsewhere in this Circular, particularly the risk factors as set out in Section 10 of Part A of this Circular.

2.1 Overview

Southern Score is principally involved in the provision of construction management services mainly for high-rise residential buildings in Kuala Lumpur. The scope of Southern Score's construction services involves the provision of professional project management services from project initiation until the completion of construction works. In this respect, Southern Score's construction services encompass project initiation, planning and design; appointment of subcontractors; procurement; construction project management; as well as inspection and completion handover. Please refer to Section 3 of this appendix for Southern Score's on-going and completed projects.

Section 7 of Appendix III(A) of this Circular contains Southern Score's detailed business overview.

2.1.1 Revenue

Southern Score undertakes construction projects either as a turnkey contractor or main contractor, where its roles and responsibilities differ according to the terms of the contract, and can be generally categorised as follows:

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

(i) Turnkey contractor

Contracts for turnkey construction services are awarded to Southern Score by the landbank owner. As a turnkey contractor, Southern Score initiates construction projects, undertakes the design, planning and development, as well as the central coordinator role in planning and managing the overall construction project to ensure successful handover to customers within the contract period.

(ii) Main contractor

Contracts for main construction services are awarded to Southern Score by the property developer. As main contractor, Southern Score undertakes the central coordinator role in planning and managing the overall construction project to ensure successful handover to customers within the contract period. Unlike the turnkey contractor role, as a main contractor, Southern Score does not initiate construction projects or undertake design, planning and development.

Southern Score's revenue from FYE 31 December 2018 to FYE 31 December 2021 as well as FPEs 30 April 2021 and 30 April 2022 was derived from the provision of turnkey construction services (in its role as turnkey contractor) and main construction services (in its role as main contractor) of residential buildings. All of Southern Score's revenue from FYE 31 December 2018 to FYE 31 December 2021 as well as FPEs 30 April 2021 and 30 April 2022 were derived from Malaysia.

Southern Score's revenue from construction contracts is measured at the fixed transaction price agreed under the respective agreements with the project owners, net of expected LAD payment, based on the expected value method.

Southern Score recognises revenue over time using the input method, which is based on the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

Sections 3.1 and 3.3 of this appendix contain the analysis of Southern Score's revenue, GP and GP margin.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

2.1.2 Cost of sales

Cost of sales comprise subcontractor costs, preliminaries as well as construction material and machinery, details of which are as follows:

(i) Subcontractor costs

Subcontractor costs are the main component of Southern Score's cost of sales. Southern Score engages subcontractors mainly for main building works, road works, internal infrastructure, landscaping works, specialised trade works such as M&E engineering works, drainage and sewerage works as well as other related works.

(ii) Preliminaries

Preliminaries are expenses incurred for the management of the entire project and are miscellaneous in nature. It generally comprises project maintenance, consultants' fees, CIDB levy fees, statutory utility fees to Indah Water Konsortium Sdn Bhd and Syarikat Bekalan Air Selangor Sdn Bhd as well as site management costs.

(iii) Construction material and machinery

While Southern Score has an asset-light and flexible delivery model, Southern Score has begun taking measures to ensure the security of supply of construction materials as well as machinery and equipment for its projects over the long term. Since end of FYE 2021, Southern Score began strategically purchasing construction materials as well as renting machinery and equipment for the Vista Harmoni Residences development.

Section 3.2 of this appendix contains the analysis of Southern Score's cost of sales.

2.1.3 Other income

Other income includes sundry income, which comprises early settlement discount received and wage subsidy received from the Government.

Section 3.4 of this appendix contains the analysis of Southern Score's other income.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

2.1.4 Administrative expenses

Southern Score's administrative expenses encompass:

- (i) staff costs;
- (ii) professional fees which mainly comprise audit fees, legal fees and tax advisory fees;
- (iii) rental expenses incurred for the rental of car parking space, office space and office equipment;
- (iv) upkeep and maintenance expenses for motor vehicles, office and office equipment; and
- (v) other expenses which mainly comprise branding expenses, insurance, printing and stationery, security charges and utilities.

Section 3.5 of this appendix contains the analysis of Southern Score's administrative expenses.

2.1.5 Finance income

Southern Score's finance income comprises bank interest received and interest received from holding company.

Section 3.6 of this appendix contains the analysis of Southern Score's finance income.

2.1.6 Finance cost

Southern Score's finance cost comprises mainly interest charged on the revolving financing.

Section 3.7 of this appendix contains the analysis of Southern Score's finance cost.

2.1.7 Taxation

Section 3.9 of this appendix contains the analysis of Southern Score's taxation.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

2.2 Significant factors affecting Southern Score's financial performance

Southern Score's financial conditions and results of operations may be affected by the following key factors:

2.2.1 Exposure to a few projects awarded by major customers

Southern Score's financial performance is dependent on its ability to secure new projects, and its dependency on a few projects awarded by major customers. Revenue contribution from Southern Score's customers vary from year-to-year due to the nature of its construction business being conducted on a project basis. Southern Score may not secure similar projects in terms of size and scope with the same customers year-on-year. Southern Score is also exposed to the risk of not being able to secure construction projects other customers who can contribute a similar proportion of revenue on a timely basis.

2.2.2 Reliance on subcontractors to complete a substantial portion of building and construction projects

Southern Score is reliant on subcontractors to complete a substantial portion of building and construction projects and thus, any unsatisfactory performance of its subcontractors will affect Southern Score's business operations and financial performance. If its subcontractors fail to meet the project requirements, Southern Score may experience a delay in project completion or be exposed to risks of cost overruns due to quality issues concerning substandard works and/or non-performance by subcontractors. Consequently, Southern Score may need to incur significant time, cost and resources to carry out rectification works. This in turn would affect the project delivery schedule. Accordingly, Southern Score would be entitled to claim against such subcontractors for LAD, costs and expenses incurred by Southern Score to complete the construction works and/or liquidate the subcontractor's performance bond.

2.2.3 Dependency on Managing Director, Executive Directors and key senior management team

Southern Score is dependent on its Directors and key senior management for the continuing success of Southern Score. The loss of any Directors and key senior management personnel and inability to find a suitable replacement in a timely manner may potentially create an unfavourable impact on the business operations of Southern Score.

2.2.4 The COVID-19 pandemic and possible similar future outbreaks may have a significant impact on Southern Score's business operations

Southern Score's business is susceptible to any outbreak of disease or COVID-19 pandemics to the extent that it causes interruptions to its business operations. These interruptions, if prolonged, will adversely affect the business operation and financial performance of Southern Score.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

2.2.5 Reliance on certain registrations, approvals, licenses and permits

Southern Score is subject to certain agreed timeliness and budgets for its construction projects. The timely completion of projects undertaken by Southern Score is dependent on several external factors inherent in the construction industry including, the timely receipt of requisite licenses, regulatory approvals, availability of construction materials, issues relating to engineering, safety and site conditions, adverse weather conditions, availability of machinery and equipment and satisfactory performance of subcontractors. Any adverse developments in respect of these factors can potentially lead to interruptions or delays in completing a project, which may result in customers imposing LAD that could have a material impact on Southern Score's business operations and financial performance.

2.2.6 Risks of defects in construction works

The nature of Southern Score's business is subjected to risk of defects liability claims by customers due to the defects in the construction works that may occur during the defects liability period. Southern Score typically provides defects liability period ranging from 12 months up to 24 months from the date of CPC.

Section 10 of Part A of this Circular contains Southern Score's detailed risk factors.

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MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)
3. Results of operations

Southern Score is principally involved in the provision of construction management services for high-rise residential buildings in Kuala Lumpur. Please refer to Section 7 of Appendix III(A) of this Circular for Southern Score's detailed business overview.

Revenue contribution from Southern Score's projects for FYE 31 December 2018 to FYE 31 December 2021 as well as FPEs 30 April 2021 and 30 April 2022 is as follows:

Project name and description	Type	Contract period	Status of project	Contract sum ⁽¹⁾	Revenue contribution					
					FYE 31 December				FPE 30 April	
					2018	2019	2020	2021	2021	2022
				RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PR1MA Jalan Jubilee Development of one block of 31 storeys PR1MA apartment consisting 543 units residential units, four units of shoplots, six storeys parking podium, one unit of guard house and swimming pool at Lot PT 66, Jalan Jubilee Seksyen 93, Wilayah Persekutuan Kuala Lumpur	Turnkey construction services	29 April 2016 to 28 April 2019 (Extension of time given till 15 May 2020)	Completed	186,513	44,930	19,660	10,684	-	-	-
Platinum Teratai Residences External road works – construction and completion on main external works and associated works for development at off Jalan Langkawi, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur	Main construction services	8 June 2018 to 7 December 2018	Completed	9,955	9,955	-	-	-	-	-

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

Project name and description	Type	Contract period	Status of project	Contract sum ⁽¹⁾	Revenue contribution					
					FYE 31 December				FPE 30 April	
					2018	2019	2020	2021	2021	2022
				RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Vista Sentul Residences Piling and pilecap works for development of a commercial building consisting Block A – 24 storeys service apartments (262 units), Block B – 37 storeys service apartment (443 units), eight storeys car park including two units of TNB substations with one level of public facilities (podium) at Lot 50954, Mukim Batu, Wilayah Persekutuan Kuala Lumpur	Main construction services	3 June 2019 to 2 January 2020 (Extension of time given until 5 June 2020)	Completed	10,583	-	6,008	4,575	-	-	-
PV 18 Residences External road works – development of three blocks of apartments consisting of Block A – high cost apartments (318 units) – 40 storeys, Block B – high cost apartments (534 units) – 42 storeys, Block C – affordable apartments (398 units) – 33 storeys, eight storeys podium with facilities, two units guard house at PT 8758 and PT 8759, Jalan Langkawi, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur	Main construction services	21 June 2019 to 20 December 2019	Completed	9,876	-	9,876	-	-	-	-

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

Project name and description	Type	Contract period	Status of project	Contract sum ⁽¹⁾	Revenue contribution					
					FYE 31 December				FPE 30 April	
					2018	2019	2020	2021	2021	2022
				RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Vista Wirajaya 1 @ PV9 Residences Main building works for housing development – three blocks of apartments (35 storeys) consisting of Block A – one block of 26 storeys of medium cost apartments Type B&D (429 units), Block B – one block of 27 storeys of medium cost apartments Type B&C (524 units), Block C – one block of 21 storeys of affordable apartment Type A&A1 (438 units), eight storeys car parking podium including two storeys of sub-basement, one storey club house and swimming pool at Level 8, two units of TNB substations, one unit of guard house, two units of refuse chambers and other facilities at Lot 25580, Jalan Persiaran Pertahanan, Kampung Wirajaya, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur	Main construction services	1 July 2019 to 31 December 2021 (Extension of time given until 31 October 2022)	Ongoing	308,681	-	20,675	93,778	146,256	94,490	23,851

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

Project name and description	Type	Contract period	Status of project	Contract sum ⁽¹⁾	Revenue contribution					
					FYE 31 December				FPE 30 April	
					2018	2019	2020	2021	2021	2022
				RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Platinum Arena Residences Main building works for 37 storeys and one storey underground mixed commercial development consisting of eight storeys of commercial podium and one storey underground shop/office lot (36 strata units) and car park with one unit of TNB substation, two blocks of 29 storeys service apartments (728 units) (including one storey of facilities space at level 8) at Lot 103657 (previously PT 15115, Lot 35312, Lot 8088 and Lot 15607), Jalan Kelang Lama, Mukim Petaling, Wilayah Persekutuan Kuala Lumpur	Main construction services	1 July 2019 to 31 December 2021 (Extension of time given until 31 October 2022)	Ongoing	199,111	-	10,771	28,104	93,533	23,829	24,719

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

Project name and description	Type	Contract period	Status of project	Contract sum ⁽¹⁾	Revenue contribution					
					FYE 31 December				FPE 30 April	
					2018	2019	2020	2021	2021	2022
				RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Vista Sentul Residences Main building works for development consisting of Block A – 24 storeys of apartment suites (262 units), Block B – 37 storeys apartment suites (443 units), eight storeys of car park including two units of TNB substations, one storey of public facilities and one guard house at Lot 50954, Jalan Sentul, Mukim Batu, Wilayah Persekutuan Kuala Lumpur	Main construction services	3 August 2020 to 2 February 2023 (Extension of time given until 5 June 2023)	Ongoing	149,575	-	-	11,667	44,750	13,875	25,075
Vista Harmoni Residences Build and design works for development of 2 blocks apartments consisting of Block A - 19 storeys of Perumahan Penjawat Awam Malaysia (250 units), Block B – 23 storeys of apartment suites (205 units), above a 7-storey podium comprising 1 storey residents' facilities, 7 storeys car park and 1 guard house at Lot 760, Jalan Pelangi 2, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur	Turnkey construction services	15 December 2021 to 14 April 2025	Ongoing	131,406	-	-	-	462	-	7,363

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

Project name and description	Type	Contract period	Status of project	Contract sum ⁽¹⁾	Revenue contribution					
					FYE 31 December				FPE 30 April	
					2018	2019	2020	2021	2021	2022
				RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Berlian Setapak 2 Residences Design, procurement, construction and completion of earthworks, foundation, substructure and superstructure works for: One block of 38-storeys apartment consisting of eight storeys with 1 mezzanine parking facility including 2 storeys facilities at the ground floor and 8th floor as well as 1 TNB unit, one block of 29-storeys apartment (79 units affordable housing and 184 units free price units) on Lot 319, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur	Turnkey construction services	20 February 2022 to 19 June 2025	Ongoing	110,000	-	-	-	-	-	3,224
Total				1,115,700	54,885	66,990	148,808	285,001	132,194	84,232

Note:

(1) Include variation orders

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

The following is a segmental analysis of Southern Score's financial results for the past 4 FYEs from FYE 31 December 2018 to FYE 31 December 2021 as well as FPEs 30 April 2021 and 30 April 2022.

3.1 Segmental analysis of revenue
(i) Revenue by business activities

	FYE 31 December							
	2018		2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Turnkey construction services	44,930	81.9	19,660	29.3	10,684	7.2	462	0.2
Main construction services	9,955	18.1	47,330	70.7	138,124	92.8	284,539	99.8
Total	54,885	100.0	66,990	100.0	148,808	100.0	285,001	100.0

	FPE 30 April			
	2021		2022	
	RM'000	%	RM'000	%
Turnkey construction services	-	-	10,587	12.6
Main construction services	132,194	100.0	73,645	87.4
Total	132,194	100.0	84,232	100.0

FYE 31 December 2019 as compared to FYE 31 December 2018

Southern Score's revenue increased by RM12.1 million or 22.1% from RM54.9 million in FYE 31 December 2018 to RM67.0 million in FYE 31 December 2019. This was mainly contributed by the main construction services segment.

Southern Score's revenue from main construction services segment increased by RM37.4 million or 375.4%, from RM9.9 million in FYE 31 December 2018 to RM47.3 million in FYE 31 December 2019 due to the following new projects:

- (i) Vista Wirajaya 1 @ PV9 Residences project, for which construction commenced in July 2019 and contributed a revenue of RM20.6 million for main building works;
- (ii) Platinum Arena Residences project, for which construction commenced in July 2019 and contributed a revenue of RM10.8 million for main building works;

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

- (iii) PV 18 Residences project, for which construction commenced in June 2019 and completed in December 2019 and contributed a revenue of RM9.9 million for external road works; and
- (iv) Vista Sentul Residences project, for which construction commenced in June 2019 and contributed a revenue of RM6.0 million for piling works.

The revenue contribution from the abovementioned new projects was offset by the absence of revenue from the Platinum Teratai Residences project that was completed in FYE 31 December 2018 and contributed RM9.9 million to the FYE 31 December 2018 revenue.

Overall, the increase in revenue from the main construction services segment was offset by the decrease in revenue from turnkey construction services by RM25.3 million or 56.2%, from RM44.9 million in FYE 31 December 2018 to RM19.6 million in FYE 31 December 2019. This was due to lesser construction works performed in FYE 31 December 2019 for the PR1MA Jalan Jubilee project which achieved 94.3% completion rate as at 31 December 2019 compared to the 83.7% completion rate as at 31 December 2018.

FYE 31 December 2020 as compared to FYE 31 December 2019

Southern Score's revenue increased by RM81.8 million or 122.1% from RM67.0 million in FYE 31 December 2019 to RM148.8 million in FYE 31 December 2020. This was mainly contributed by the main construction services segment.

Southern Score's revenue from the main construction services segment increased by RM90.8 million or 191.8% from RM47.3 million in FYE 31 December 2019 to RM138.1 million in FYE 31 December 2020 due to the following projects:

- (i) Vista Wirajaya 1 @ PV9 Residences project, wherein Southern Score managed to complete more structural, architectural and M&E works in FYE 31 December 2020. The revenue of this project increased by RM73.1 million or 353.6% from RM20.7 million in FYE 31 December 2019 to RM93.8 million in FYE 31 December 2020;
- (ii) Platinum Arena Residences project, wherein Southern Score managed to complete more structural, architectural and M&E works in FYE 31 December 2020. The revenue of this project increased by RM17.3 million or 160.9% from RM10.8 million in FYE 31 December 2019 to RM28.1 million in FYE 31 December 2020; and
- (iii) Vista Sentul Residences project, for which construction commenced in August 2020 and contributed RM11.6 million in revenue for main building works.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

The increase in revenue from the abovementioned projects was partially offset by the following:

- (i) Vista Sentul Residences project (piling works), for which revenue decreased by RM1.4 million or 23.9% from RM6.0 million in FYE 31 December 2019 to RM4.6 million in FYE 31 December 2020. This was on account of the project being in its final stages at the start of FYE 31 December 2020 and was completed in June 2020; and
- (ii) PV 18 Residences project which was completed and contributed a revenue of RM9.8 million in FYE 31 December 2019. This thereby lowered the incremental revenue in FYE 31 December 2020 by RM9.8 million.

In addition, the increase in revenue from the main construction services segment was partially offset by the decrease in revenue from turnkey construction services by RM8.9 million or 45.7% from RM19.6 million in FYE 31 December 2019 to RM10.7 million in FYE 31 December 2020. This was because the PR1MA Jalan Jubilee project was at the final stages at the start of FYE 31 December 2020 and was completed in May 2020.

FYE 31 December 2021 as compared to FYE 31 December 2020

Southern Score's revenue increased by RM136.2 million or 91.5% from RM148.8 million in FYE 31 December 2020 to RM285.0 million in FYE 31 December 2021. This was mainly contributed by the main construction services segment.

Southern Score's revenue from the main construction services segment increased by RM146.4 million or 106.0% from RM138.1 million in FYE 31 December 2020 to RM284.5 million in FYE 31 December 2021 due to the following projects:

- (i) Platinum Arena Residences project, wherein Southern Score completed more structural, architectural and M&E works in FYE 31 December 2021. The revenue of this project increased by RM65.4 million or 232.8% from RM28.1 million in FYE 31 December 2020 to RM93.5 million in FYE 31 December 2021;
- (ii) Vista Wirajaya 1 @ PV9 Residences project, wherein Southern Score completed more structural, architectural and M&E works in FYE 31 December 2021. The revenue of this project increased by RM52.5 million or 56.0% from RM93.8 million in FYE 31 December 2020 to RM146.3 million in FYE 31 December 2021; and
- (iii) Vista Sentul Residences project, wherein Southern Score completed more structural, architectural and M&E works in FYE 31 December 2021. The revenue of this project increased by RM33.1 million or 282.9% from RM11.7 million in FYE 31 December 2020 to RM44.8 million in FYE 31 December 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

The increase in revenue from the above projects was partially offset by the absence of revenue contribution from Vista Sentul Residences project (piling works) as the project was completed in June 2020.

Further, the increase in revenue from the main construction services segment was partially offset by the decrease in revenue from turnkey construction services by RM10.2 million or 95.7% from RM10.7 million in FYE 31 December 2020 to RM0.5 million in FYE 31 December 2021. This was due to the absence of revenue contribution from the PR1MA Jalan Jubilee project which was completed in May 2020 and contributed a revenue of RM10.7 million in FYE 31 December 2020.

FPE 30 April 2022 as compared to FPE 30 April 2021

Southern Score's revenue decreased by RM48.0 million or 36.3% from RM132.2 million in FPE 30 April 2021 to RM84.2 million in FPE 30 April 2022. This was mainly contributed by the main construction services segment.

Southern Score's revenue from the main construction services segment decreased by RM58.6 million or 44.3% from RM132.2 million in FPE 30 April 2021 to RM73.6 million in FPE 30 April 2022 due to the Vista Wirajaya 1 @ PV9 Residences project, wherein Southern Score completed more structural, architectural and M&E works in FPE 30 April 2021 as compared to FPE 30 April 2022. The revenue of this project decreased by RM70.6 million or 74.7% from RM94.5 million in FPE 30 April 2021 to RM23.9 million in FPE 30 April 2022.

The decrease in revenue from the above project was partially offset by increase in revenue from the following projects:

- (i) Vista Sentul Residences project, wherein Southern Score completed more structural, architectural and M&E works in FPE 30 April 2022. The revenue of this project increased by RM11.2 million or 80.6% from RM13.9 million in FPE 30 April 2021 to RM25.1 million in FPE 30 April 2022; and
- (ii) Platinum Arena Residences project, wherein Southern Score completed more structural, architectural and M&E works in FPE 30 April 2022. The revenue of this project increased by RM0.9 million or 3.8% from RM23.8 million in FPE 30 April 2021 to RM24.7 million in FPE 30 April 2022.

Further, the decrease in revenue from the main construction services segment was partially offset by the increase in revenue from turnkey construction services by RM10.6 million or 100.0% from nil in FPE 30 April 2021 to RM10.6 million in FPE 30 April 2022. This was due to the following projects:

- (i) Vista Harmoni Residences project, for which construction commenced in December 2021 and contributed a revenue of RM7.4 million for turnkey construction services; and

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

- (ii) Berlian Setapak 2 Residences project, for which construction commenced in February 2022 and contributed a revenue of RM3.2 million for turnkey construction services.

3.2 Segmental analysis of cost of sales

The cost of sales for each project is determined based on contract cost estimated at the beginning of the project. The contract cost is estimated based on expected costs of construction, subcontracting costs, project duration, labour costs, preliminaries, construction materials and machinery. Generally, the contract cost estimate will be revised during the construction period to reflect the actual cost of construction.

(i) Cost of sales by cost components

	FYE 31 December							
	2018		2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Subcontractor costs	41,537	98.9	50,738	92.9	118,823	99.2	232,981	99.8
Preliminaries	463	1.1	3,898	7.1	1,014	0.8	421	0.2
Construction material and machinery	-	-	-	-	-	-	36	-(1)
Total	42,000	100.0	54,636	100.0	119,837	100.0	233,438	100.0

	FPE 30 April			
	2021		2022	
	RM'000	%	RM'000	%
Subcontractor costs	111,674	99.8	64,644	92.6
Preliminaries	226	0.2	1,189	1.7
Construction material and machinery	-	-	3,963	5.7
Total	111,900	100.0	69,796	100.0

Note:

- (1) Negligible.

Southern Score's cost of sales mainly comprises subcontractor costs which represented 98.9%, 92.9%, 99.2%, 99.8%, 99.8% and 92.6% of Southern Score's total cost of sales for FYEs 31 December 2018, 2019, 2020 and 2021 as well as FPEs 30 April 2021 and 30 April 2022 respectively.

As Southern Score focuses on carrying out construction services in its capacity as turnkey and main contractor, Southern Score engages subcontractors to undertake construction works, as set out above for FYEs 31 December 2018, 2019, 2020 and 2021 as well as FPEs 30 April 2021 and 30 April 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

In FYE 2021, Southern Score began taking measures to ensure the security of supply of construction materials as well as machinery and equipment for its projects over the long term. Since end of FYE 2021, Southern Score began strategically purchasing construction materials as well as renting machinery and equipment for the Vista Harmoni Residences development.

(ii) Cost of sales by business activity

	FYE 31 December							
	2018		2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Turnkey construction services	35,062	83.5	16,614	30.4	3,374	2.8	348	0.1
Main construction services	6,938	16.5	38,022	69.6	116,463	97.2	233,090	99.9
Total	42,000	100.0	54,636	100.0	119,837	100.0	233,438	100.0

	FPE 30 April			
	2021		2022	
	RM'000	%	RM'000	%
Turnkey construction services	-	-	7,973	11.4
Main construction services	111,900	100.0	61,823	88.6
Total	111,900	100.0	69,796	100.0

Based on Southern Score's segmental revenue by business activities:

- (i) In FYE 31 December 2018, 83.5% and 16.5% of cost of sales was attributed to turnkey construction services and main construction services, respectively;
- (ii) In FYE 31 December 2019, 30.4% and 69.6% of cost of sales was attributed to turnkey construction services and main construction services, respectively;
- (iii) In FYE 31 December 2020, 2.8% and 97.2% of cost of sales was attributed to turnkey construction services and main construction services, respectively;
- (iv) In FYE 31 December 2021, 0.1% and 99.9% of cost of sales was attributed to turnkey construction services and main construction services, respectively;
- (v) In FPE 30 April 2021, 100.0% of cost of sales was attributed to main construction services; and
- (vi) In FPE 30 April 2022, 11.4% and 88.6% of cost of sales was attributed to turnkey construction services and main construction services, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

FYE 31 December 2019 as compared to FYE 31 December 2018

Southern Score's cost of sales increased by RM12.6 million or 30.1% from RM42.0 million in FYE 31 December 2018 to RM54.6 million in FYE 31 December 2019 due to the main construction services segment (increased by RM31.1 million or 448.0%). This was in line with the increase in revenue from the main construction services segment, and is attributed to the ongoing projects in FYE 31 December 2019.

The increase in cost of sales under the main construction services segment was offset by the decrease in cost of sales under the turnkey construction services segment of RM18.5 million. As the PR1MA Jalan Jubilee project was near completion stage in FYE 31 December 2019, Southern Score performed less construction works in FYE 31 December 2019 as compared to FYE 31 December 2018 (specifically 24.1% of work was completed during FYE 31 December 2018 as compared to 10.5% of work completed during FYE 31 December 2019).

In terms of the components of cost of sales, the increase was mainly due to the following:

- (i) increase in subcontractor cost of RM9.2 million or 22.2% from RM41.5 million in FYE 31 December 2018 to RM50.7 million in FYE 31 December 2019 mainly due to 4 newly secured projects, namely PV 18 Residences and Vista Sentul Residences which commenced in June 2019 as well as Platinum Arena Residences and Vista Wirajaya 1 @ PV9 Residences which commenced in July 2019 respectively; and
- (ii) increase in preliminaries of RM3.4 million or 741.9% from RM0.5 million in FYE 31 December 2018 to RM3.9 million in FYE 31 December 2019 due to the following:
 - (a) increase in statutory contribution of RM1.8 million to Suruhanjaya Perkhidmatan Air Negara and RM0.4 million to Pengurusan Air Selangor for PR1MA Jalan Jubilee project;
 - (b) increase in contractors' all risk insurance of RM0.2 million for Vista Wirajaya 1 @ PV9 Residences project and RM0.1 million for Platinum Arena Residences project;
 - (c) increase in CIDB levy fee of RM0.4 million for Vista Wirajaya 1 @ PV9 Residences project and RM0.2 million for Platinum Arena Residences project; and
 - (d) increase in professional fees of RM0.3 million for PR1MA Jalan Jubilee project.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

Overall, the increase in cost of sales in FYE 31 December 2019 was due to higher levels of construction activities undertaken for the PV 18 Residences project, Platinum Arena Residences project, Vista Wirajaya 1 @ PV9 Residences project and Vista Sentul Residences project (piling works) which commenced between June and July 2019. The construction activities performed for the abovementioned projects in FYE 31 December 2019 were mainly relating to piling works, main building and structural works.

FYE 31 December 2020 as compared to FYE 31 December 2019

Southern Score's cost of sales increased by RM65.2 million or 119.3% from RM54.6 million in FYE 31 December 2019 to RM119.8 million in FYE 31 December 2020 due to the main construction services segment (increased by RM78.4 million or 206.3%). This was in line with the increase in revenue from the main construction services segment, and attributed to the ongoing projects in FYE 31 December 2020.

The increase in cost of sales under the main construction services segment was offset by the decrease in cost of sales under the turnkey construction services segment of RM13.2 million. This decrease was due to the completion of PR1MA Jalan Jubilee Project in May 2020.

In terms of the components of cost of sales, the increase was mainly due to subcontractor costs which rose by RM68.1 million or 134.2% from RM50.7 million in FYE 31 December 2019 to RM118.8 million in FYE 31 December 2020 mainly attributed to higher levels of construction activities for Vista Wirajaya 1 @ PV9 Residences project where 30.0% of work completed during FYE 31 December 2020, as compared to 6.6% of work was completed during FYE 31 December 2019.

The increase in subcontractor costs was offset by the decrease in preliminaries of RM2.9 million or 74.0% from RM3.9 million in FYE 31 December 2019 to RM1.0 million in FYE 31 December 2020. This was mainly due to the absence of one-off expenses, namely the statutory contributions to Indah Water Konsortium Sdn Bhd and Syarikat Bekalan Air Selangor Sdn Bhd that were incurred in FYE 31 December 2019.

Overall, the increase in cost of sales in FYE 31 December 2020 was mainly due to higher levels of construction activities for main building and structural works for ongoing projects. The increase in cost of sales in FYE 31 December 2020 was in line with the increase in revenue recognised from ongoing projects.

FYE 31 December 2021 as compared to FYE 31 December 2020

Southern Score's cost of sales increased by RM113.6 million or 94.8% from RM119.8 million in FYE 31 December 2020 to RM233.4 million in FYE 31 December 2021 due to the main construction services segment (increased by RM116.6 million or 100.1%). This was in line with the increase in revenue from the main construction services segment and attributed to the ongoing projects in FYE 31 December 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

The increase in cost of sales under the main construction services segment was partially offset by the decrease in cost of sales under the turnkey construction services segment of RM3.0 million. This decrease was due to the completion of PR1MA Jalan Jubilee Project in May 2020.

In terms of the components of cost of sales, the increase was mainly due to subcontractor costs which rose by RM114.2 million or 96.1% from RM118.8 million in FYE 31 December 2020 to RM233.0 million in FYE 31 December 2021 mainly attributed to higher levels of construction activities for all ongoing projects under main construction services segment:

- (i) Vista Wirajaya 1 @ PV9 Residences project where 47.8% of work was completed during FYE 31 December 2021, as compared to 30.0% of work completed during FYE 31 December 2020;
- (ii) Platinum Arena Residences project where 47.0% of work was completed during FYE 31 December 2021 as compared to 14.1% of work completed during FYE 31 December 2020; and
- (iii) Vista Sentul Residences project where 30.5% of work was completed during FYE 31 December 2021 as compared to 7.2% of work completed during FYE 31 December 2020.

The increase in subcontractor costs was offset by the decrease in preliminaries of RM0.5 million or 54.9% from RM1.0 million in FYE 31 December 2020 to RM0.5 million in FYE 31 December 2021. This was mainly due to one-off payment of contractors' all risk insurance for Vista Wirajaya 1 @ PV9 Residences project of RM0.1 million and defect management services fee for PR1MA Jalan Jubilee Project of RM0.2 million, which were incurred in FYE 31 December 2020.

Overall, the increase in cost of sales in FYE 31 December 2021 was mainly due to higher levels of construction activities for main building and structural works for ongoing projects. The increase in cost of sales in FYE 31 December 2021 was in line with the increase in revenue recognised from ongoing projects.

FPE 30 April 2022 as compared to FPE 30 April 2021

Southern Score's cost of sales decreased by RM42.1 million or 37.6% from RM111.9 million in FPE 30 April 2021 to RM69.8 million in FPE 30 April 2022 due to the main construction services segment (decreased by RM50.1 million or 44.8%). This was in line with the decrease in revenue from the main construction services segment and was attributed to Vista Wirajaya 1 @ PV9 Residences project in FPE 30 April 2022.

The decrease in cost of sales under the main construction services segment was partially offset by the increase in cost of sales under the turnkey construction services segment of RM8.0 million. This increase was due to Vista Harmoni Residences project and Berlian Setapak 2 Residences project which was newly commenced in December 2021 and February 2022 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

In terms of the components of cost of sales, the decrease was mainly due to subcontractor costs which reduced by RM47.1 million or 42.2% from RM111.7 million in FPE 30 April 2021 to RM64.6 million in FPE 30 April 2022 and was mainly attributed to Vista Wirajaya 1 @ PV9 Residences project whereby 7.7% of work was completed during FPE 30 April 2022, as compared to 30.3% of work completed during FPE 30 April 2021. The decrease was offset by the higher levels of construction activities for other 2 ongoing projects under main construction services segment and 2 new projects under the turnkey construction services segment as follow:

- (i) Platinum Arena Residences project where 12.4% of work was completed during FPE 30 April 2022 as compared to 11.9% of work completed during FPE 30 April 2021;
- (ii) Vista Sentul Residences project where 16.8% of work was completed during FPE 30 April 2022 as compared to 8.6% of work completed during FPE 30 April 2021;
- (iii) Vista Harmoni Residences project for which construction commenced in December 2021 where 5.6% of work was completed during FPE 30 April 2022; and
- (iv) Berlian Setapak 2 Residences project, for which construction commenced in February 2022 where 2.9% of work was completed during FPE 30 April 2022;

The decrease in subcontractor costs was offset by the following:

- (i) the increase in preliminaries of RM1.0 million or 500.0% from RM0.2 million in FPE 30 April 2021 to RM1.2 million in FPE 30 April 2022. This was mainly due to professional fee in relation to plan submission and site expenses for Vista Harmoni Residences project of RM1.03 million, which were incurred in FPE 30 April 2022; and
- (ii) the increase in construction materials and machineries of RM4.0 million or 100.0% from nil in FPE 30 April 2021 to RM4.0 million in FPE 30 April 2022, which was solely for Vista Harmoni Residences project.

Overall, the decrease in cost of sales in FPE 30 April 2022 was due to lower levels of construction activities for Vista Wirajaya 1 @ PV9 Residences project which was nearing completion. The decrease in cost of sales in FPE 30 April 2022 was in line with the decrease in revenue recognised from all projects.

3.3 Segmental analysis of GP and GP margin

Southern Score prices its construction projects based on cost estimates after taking into consideration various factors, including project scale, complexity and specifications. As such, GP and GP margin are dependent on the accuracy of the cost estimates. Southern Score's GP and GP margin may fluctuate on a year-on-year basis as each project differs in terms of project duration, profit margin and costs as well as stages of the construction.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

The GP and GP margin of a project may also fluctuate throughout its construction period when the contract cost estimate is updated to reflect the actual cost of construction. Such fluctuation is typically more significant nearing completion of a project.

(i) GP and GP margin by business activities

	FYE 31 December							
	2018		2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Turnkey construction services	9,868	22.0	3,046	15.5	7,310	68.4	114	24.7
Main construction services	3,017	30.3	9,308	19.7	21,661	15.7	51,449	18.1
Total	12,885	23.5	12,354	18.4	28,971	19.5	51,563	18.1

	FPE 30 April			
	2021		2022	
	RM'000	%	RM'000	%
Turnkey construction services	-	-	-	24.7
Main construction services	20,294	15.4	20,294	16.1
Total	20,294	15.4	20,294	17.1

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MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)
(ii) GP margin by each project

The overall contract cost and GP margin for each project respectively is as follows:

Project name	Type of work	Overall contract cost	Overall project GP margin
		RM'000	%
PR1MA Jalan Jubilee (completed)	Turnkey construction services	122,328	34.4
Platinum Teratai Residences (completed)	External road works	6,939	30.3
Vista Sentul Residences (completed)	Piling works	8,400	20.6
PV 18 Residences (completed)	External road works	6,856	30.6
Vista Wirajaya 1 @ PV9 Residences (ongoing)	Main building works	258,754	16.2
Platinum Arena Residences (ongoing)	Main building works	154,696	22.3
Vista Sentul Residences (ongoing)	Main building works	134,961	9.8
Vista Harmoni Residences (ongoing)	Turnkey construction services	99,085	24.6
Berlian Setapak 2 Residences (ongoing)	Turnkey construction services	82,594	24.9

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

The costs recognised and GP margin for each project, respectively for each financial year or period is as follows:

Project name	Type of work	Cost recognised						GP margin					
		FYE 31 December				FPE 30 April		FYE 31 December				FPE 30 April	
		2018	2019	2020	2021	2021	2022	2018	2019	2020	2021	2021	2022
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	%	%	%	%	%
PR1MA Jalan Jubilee (completed)	Turnkey construction services	35,062	16,614	3,374	-	-	-	22.0	15.5	68.4	-	-	-
Platinum Teratai Residences (completed)	External road works	6,939	-	-	-	-	-	30.3	-	-	-	-	-
PV 18 Residences (completed)	External road works	-	6,856	-	-	-	-	-	30.6	-	-	-	-
Vista Sentul Residences (completed)	Piling works	-	4,797	3,603	-	-	-	-	20.2	21.2	-	-	-
Platinum Arena Residences (ongoing)	Main building works	-	8,995	23,468	70,409	19,989	19,205	-	16.5	16.5	24.7	16.5	22.3
Vista Wirajaya 1 @ PV9 Residences (ongoing)	Main building works	-	17,374	78,783	122,384	79,385	19,993	-	16.0	16.0	16.3	16.0	16.2
Vista Sentul Residences (ongoing)	Main building works	-	-	10,608	40,297	12,616	22,625	-	-	9.1	10.0	9.1	9.8
Vista Harmoni Residences (ongoing)	Turnkey construction services	-	-	-	348	-	5,552	-	-	-	24.7	-	24.6

APPENDIX III(B)

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

Project name	Type of work	Cost recognised						GP margin					
		FYE 31 December				FPE 30 April		FYE 31 December				FPE 30 April	
		2018	2019	2020	2021	2021	2022	2018	2019	2020	2021	2021	2022
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	%	%	%	%	%
Berlian Setapak 2 Residences (ongoing)	Turnkey construction services	-	-	-	-	-	2,421	-	-	-	-	-	24.9
Overall GP margin								23.5	18.4	19.5	18.1	15.4	17.1

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MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

FYE 31 December 2019 as compared to FYE 31 December 2018

Southern Score's GP decreased by RM0.5 million or 4.1% from RM12.9 million in FYE 31 December 2018 to RM12.4 million in FYE 31 December 2019. This was mainly due to the decrease in GP of RM6.8 million in the turnkey construction services segment that was attributed to the PR1MA Jalan Jubilee project. The decrease in GP from turnkey construction services segment was offset by the increase in GP from the main construction services segment of RM6.3 million.

GP for the turnkey construction services segment reduced by RM6.8 million or 69.1% from RM9.8 million in FYE 31 December 2018 to RM3.0 million in FYE 31 December 2019 due to a revision in the project cost of PR1MA Jalan Jubilee project as Southern Score reviews project cost estimates on a yearly basis. This led to fluctuation in the GP margin of the turnkey construction services segment.

GP for the main construction services segment increased by RM6.3 million or 208.5% to RM9.3 million in FYE 31 December 2019 (FYE 31 December 2018: RM3.0 million) due to increase in construction activities as Southern Score secured 4 new projects, for which construction commenced in FYE 31 December 2019.

Southern Score's overall GP margin decreased to 18.4% in FYE 31 December 2019 from 23.5% in FYE 31 December 2018. The decrease in GP margin was due to the decrease in the GP margin in the turnkey construction services segment, as well as the lower margin contribution for each project arising from differing project attributes and scope. Specifically, Southern Score recognised lower margins for the Platinum Arena Residences project and Vista Wirajaya 1 @ PV9 Residences project as Southern Score was only contracted for main building works.

FYE 31 December 2020 as compared to FYE 31 December 2019

Southern Score's GP increased by RM16.6 million or 134.5% from RM12.4 million in FYE 31 December 2019 to RM29.0 million in FYE 31 December 2020 mainly due to the increase in GP in the main construction services segment.

GP for turnkey construction services segment increased by RM4.3 million or 140.0% from RM3.0 million in FYE 31 December 2019 to RM7.3 million in FYE 31 December 2020. This was due to recognition of the remaining revenue of RM10.7 million upon the finalisation of accounts for the PR1MA Jalan Jubilee project which was completed in May 2020.

Upon finalisation of the accounts, the actual construction cost for the PR1MA Jalan Jubilee project was computed to be lower than the budgeted construction costs due to savings from the main building works contract, external infrastructure works and unutilised contingency balance. This contributed to a higher GP and GP margin for the PR1MA Jalan Jubilee project and ultimately, the turnkey construction services segment.

GP for the main construction services segment increased by RM12.4 million or 132.7% from RM9.3 million in FYE 31 December 2019 to RM21.7 million in FYE 31 December 2020 due to the higher levels of construction activities undertaken for ongoing and newly secured projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

Southern Score's overall GP margin increased to 19.5% in FYE 31 December 2020 from 18.4% in FYE 31 December 2019. The increase in GP margin was due to the increase in the GP margin in the turnkey construction services segment.

FYE 31 December 2021 as compared to FYE 31 December 2020

Southern Score's GP increased by RM22.6 million or 78.0% from RM29.0 million in FYE 31 December 2020 to RM51.6 million in FYE 31 December 2021 mainly due to the increase in GP in the main construction services segment.

GP for turnkey construction services segment decreased by RM7.2 million or 98.4% from RM7.3 million in FYE 31 December 2020 to RM0.1 million in FYE 31 December 2021. This was mainly due to the completion of PR1MA Jalan Jubilee project in FYE 31 December 2020.

GP for the main construction services segment increased by RM29.8 million or 137.5% from RM21.7 million in FYE 31 December 2020 to RM51.5 million in FYE 31 December 2021 due to the higher levels of construction activities undertaken for all ongoing projects.

Southern Score's overall GP margin decreased to 18.1% in FYE 31 December 2021 from 19.5% in FYE 31 December 2020. This was mainly due to the high GP margin of 68.4% recorded for the completed PR1MA Jalan Jubilee project in FYE 31 December 2020, as set out above. Apart from this, GP margin for other ongoing projects increased in FYE 31 December 2021.

FPE 30 April 2022 as compared to FPE 30 April 2021

Southern Score's GP decreased by RM5.9 million or 29.0% from RM20.3 million in FPE 30 April 2021 to RM14.4 million in FPE 30 April 2022 mainly due to the decrease in GP in the main construction services segment.

GP for turnkey construction services segment increased by RM2.6 million or 100.0% from nil in FPE 30 April 2021 to RM2.6 million in FPE 30 April 2022. This was mainly due to Vista Harmoni Residences project and Berlian Setapak 2 Residences project which construction commenced in December 2021 and February 2022 respectively.

GP for the main construction services segment decreased by RM8.5 million or 41.8% from RM20.3 million in FPE 30 April 2021 to RM11.8 million in FPE 30 April 2022 mainly due to the lower levels of construction activities undertaken for Vista Wirajaya 1 @ PV9 Residences project.

Southern Score's overall GP margin increased to 17.1% in FPE 30 April 2022 from 15.4% in FPE 30 April 2021. This was mainly due to the high GP margin of 24.6% and 24.9% recorded for Vista Harmoni Residences project and Berlian Setapak 2 Residences project, respectively, both which are turnkey construction projects. Generally, turnkey construction projects yield higher GP margins due to the additional scope of work involved in particular at the project initiation and planning stage. Apart from this, GP margin for all ongoing projects under main construction services segment increased in FPE 30 April 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

3.4 Other income

	FYE 31 December							
	2018		2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sundry income	1	100.0	2	100.0	5	8.5	-	-
Wage subsidy	-	-	-	-	54	91.5	-	-
Reversal of provision of construction cost ⁽¹⁾	-	-	-	-	-	-	5	100.0
Total	1	100.0	2	100.0	59	100.0	5	100.0

	FPE 30 April			
	2021		2022	
	RM'000	%	RM'000	%
Sundry income	-	-	-	-
Wage subsidy	-	-	-	-
Reversal of provision of construction cost ⁽¹⁾	26	100.0	20	100.0
Total	26	100.0	20	100.0

Note:

- (1) Reversal of provision of construction cost pertains to the provision of construction costs for PR1MA Jalan Jubilee project made in previous years based on the best estimate at the time of delivery of vacant possession to unit owners and subsequently reversed upon finalisation of actual respective expenses.

FYE 31 December 2019 as compared to FYE 31 December 2018

Other income increased by RM1,729 or 345.8% to RM2,229 in FYE 31 December 2019 attributed to an early settlement discount given by a subcontractor.

FYE 31 December 2020 as compared to FYE 31 December 2019

Other income increased by RM56,463 or 2,533.1% to RM58,692 mainly due to the wage subsidy of RM54,000 that was obtained from the Government under the Wage Subsidy Programme 1.0.

FYE 31 December 2021 as compared to FYE 31 December 2020

Other income decreased by RM53,894 or 91.8% to RM4,798 in FYE 31 December 2021 attributed to an absence of one-time wage subsidy which Southern Score received in FYE 31 December 2020.

FPE 30 April 2022 as compared to FPE 30 April 2021

Other income decreased by RM5,514 or 21.2% to RM20,484 in FPE 30 April 2022 attributed to lower reversal of provision of construction costs for PR1MA Jalan Jubilee project upon delivery of vacant possession to unit owners in FPE 30 April 2022.

**MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION,
RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)**

3.5 Administrative expenses

	FYE 31 December							
	2018		2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff costs ⁽¹⁾	513	86.7	2,345	93.8	3,195	90.5	4,273	82.2
Professional fee	24	4.0	31	1.2	96	2.7	126	2.4
Depreciation	13	2.2	21	0.9	60	1.7	104	2.0
Rentals	2	0.3	20	0.8	50	1.4	68	1.3
Upkeep and maintenance	1	0.2	14	0.6	11	0.3	84	1.6
Others ⁽²⁾	39	6.6	68	2.7	120	3.4	539	10.5
Total	592	100.0	2,499	100.0	3,532	100.0	5,194	100.0

	FPE 30 April			
	2021		2022	
	RM'000	%	RM'000	%
Staff costs ⁽¹⁾	1,327	85.9	1,639	88.1
Professional fee	94	6.1	35	1.9
Depreciation	22	1.4	52	2.8
Rentals	17	1.1	37	2.0
Upkeep and maintenance	1	0.1	6	0.3
Others ⁽²⁾	84	5.4	93	4.9
Total	1,545	100.0	1,862	100.0

Notes:

- (1) Staff costs mainly comprise staff salaries, allowances, bonus, statutory contribution and staff welfare.

	FYE 31 December				FPE 30 April	
	2018	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Staff salary, bonus, allowance and overtime	454	2,017	2,747	2,978	927	1,213
Directors' remuneration	-	-	-	809	270	272
EPF, SOCSO and employee insurance scheme	57	310	426	455	97	122
Staff training and seminar	-	1	1	2	1	8
Staff welfare and refreshment	2	17	21	21	32	24
Recruitment expenses	-	-	-	8	-	-
Total	513	2,345	3,195	4,273	1,327	1,639

- (2) Others mainly comprise COVID-19 related expenses, branding expenses, gift and donation, insurance, printing and stationery, security charges and utilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (*Cont'd*)

FYE 31 December 2019 as compared to FYE 31 December 2018

Southern Score's administrative expenses increased by RM1.9 million or 322.1% from RM0.6 million in FYE 31 December 2018 to RM2.5 million in FYE 31 December 2019, mainly due to:

- (i) increase in staff costs of RM1.8 million, mainly due to the hiring of 19 additional employees in the middle of FYE 31 December 2019;
- (ii) increase in rental of RM18,640, mainly for a new office located in Setapak, Kuala Lumpur, commencing July 2019; and
- (iii) increase in other administrative expenses of RM28,404, mainly incurred for website design and development which amounted to RM20,382.

FYE 31 December 2020 as compared to FYE 31 December 2019

Southern Score's administrative expenses increased by RM1.0 million or 41.3% from RM2.5 million in FYE 31 December 2019 to RM3.5 million in FYE 31 December 2020, mainly due to:

- (i) increase in staff costs of RM0.9 million, mainly attributed to the full year salaries incurred for the 19 additional employees hired in the middle of the previous FYE 31 December 2019;
- (ii) increase in professional costs of RM64,864 due to higher audit fees attributed to the increase in construction contracts, higher tax advisory fees incurred for tax investigation by LHDN for year of assessment ("YA") 2015 to YA 2017 and higher professional fees incurred for addendum to articles of agreement submitted to Persatuan Arkitek Malaysia in relation to the Standard Form of Contract 2006. The tax investigation by LHDN for YA 2015 to YA 2017 had been closed on 28 May 2020. No additional tax amount or penalty was imposed in the abovementioned tax investigation;
- (iii) higher depreciation of RM39,346, mainly due to hardware and peripheral for networking system and extra low voltage systems of RM0.1 million acquired in FYE 31 December 2020; and
- (iv) increase in other administrative expenses of RM51,938, mainly due to corporate branding expenses of RM31,800 and office security charges of RM19,786. The corporate branding expenses include fees paid for Southern Scores' logo artwork, website design and preparation of corporate profile.

FYE 31 December 2021 as compared to FYE 31 December 2020

Southern Score's administrative expenses increased by RM1.7 million or 47.1% from RM3.5 million in FYE 31 December 2020 to RM5.2 million in FYE 31 December 2021, mainly due to:

- (i) increase in staff costs of RM1.1 million, mainly attributed to directors' remuneration of RM0.8 million and increase in staff's salaries of RM0.3 million due to hiring of 9 additional employees in FYE 31 December 2021;

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

- (ii) increase in upkeep and maintenance of office and motor vehicles of totaling RM70,873, due to setup of a new office in Jalan Pahang for construction management department; and
- (iii) increase in other administrative expenses of RM0.4 million mainly comprising donation of RM0.3 million for the procurement 4,000 doses of COVID-19 vaccines for Southern Score's staff, consultants, contractors, site workers and their immediate family members as well as community members, as part of its corporate social responsibility initiative.

FPE 30 April 2022 as compared to FPE 30 April 2021

Southern Score's administrative expenses increased by RM0.4 million or 26.7% from RM1.5 million in FPE 30 April 2021 to RM1.9 million in FPE 30 April 2022, mainly due to an increase in staff costs of RM0.3 million which was attributed to the hiring of 10 additional employees in FPE 30 April 2022 as well as higher bonus payable to employees.

3.6 Finance income

	FYE 31 December							
	2018		2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Bank interest received	-(1)	-	1	100.0	19	100.0	79	64.8
Interest received from holding company	-	-	-	-	-	-	43 ⁽²⁾	35.2
Total	-	-	1	100.0	19	100.0	122	100.0

	FPE 30 April			
	2021		2022	
	RM'000	%	RM'000	%
Bank interest received	17	100.0	36	100.0
Interest received from holding company	-	-	-	-
Total	17	100.0	36	100.0

Notes:

- (1) Negligible.
- (2) Amount due from holding company bears interest at the rate of 3.94% per annum.

Finance income represents the bank interest income received from current bank account from FYE 31 December 2019 to FYE 31 December 2021 as well as for FPEs 30 April 2021 and 30 April 2022. In FYE 31 December 2018, Southern Score placed its cash in non-interest bearing current account. In FYE 31 December 2019, as the cash and bank balances grew, the management of Southern Score requested its bank for interest income on its deposits. This special request was subsequently approved by the bank. As such, Southern Score recorded interest income of RM619 in FYE 31 December 2019. Interest income increased from RM619 in FYE 31 December 2019 to RM19,528 in FYE 31 December 2020 and to RM79,208 in FYE 31 December 2021 as well as increased from RM16,431 in FPE 30 April 2021 to RM35,984 in FPE 30 April 2022, mainly due to higher bank balance during the year or period.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

In FYE 31 December 2021, Southern Score also received interest income of RM42,554 from its holding company in relation to the advances to its holding company, Super Advantage of RM1.2 million in FYE 31 December 2020. The said advances to Super Advantage was fully repaid in FYE 31 December 2021.

3.7 Finance cost

	FYE 31 December							
	2018		2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Revolving financing ⁽¹⁾	1,559	100.0	827	100.0	5	100.0	-	-
Lease liability ⁽¹⁾	-	-	-	-	-	-	4	100.0
Other	-	-	-	-	-	-	-(2)	-
Total	1,559	100.0	827	100.0	5	100.0	4	100.0

	FPE 30 April			
	2021		2022	
	RM'000	%	RM'000	%
Revolving financing ⁽¹⁾	-	-	-	-
Lease liability ⁽¹⁾	-	-	2	100.0
Other	-	-	-	-
Total	-	-	2	100.0

Notes:

(1) The interest rate for revolving financing and lease liability are as follows:

	FYE 31 December				FPE 30 April	
	2018	2019	2020	2021	2021	2022
Revolving financing	7.6% to 7.9%	7.7% to 8.0%	7.7%	-	-	-
Lease liability	-	-	-	4.0%	-	4.0%

(2) Negligible

Southern Score uses a cash line-i, an Islamic revolving financing facility, for its working capital requirements and contract financing for transactions.

In FYE 31 December 2018, the revolving financing cost was RM1.6 million. In FYE 31 December 2019, the revolving financing cost decreased by RM0.7 million or 47.0% to RM0.9 million due to the high repayment amount of this revolving financing facility with no further drawdown.

In FYE 31 December 2020, the revolving financing cost further decreased by RM0.8 million or 99.4% to RM5,420 due to full repayment of this revolving financing facility with no further drawdown. As at 31 December 2020, Southern Score did not have any borrowings.

In FYE 31 December 2021, the finance cost was in relation to the interest charged on the lease liability of RM4,137 where Southern Score purchased a unit of motor vehicle of RM0.2 million under finance lease arrangement during FYE 31 December 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

In FPE 30 April 2022, the finance cost was in relation to the interest charged on the lease liability of RM2,136 for a unit of motor vehicle of RM0.2 million under finance lease arrangement, which was purchased during FYE 31 December 2021. There was no finance cost incurred during FPE 30 April 2021.

3.8 PBT, PAT and margins

Southern Score's PBT, PAT and the corresponding PBT and PAT margins are as follows:

	FYE 31 December				FPE 30 April	
	2018	2019	2020	2021	2021	2022
PBT (RM'000)	10,735	9,031	25,512	46,487	18,792	12,627
PBT margin (%)	19.6	13.5	17.1	16.3	14.2	15.0
PAT (RM'000)	8,186	6,513	19,197	35,178	14,282	9,589
PAT margin (%)	14.9	9.7	12.9	12.3	10.8	11.4

FYE 31 December 2019 as compared to FYE 31 December 2018

Southern Score's PBT decreased by RM1.7 million or 15.9% from RM10.7 million in FYE 31 December 2018 to RM9.0 million in FYE 31 December 2019, which was in line with Southern Score's lower GP and higher administrative expenses. As such, Southern Score's PBT margin also decreased to 13.5% in FYE 31 December 2019 from 19.6% in FYE 31 December 2018.

Correspondingly, Southern Score's PAT decreased by RM1.7 million or 20.44% from RM8.2 million in FYE 31 December 2018 to RM6.5 million in FYE 31 December 2019. Southern Score's PAT margin dropped to 9.7% in FYE 31 December 2019 from 14.9% in FYE 31 December 2018.

FYE 31 December 2020 as compared to FYE 31 December 2019

Southern Score's PBT increased by RM16.5 million or 182.5% from RM9.0 million in FYE 31 December 2019 to RM25.5 million in FYE 31 December 2020 which was in line with Southern Score's higher GP and lower finance cost. As such, Southern Score's PBT margin also increased to 17.1% in FYE 31 December 2020 from 13.5% in FYE 31 December 2019.

Correspondingly, Southern Score's PAT increased by RM12.7 million or 194.8% from RM6.5 million in FYE 31 December 2019 to RM19.2 million in FYE 31 December 2020, while PAT margin increased from 9.7% in FYE 31 December 2019 to 12.9% in FYE 31 December 2020.

FYE 31 December 2021 as compared to FYE 31 December 2020

Southern Score's PBT increased by RM21.0 million or 82.2% from RM25.5 million in FYE 31 December 2020 to RM46.5 million in FYE 31 December 2021 which was in line with Southern Score's higher GP and finance income. Southern Score's PBT margin decreased to 16.3% in FYE 31 December 2021 from 17.1% in FYE 31 December 2020, mainly due to the lower GP margin and the increase in administrative expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

Corresponding the higher PBT and lower PBT margin, Southern Score's PAT increased by RM16.0 million or 83.2% from RM19.2 million in FYE 31 December 2020 to RM35.2 million in FYE 31 December 2021, while PAT margin decreased slightly from 12.9% in FYE 31 December 2020 to 12.3% in FYE 31 December 2021.

FPE 30 April 2022 as compared to FPE 30 April 2021

Southern Score's PBT decreased by RM6.2 million or 32.8% from RM18.8 million in FPE 30 April 2021 to RM12.6 million in FPE 30 April 2022 which was in line with Southern Score's lower GP and higher administrative expenses. Southern Score's PBT margin increased slightly to 15.0% in FPE 30 April 2022 from 14.2% in FPE 30 April 2021, mainly due to the higher GP margin.

Corresponding the lower PBT and higher PBT margin, Southern Score's PAT decreased by RM4.7 million or 32.9% from RM14.3 million in FPE 30 April 2021 to RM9.6 million in FPE 30 April 2022, while PAT margin increased slightly from 10.8% in FPE 30 April 2021 to 11.4% in FPE 30 April 2022.

3.9 Income tax expense

Southern Score's income tax expense and tax rates are as follows:

	FYE 31 December				FPE 30 April	
	2018	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Income tax expense	2,552	2,511	6,297	11,271	4,510	3,011
Deferred tax liabilities	(3)	7	18	38	-	27
Total	2,549	2,518	6,315	11,309	4,510	3,038
Statutory tax rate	24% ⁽¹⁾	24% ⁽¹⁾	24% ⁽¹⁾	24%	24%	24%
Effective tax rate	23.7%	27.9%	24.8%	24.3%	24.0%	24.1%

Note:

- (1) Southern Score qualified for lower statutory tax rate of 17.0% on the first chargeable income of RM0.50 million for FYE 31 December 2018 and 2019 and RM0.6 million for FYE 31 December 2020.

Southern Score's effective tax rates for FYEs 31 December 2018, 2019, 2020 and 2021 as well as FPE 30 April 2022 and FPE 30 April 2021 were 23.7%, 27.9%, 24.8%, 24.3%, 24.0% and 24.1% respectively. The tax rate applicable to Southern Score was statutory tax rates of 24.0% throughout FYEs 31 December 2018, 2019, 2020 and 2021 as well as FPE 30 April 2022 and FPE 30 April 2021.

Southern Score's effective tax rate increased from 23.7% in FYE 31 December 2018 to 27.9% in FYE 31 December 2019, mainly due to the under provision of the prior year's taxation of RM0.4 million and higher non-deductible expenses.

Southern Score's effective tax rate decreased from 27.9% in FYE 31 December 2019 to 24.8% in FYE 31 December 2020, mainly due to the lower under provision of the prior year's taxation of RM0.2 million and increase in the first tranche of chargeable income from RM0.5 million to RM0.6 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

Southern Score's effective tax rate decreased from 24.8% in FYE 31 December 2020 to 24.3% in FYE 31 December 2021, mainly due to the lower under provision of the prior year's taxation of RM0.2 million.

Southern Score's effective tax rate in FPE 30 April 2022 of 24.1% was slightly higher than the statutory tax rate of 24%, mainly due to the deferred tax for FPE 30 April 2022.

Southern Score has not established any other place of business outside of Malaysia and derives revenue solely from Malaysia. Malaysia is under the single-tier tax system and does not impose withholding tax on dividends paid to shareholder. Dividends are exempt in the hands of shareholder.

4. Liquidity and capital resources

4.1 Working capital

Southern Score's business has been financed by a combination of internal and external sources of funds. Its internal sources of funds were shareholders' equity and cash generated from its operations whereas its external sources of funds were the credit facilities extended to Southern Score by financial institutions and credit terms granted by its suppliers. The average credit period granted to Southern Score ranges between 30 days and 60 days. The principal utilisation of these funds has been for Southern Score's business operations.

As at 30 April 2022, Southern Score had no borrowings other than an available banking facility (excluding lease financing) in the form of revolving financing for RM20.0 million from Bank Islam Berhad. The utilisation of the existing bank facility is against the certified claims from the approved subcontractors or supplier invoice(s)/purchase order(s)/delivery order(s) or such other documentary evidence acceptable to Bank Islam Berhad pertaining to the implementation of the construction of the PR1MA Jalan Jubilee project. The PR1MA Jalan Jubilee project had been completed in May 2020, and thus, utilisation of the banking facility for any other construction project is subject to Bank Islam Berhad's approval.

The Board of Southern Score is of the opinion that Southern Score will have adequate working capital to meet its present and foreseeable requirements for at least a period of 12 months from the date of this Circular. This opinion is formed after taking into consideration the following:

- (i) Southern Score's cash and cash equivalents and the funds to be generated from its business;
- (ii) the future plans as set out in Section 7.23 of Appendix III(A) of this Circular; and
- (iii) the net current asset position as at 30 April 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

4.2 Cash flows

The following should be read in conjunction with Section 1.1.3 of this appendix.

Statement of cash flows	FYE 31 December				FPE 30 April	
	2018	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash from operating activities	5,889	71,702	1,023	40,871	15,338	7,511
Net cash (used in) / from investing activities	-	(288)	(1,318)	584	910	(45)
Net cash used in financing activities	(5,866)	(65,238)	(3,183)	(40,023)	-	(10,013)
Net increase/(decrease) in cash and cash equivalents	23	6,176	(3,478)	1,432	16,248	(2,547)
Cash and cash equivalents at beginning of financial year	7	30	6,206	2,728	2,728	4,160
Cash and cash equivalents at end of financial year	30	6,206	2,728	4,160	18,976	1,613

There are no legal, financial or economic restrictions on TSPC's (being Southern Score's associate) ability to transfer funds to Southern Score in the form of cash dividends, subject to the availability of distributable reserves, loans or advances in compliance with any applicable financial covenants.

FYE 31 December 2018

Net cash from operating activities

Southern Score recorded net cash inflow from operating activities of RM5.9 million due to cash receipts from its customers which were mainly offset by cash paid to subcontractors, suppliers, staff costs, tax authorities and a related party details of which are as follows:

- (i) Cash receipts amounted to RM34.6 million mainly from the following items:
 - (a) RM33.6 million from PR1MA Jalan Jubilee project; and
 - (b) RM0.5 million tax refund from LHDN.
- (ii) Cash paid amounted to RM28.7 million mainly for the following:
 - (a) RM8.5 million for joint project development costs paid to Platinum Victory Development Sdn Bhd, a related party to Southern Score. This was in relation to the PV 18 Residences project which was initially a joint property development project between Southern Score and Platinum Victory Development Sdn Bhd. Under this arrangement, Southern Score would play the role of co-developer. Subsequently in FYE 31 December 2019, as Southern Score realigned its business focus to construction management, all the joint development costs paid by Southern Score to Platinum Victory Development Sdn Bhd were refunded;

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

- (b) RM1.5 million for payment made on behalf of a terminated sub main contractor (i.e. a contractor that Southern Score appointed to carry out main building works for a construction project) of PR1MA Jalan Jubilee project to settle its debts owing to its subcontractors before a newly appointed sub main contractor could take over the site. This amount was subsequently recognised as an additional construction cost to PR1MA Jalan Jubilee project in FYE2020, upon finalisation of cost incurred to-date;
- (c) RM15.6 million for suppliers and subcontractors;
- (d) RM0.5 million for other payables; and
- (e) RM2.4 million for income tax expense.

Net cash from/ (used in) investing activities

Southern Score did not record any net cash from/(used in) investing activities in FYE 31 December 2018.

Net cash used in financing activities

Southern Score recorded net cash outflow for financing activities of RM5.9 million due to the repayment of revolving financing of RM16.1 million and interest paid of RM1.6 million.

The repayment of revolving financing and interest paid were partially offset by the drawdown of the revolving financing facility of RM11.8 million for working capital purposes.

FYE 31 December 2019

Net cash from operating activities

Southern Score recorded net cash inflow from operating activities of RM71.7 million due to cash receipts from its customers and a related party which were mainly offset by cash paid to subcontractors, suppliers, staff costs and tax authorities, details of which are as follows:

- (i) Cash receipts amounted to RM140.2 million mainly from the following items:
 - (a) RM34.8 million from PR1MA Jalan Jubilee project;
 - (b) RM10.0 million from Platinum Teratai Residences project;
 - (c) RM4.9 million from Platinum Arena Residences project;
 - (d) RM12.9 million from Vista Wirajaya 1 @ PV9 Residences project;
 - (e) RM3.5 million from Vista Sentul Residences project (piling works); and

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- (f) RM72.1 million from the repayment received from Platinum Victory Development Sdn Bhd, being, refund of all joint project development costs in relation to the PV 18 Residences project, as Southern Score strategically realigned its business to focus on construction management for turnkey and main building construction activities. In this respect, Southern Score intends to focus on the provision of professional project management services from the point of project initiation until the completion of construction works.

Subsequent to the refund of all joint project development costs to Southern Score, Platinum Victory Development Sdn Bhd took over the PV 18 Residences project as the sole developer. The project was completed in 2021.

- (ii) Cash paid amounted to RM68.5 million mainly for the following:
- (a) RM60.3 million for suppliers and subcontractors;
 - (b) RM1.5 million for other payables;
 - (c) RM0.7 million for other receivables and prepayments; and
 - (d) RM4.6 million for income tax expense.

Net cash used in investing activities

Southern Score recorded net cash outflow for investing activities of RM0.3 million for the purchase of office furniture and renovation for its then newly rented office in Setapak, Kuala Lumpur which amounted to RM0.1 million and RM0.2 million respectively.

Net cash used in financing activities

Southern Score recorded net cash outflow for financing activities of RM65.2 million due to a dividend payout of RM49.0 million in respect of FYE 31 December 2019 and repayment of revolving financing of RM15.4 million as well as interest paid of RM0.8 million.

FYE 31 December 2020

Net cash from operating activities

Southern Score recorded net cash inflow from operating activities of RM1.0 million due to cash receipts from its customers which were mainly offset by cash paid to subcontractors, suppliers, staff costs, and tax authorities, details of which are as follows:

- (i) Cash receipts amounted to RM104.3 million mainly from the following items:
- (a) RM10.2 million from PR1MA Jalan Jubilee project;
 - (b) RM26.1 million from Platinum Arena Residences project;
 - (c) RM61.8 million from Vista Wirajaya 1 @ PV9 Residences project;

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- (d) RM1.2 million from Vista Sentul Residences project (piling works) and RM3.8 million from Vista Sentul Residences project (main building works); and
- (e) RM1.0 million tax refund from LHDN.
- (ii) Cash paid amounted to RM103.3 million mainly for the following:
 - (a) RM93.1 million for suppliers and subcontractors;
 - (b) RM3.6 million for other payables;
 - (c) RM0.9 million for other receivables and prepayments; and
 - (d) RM5.0 million for income tax expense.

Net cash used in investing activities

Southern Score recorded net cash outflow for investing activities of RM1.3 million for advances to holding company that amounted to RM1.2 million and purchase of computers and equipment of RM0.1 million.

Net cash used in financing activities

Southern Score recorded net cash outflow for financing activities of RM3.2 million due to repayment of revolving financing.

FYE 31 December 2021

Net cash from operating activities

Southern Score recorded net cash inflow from operating activities of RM40.9 million due to cash receipts from its customers which were mainly offset by cash paid to subcontractors, suppliers, staff costs, and tax authorities, details of which are as follows:

- (i) Cash receipts amounted to RM151.0 million mainly from the following items:
 - (a) RM0.1 million from PR1MA Jalan Jubilee project;
 - (b) RM68.1 million from Platinum Arena Residences project;
 - (c) RM32.9 million from Vista Wirajaya 1 @ PV9 Residences project;
 - (d) RM5.9 million from Vista Sentul Residences project (piling works) and RM34.0 million from Vista Sentul Residences project (main building works);
 - (e) RM9.9 million from PV18 Residences project (external road works); and
 - (f) refund of deposits of RM0.1 million.

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(ii) Cash paid amounted to RM110.1 million mainly for the following:

- (a) RM97.5 million for suppliers and subcontractors;
- (b) RM4.8 million for other payables; and
- (c) RM7.8 million for income tax expense.

Net cash from investing activities

Southern Score recorded net cash inflow from investing activities of RM0.6 million mainly due to the repayment received from Southern Score's holding company of RM1.2 million for the advances to holding company in FYE 31 December 2021.

The increase in cash inflow was offset by:

- (i) RM0.4 million which was used to fund part of the total purchases of RM0.6 million for property, plant and equipment and right-of-use assets comprising 5 motor vehicles amounting to RM0.4 million as well as computers, office furniture and equipment totaling of RM0.2 million; and
- (ii) RM0.3 million was used to acquire TSPC, Southern Score's 35% associate.

Net cash used in financing activities

Southern Score recorded net cash outflow for financing activities of RM40.0 million due to dividend paid of RM40.0 million in respect of FYE 31 December 2020 and 2021.

FPE 30 April 2021

Net cash from operating activities

Southern Score recorded net cash inflow from operating activities of RM15.3 million due to cash receipts from its customers which were mainly offset by cash paid to subcontractors, suppliers, staff costs and tax authorities, details of which are as follows:

- (i) Cash receipts amounted to RM57.3 million from the following items:
 - (a) RM23.4 million from Vista Wirajaya 1 @ PV9 Residences project;
 - (b) RM13.7 million from Vista Sentul Residences project (main building works);
 - (c) RM12.1 million from Platinum Arena Residences project;
 - (d) RM5.6 million from Vista Sentul Residences project (piling works); and
 - (e) RM2.5 million from PV 18 Residences project (external road works).

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(ii) Cash paid amounted to RM42.0 million for the following:

- (a) RM23.9 million for suppliers and subcontractors;
- (b) RM17.0 million for other payables; and
- (c) RM1.1 million for income tax expense.

Net cash from investing activities

Southern Score recorded net cash inflow from investing activities of RM0.9 million due to the repayment received from Southern Score's holding company of RM1.2 million for the advances to holding company in FPE 30 April 2021.

The increase in cash inflow was offset by purchase of 3 units of motor vehicles for RM0.3 million.

Net cash from/(used in) financing activities

There was no net cash from or used in financing activities for FPE 30 April 2021.

FPE 30 April 2022

Net cash from operating activities

Southern Score recorded net cash inflow from operating activities of RM7.5 million due to cash receipts from its customers which were mainly offset by cash paid to subcontractors, suppliers, staff costs and tax authorities, details of which are as follows:

- (i) Cash receipts amounted to RM59.6 million mainly from the following items:
 - (a) RM35.4 million from Platinum Arena Residences project;
 - (b) RM7.3 million from Vista Wirajaya 1 @ PV9 Residences project; and
 - (c) RM16.9 million from Vista Sentul Residences project (main building works);
- (ii) Cash paid amounted to RM52.1 million mainly for the following:
 - (a) RM46.5 million for suppliers and subcontractors;
 - (b) RM2.5 million for other payables; and
 - (c) RM3.1 million for income tax expense.

Net cash used in investing activities

Southern Score recorded net cash outflow for investing activities of RM45,425 mainly due to purchases of computers, office furniture and equipment as well as renovation.

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Net cash used in financing activities

Southern Score recorded net cash outflow for financing activities of RM10.0 million due to dividend paid of RM10.0 million in respect of FYE 31 December 2021.

4.3 Borrowings

Other than lease liability, Southern Score did not have any outstanding borrowings as at 30 April 2022.

Southern Score has not defaulted on payments of principal sums and/or interests in respect of any borrowings from FYE 31 December 2018 up to the LPD. As at the LPD, Southern Score is not in breach of any terms and conditions or covenants associated with credit arrangements or bank loans which can materially affect Southern Score's financial position and results or business operations, or the investments in Southern Score's securities. Southern Score does not encounter any seasonality in its borrowings trend and there is no restriction on its committed facilities.

4.4 Lease under finance lease arrangement

Southern Score had purchased a new motor vehicle under finance lease arrangement in FYE 31 December 2021. The lease liability is secured, interest-bearing and denominated in RM. Southern Score's total outstanding lease liability as at 30 April 2022 stood at RM0.1 million, details of which are set out below:

Purpose		Tenure	Effective interest rate (%)	As at 30 April 2022 (RM'000)
Interest bearing short-term borrowings, payable within 1 year:				
Lease liability	Purchase of a motor vehicle	1 - 5 year	4.04	34
Interest bearing long-term borrowings, payable after 1 year:				
Lease liability	Purchase of a motor vehicle	1 - 5 year	4.04	115
Total lease liability				149

Southern Score has not defaulted on payments of principal sums and/or interests in respect of the lease from the date of purchase up to the LPD. As at the LPD, Southern Score is not in breach of any terms and conditions within the lease agreement which can materially affect Southern Score's financial position and results or business operations, or the investments in Southern Score's securities.

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4.5 Type of financial instruments used

As at the LPD, Southern Score does not have any bank borrowings (excluding lease financing as detailed at Section 4.4).

The financial instruments of Southern Score which are used in the ordinary course of business, from an accounting perspective, may include financial assets such as cash and bank balances, trade receivables, other receivables as well as financial liabilities such as trade payables, other payables and bank borrowings.

As at the LPD, Southern Score does not use any financial instruments for hedging purposes.

4.6 Treasury policies and objectives

One of the main treasury responsibilities is to ensure that Southern Score has the liquidity and cash to meet its obligations as they fall due. Southern Score's principal sources of liquidity are its cash and bank balances, borrowings from financial institutions and credit terms granted by its suppliers. Using appropriate governance and policies, it is the responsibility of treasury to identify, quantify, monitor and control the risks (liquidity, interest, currency, credit, legal and regulatory) associated with these activities, using appropriate mitigation techniques.

Southern Score maintains sufficient working capital to finance its operations, coupled with adequate credit facilities to meet anticipated commitments arising from its operational expenditure and financial liabilities. Southern Score's funding policy is to obtain the most suitable form of financing at acceptable costs of funding.

4.7 Material commitment

As at the LPD, Southern Score does not have any material capital commitment that may have a material and adverse impact on Southern Score's financial position.

4.8 Material contingent liabilities

As at the LPD, there is no material contingent liabilities incurred by Southern Score which may have a substantial impact on Southern Score's financial position.

4.9 Material litigation

As at the LPD, Southern Score has not been engaged in any government, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on the financial position or profitability of Southern Score, in the 12 months immediately preceding the date of this Circular.

4.10 Exchange controls

Southern Score has not established any other place of business outside of Malaysia and is not subject to government laws, decrees, regulations or other legislations that may affect the repatriation of capital and remittance of profits by or to Southern Score.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

4.11 Accounting standards issued but not yet effective

For a description of accounting standards issued but are not yet effective, please refer to Note 2.4.2 of the Accountants' Report included in Appendix IV of this Circular.

4.12 Key financial ratios

The key financial ratios of Southern Score for FYE 31 December 2018 to FYE 31 December 2021 as well as FPE 30 April 2022 are as follows:

	FYE 31 December				FPE 30 April
	2018	2019	2020	2021	2022
Trade receivable turnover (days) ⁽¹⁾	137	153	79	49	61
Trade payable turnover (days) ⁽²⁾	129	145	51	36	55
Current ratio (times) ⁽³⁾	1.8	1.2	1.2	1.3	1.3
Gearing ratio (times) ⁽⁴⁾	0.4	0.4	-	-(6)	-(6)
Net gearing ratio (times) ⁽⁵⁾	0.4	-	-	-	-

Notes:

- (1) Computed based on the average trade receivables (excluding retention sums) multiplied by 365 days or 120 days, and divided by total revenue.

	FYE 31 December				FPE 30 April
	2018	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening trade receivables	9,108	32,114	24,090	40,664	36,078
Closing trade receivables	32,114	24,090	40,664	36,078	50,059
Revenue	54,885	66,990	148,808	285,001	84,232
Average trade receivable turnover period (days)	137	153	79	49	61

- (2) Computed based on the average trade payables (excluding accruals and retention sums) multiplied by 365 days or 120 days, and divided by cost of sales.

	FYE 31 December				FPE 30 April
	2018	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening trade payables	2,720	26,906	16,528	16,736	29,840
Closing trade payables	26,906	16,528	16,736	29,840	34,365
Cost of sales	42,000	54,636	119,837	233,438	69,796
Average trade payable turnover period (days)	129	145	51	36	55

- (3) Computed based on current assets divided by current liabilities as at 31 December 2018 to 31 December 2021 and as at 30 April 2022.
- (4) Computed based on the total borrowings divided by total equity as at 31 December 2018 to 31 December 2021 and as at 30 April 2022.

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(5) Computed based on net borrowings (total borrowings net of cash and bank balances) divided by total equity as at 31 December 2018 to 31 December 2021 and as at 30 April 2022.

(6) Negligible.

(a) Trade receivables

The normal credit terms that Southern Score gives its customers are generally within 30 days from the date of invoice, but this may be extended in certain cases after taking into consideration the background and credit-worthiness of the customer, payment history of the customer and relationship with customer.

Southern Score's trade receivables turnover period was computed on the basis of excluding retention sums. Due to the nature of the construction industry, generally, Southern Score's customers are entitled to retain 10.0% of each progress billing as retention sum, up to a maximum of 5.0% of the awarded contract sum. The customer will retain the entire retention sum throughout the contract period until the issuance of CPC, upon which half of the retention sum will be released. The remaining half retention sum will be released to Southern Score at the end of the contracted defect liability period and upon the issuance of the CMGD. As such, the exclusion of the retention sums in the computation of trade receivables turnover period presents a more realistic measure of the average number of days that is required for the collection of debts that are due.

Southern Score's trade receivables turnover period for FYE 31 December 2018 to FYE 31 December 2020 ranged between 79 days and 153 days, which is longer than its general credit terms. Southern Score's trade receivables turnover period increased from 137 days in FYE 31 December 2018 to 153 days in FYE 31 December 2019, mainly due to delay in payment from the PV 18 Residences and PR1MA Jalan Jubilee projects. Further, the additional amount outstanding from its ongoing 5 projects also contributed to the higher trade receivables turnover period of 153 days in FYE 31 December 2019.

Southern Score's trade receivables turnover period subsequently decreased to 79 days in FYE 31 December 2020, an improvement in comparison to the 153 days in FYE 31 December 2019. This improvement was mainly due to tightened policy and procedures on credit control as well as increased collection efforts through close monitoring of outstanding trade receivables and various reminders to customers on their outstanding dues. Southern Score continued these efforts in FYE 31 December 2021 and its trade receivables turnover period further decreased to 49 days in FYE 31 December 2021.

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Southern Score's trade receivables turnover period increased to 61 days in FPE 30 April 2022, mainly due to delay in payment from Vista Wirajaya 1 @ PV9 Residences project and Vista Sentul Residences project. Further, the outstanding amount from Vista Harmoni Residences project and Berlian Setapak 2 Residences project also contributed to the higher trade receivables turnover period of 61 days in FPE 30 April 2022.

The ageing analysis of Southern Score's trade receivables as at 30 April 2022 and the subsequent collections up to the LPD are set out below:

Trade receivables as at 30 April 2022	Within credit period (within 30 days)	Exceeding credit period(days)			Total
	Not past due	31-60	61-90	>90	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Trade receivables	50,573	24,562	9,075	-	84,210
Less: Retention sum	(34,151)		-	-	(34,151)
Net trade receivables	16,422	24,562	9,075	-	50,059
% of total net receivables	32.8	49.1	18.1	-	100.0
Subsequent collections as at the LPD	(16,422)	(24,562)	(9,075)	-	(50,059)
Trade receivables net of subsequent collections	-	-	-	-	-
% of trade receivables net of subsequent collections	-	-	-	-	-

As at 30 April 2022, Southern Score's retention sum amounted to RM34.2 million, of which RM3.9 million was from completed construction project, namely the PR1MA Jalan Jubilee project. The retention sum will be released to Southern Score in accordance to the terms of the contract.

As at the LPD, Southern Score had collected all of the net trade receivables which were outstanding as at 30 April 2022.

Southern Score's management closely monitors the recoverability of the overdue trade receivables on a regular basis, and, when appropriate, provides for specific impairment of these trade receivables. The Board of Southern Score is of the view that the remaining trade receivables are recoverable and no further provision for impairment is required after taking into consideration its relationship with customers as well as its effort to improve collection with various credit control measures to reduce the potential exposure on credit risk.

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RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)**

(b) Trade payables

Southern Score's normal credit granted by its suppliers ranges from 30 to 60 days. Southern Score did not experience any material disruptions in supplies from its subcontractors and suppliers during FYE 31 December 2018 to FYE 31 December 2021 and FPE 30 April 2022. Retention sums and accruals are excluded in arriving at the trade payables turnover period.

Southern Score's trade payables turnover period for FYEs 31 December 2018, 2019, 2020 and 2021 as well as FPE 30 April 2022 were 129 days, 145 days, 51 days, 36 days and 55 days, respectively. The longer payment periods were due to steps taken by Southern Score to manage its working capital requirements after taking into consideration, amongst others, collections from its customers particularly for FYE 31 December 2018 and 2019 and the established relationships that Southern Score has with its subcontractors and suppliers.

Southern Score's trade payables turnover period rose to 145 days in FYE 31 December 2019 from the 129 days in FYE 31 December 2018, as a result of steps taken by Southern Score to manage its working capital due to slow collections from trade receivables, and hence resulted in a longer period taken for the issuance of payments to subcontractors and suppliers. In FYE 31 December 2020, Southern Score's trade payable turnover period improved significantly to 51 days as a result of improving collections from trade receivables and hence, Southern Score made more prompt payments to subcontractors and suppliers. In FYE 31 December 2021, Southern Score's trade payable turnover period further improved to 36 days arising from the favourable collection received during FYE 31 December 2021 and Southern Score was able to settle outstanding bills in time.

In FPE 30 April 2022, Southern Score's trade payable turnover period increased to 55 days arising from slow collections from trade receivables which subsequently resulted in longer periods taken to pay its subcontractors and suppliers.

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APPENDIX III(B)

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

The ageing analysis of Southern Score's trade payables as at 30 April 2022 and the subsequent payments up to the LPD are set out below:

Trade payables as at 30 April 2022	Within credit period (within 30 days)	Exceeding credit period(days)			Total
	Not past due	31-60	61-90	>90	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Trade payables	54,743	17,635	6,247	49	78,674
Less: Retention sum	(26,303)	-	-	-	(26,303)
Less: Accrued construction costs	(18,006)	-	-	-	(18,006)
Net trade payables	10,434	17,635	6,247	49	34,365
% of total trade payables	30.4	51.3	18.2	0.1	100.0
Subsequent payments as at the LPD	(10,434)	(15,061)	(6,247)	(49)	(31,791)
Trade payables net of subsequent payments	-	2,574	-	-	2,574
% of trade payables net of subsequent payments	-	14.6	-	-	7.5

As at 30 April 2022, Southern Score's retention sum amounted to RM26.3 million, of which RM4,000 of the retention sum has been released to subcontractors up to the LPD. In general, Southern Score will release half of the retention sum to its subcontractors upon the issuance of the CPC, while the remaining half will be released at the end of the defect liability period and upon the issuance of CMGD. Further, RM18.0 million is the accrual provided by Southern Score in relation to the work performed on the construction projects for which Southern Score has yet to receive the corresponding invoices from its subcontractors or suppliers.

As at the LPD, Southern Score had settled RM31.8 million of the total net trade payables which were outstanding as at 30 April 2022. The remaining amount owing to a subcontractor of RM2.6 million shall be settled through an instalment plan that is mutually agreed.

There was no matter in dispute with respect to trade payables, as well as no legal action initiated by any of the suppliers and/or subcontractors to demand for payment for FYE 31 December 2018 to FYE 31 December 2021 as well as FPE 30 April 2022.

(c) Current ratio

Southern Score's current ratio decreased from 1.8 times as at 31 December 2018 to 1.2 times as at 31 December 2019, mainly due to payment of dividends.

As at 31 December 2020, Southern Score's current ratio remained at 1.2 times. This was due to the proportionally similar change in both current assets and current liabilities as at 31 December 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

As at 31 December 2021, Southern Score's current ratio improved to 1.3 times. This was due to higher contract assets as at 31 December 2021.

As at 30 April 2022, Southern Score's current ratio remained at 1.3 times.

(d) Gearing ratio

Southern Score's gearing ratio was maintained at 0.4 times as at 31 December 2018 and 31 December 2019, respectively. As at 31 December 2020, Southern Score's gearing ratio was zero. Southern Score had fully settled its borrowing as at 31 December 2020. As at 31 December 2021, Southern Score's gearing ratio was less than 0.1 times, due to the lease liability of RM0.2 million where Southern Score purchased one unit of motor vehicle under hire purchase arrangement. As at 30 April 2022, Southern Score's gearing ratio remained at less than 0.1 times.

5. Impact of government, economic, fiscal or monetary policies

There was no government, economic, fiscal or monetary policy or factor which had materially affected Southern Score's financial performance from FYE 31 December 2018 to FYE 31 December 2021 as well as FPE 30 April 2022 except for the imposition of the MCO, as detailed in Section 7.22 of Appendix III(A).

Southern Score derives revenue solely from Malaysia. The nature of Southern Score's business and the local construction industry, are subject to prevailing political, economic and regulatory conditions in Malaysia. Any adverse developments in government, economic, fiscal or monetary policies in Malaysia could unfavourably affect Southern Score's financial and business prospects.

6. Impact of inflation

During FYE 31 December 2018 to FYE 31 December 2021 as well as FPE 30 April 2022, Southern Score's financial results were not materially affected by the impact of inflation.

The areas that inflation may affect Southern Score's financial performance include increase in subcontractor costs and construction material costs. Southern Score's Board believes that the fluctuation in these costs would always be within the budgeted costs. However, there is no assurance that Southern Score's financial performance will not be adversely affected by the impact of inflation moving forward.

7. Impact of foreign exchange rates and/or interest rates

(a) Impact of foreign exchange rates

During FYE 31 December 2018 to FYE 31 December 2021 as well as FPE 30 April 2022, Southern Score was not exposed to foreign exchange rate risk.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

(b) Impact of interest rates

Southern Score's exposure to changes in interest rate relates primarily to its borrowings from banks for the FYE 31 December 2018 to 2021 as well as FPE 30 April 2022.

Interest coverage ratio measures the number of times a company can make its interest payments with EBIT. The interest coverage ratio for FYE 31 December 2018 to FYE 31 December 2021 as well as FPE 30 April 2021 and FPE 30 April 2022 is as follows:

	Audited				Unaudited	Audited
	FYE 31 December				FPE 30 April	
	2018	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EBIT	12,294	9,857	25,498	46,369	18,775	12,593
Finance cost	1,559	827	5	4	-	2
Interest coverage ratio (times) ⁽¹⁾	7.9	11.9	5,099.6	11,592.3	⁽²⁾ -	6,296.5

Notes:

(1) Computed based on EBIT over finance cost.

(2) Not applicable.

Southern Score's interest coverage ratio was between 7.9 times and 11,592.3 times for the FYE 31 December 2018 to FYE 31 December 2021 as well as FPE 30 April 2021 and FPE 30 April 2022 which indicates that Southern Score has been able to generate sufficient profits before interest and tax to meet its interest serving obligations.

Southern Score's financial results for the FYE 31 December 2018 to FYE 31 December 2021 and FPE 30 April 2022 were not materially affected by the fluctuations in interest rates. However, any major increase in interest rates would raise the cost of borrowings and finance costs for Southern Score's working capital, which may have an adverse effect on the performance of Southern Score.

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (*Cont'd*)

8. Trend analysis

As at the LPD, after making all reasonable enquiries and to the best of the Board of Southern Score's knowledge and belief, and save as disclosed in Sections 2, 3, and 4 of this appendix, Southern Score's operations have not been and are not expected to be affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had, or that Southern Score reasonably expects to have, material favourable or unfavourable impact on Southern Score's financial performance, position and operations, liquidity and capital resources, save as disclosed in this section and Section 7 of this appendix, Section 9 of Part A of this Circular and Section 7.22 of Appendix III(A);
- (ii) material commitment for capital expenditure and contingent liabilities, as set out in Sections 4.7 and 4.8 of this appendix;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of Southern Score, save as disclosed in this section and Section 7 of this appendix, Section 9 of Part A of this Circular and Section 7.22 of Appendix III(A);
- (iv) known trends, demands, commitments, events or uncertainties that are reasonably likely to make Southern Score's historical financial statements not indicative of the future financial performance and position, save as disclosed in this section and Section 7 of this appendix, Section 9 of Part A of this Circular and Section 7.22 of Appendix III(A); and
- (v) known trends, demands, commitments, events or uncertainties that have resulted in a material impact on Southern Score's revenue and/or profits, save as disclosed in this section and Section 7 of this appendix, Section 9 of Part A of this Circular and Section 7.22 of Appendix III(A).

The Board of Southern Score is optimistic about the future prospects of Southern Score given Southern Score's competitive strengths set out in Section 7.4 of Appendix III(A) and Southern Score's intention to implement the business strategies as set out in Section 7.23 of Appendix III(A).

MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)

9. Order book

The unbilled order book of Southern Score relates to the contract value of ongoing projects and less amount billed up to LPD, as the case may be. This unbilled order book will be billed progressively over the next 1 to 4 financial years based on the expected progress of work.

Southern Score's order book as at the LPD is contributed by the following on-going projects:

Project	RM'000
Vista Wirajaya 1 @ PV9 Residences (main building works)	30,708
Platinum Arena Residences (main building works)	41,158
Vista Sentul Residences (main building works)	60,153
Vista Harmoni Residences (turnkey construction service)	123,490
Berlian Setapak 2 Residences (turnkey construction service)	105,162
Residential development project from Magna Sutera Development Sdn Bhd (turnkey construction service)	167,000
Total	527,671

Southern Score's order book as at the LPD, which is expected to be billed over the following financial years is as follows:

	RM'000
FYE 31 December 2022 (from 23 July 2022 to 31 December 2022)	160,155
FYE 31 December 2023	175,611
FYE 31 December 2024	130,900
FYE 31 December 2025	50,795
FYE 31 December 2026	3,285
FYE 31 December 2027	6,925
Total	527,671

As at the LPD, the total value of the projects that Southern Score has tendered for amounts to RM634.3 million, of which Southern Score has received letter of intent for a project valuing RM181.3 million. These projects, if awarded to Southern Score, will further increase its order book.

**MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FINANCIAL CONDITION,
RESULTS OF OPERATIONS AND PROSPECTS OF SOUTHERN SCORE (Cont'd)**
10. Significant changes

Save for the COVID-19 pandemic and as disclosed in Section 7.22 of Appendix III(A), there is no significant changes that have occurred which may have a material effect on the financial position and results of Southern Score subsequent to FPE 30 April 2022 up to the LPD. Please refer to Section 7.22 of Appendix III(A) of this circular for further details on the impact of the COVID-19 pandemic on Southern Score's business and financial performance.

11. Dividend policy

Southern Score presently does not have a fixed dividend policy. However, it is the intention of Southern Score's Board to provide an attractive dividend return to all shareholders as this has been its practice since its incorporation. Southern Score's ability to distribute dividends or make other distributions to its shareholder is subject to various factors such as operating results, profits recorded and excess of funds not required to be retained for working capital of the business. The actual dividend that Southern Score's Directors may recommend or declare in any particular financial year or period will take into consideration the following factors or any other factors deemed relevant by Southern Score's Directors:

- (i) The working capital needs and availability of cash;
- (ii) Southern Score's financial performance and condition;
- (iii) Southern Score's anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans; and
- (iv) the general economic and business conditions.

The dividends declared by the Southern Score for FYEs 31 December 2018, 2019, 2020 and 2021 as well as FPEs 30 April 2021 and 30 April 2022 are as follows:

	FYE 31 December				FPE 30 April	
	2018	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared	-	49,000	15,000	25,000	-	10,000

The dividends declared above were paid and funded via internally generated funds. Southern Score's Board confirms that the dividends are not expected to affect the execution and implementation of Southern Score's future plans and strategies moving forward.

Subsequent to FPE 30 April 2022 and up to the LPD, Southern Score did not declare or pay any dividends.

The level of dividends should also not be treated as an indication of Southern Score's future profitability or ability to pay dividend. There can be no assurance that dividends will be paid out in the future or on the timing of any dividends that are to be paid in the future.

SOUTHERN SCORE SDN BHD
(Registration No: 201001042073 (926001 - X))
(Incorporated in Malaysia)

ACCOUNTANTS' REPORT
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2022
AND FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31
DECEMBER 2020, 31 DECEMBER 2019
AND 31 DECEMBER 2018

GRANT THORNTON MALAYSIA PLT

CHARTERED ACCOUNTANTS

Member Firm of Grant Thornton International Ltd.



Date: 2 August 2022

The Board of Directors
Southern Score Sdn Bhd
No. 21-3, Jalan Melati Utama 2
Taman Melati Utama
Setapak
53100 Kuala Lumpur

Grant Thornton Malaysia PLT

Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

T +603 2692 4022

F +603 2691 5229

Dear Sirs,

Reporting Accountants' Opinion on the Financial Information (as defined herein) Contained in the Accountants' Report of Southern Score Sdn Bhd ("the Company")

Opinion

We have audited the accompanying financial statements ("Financial Information") of the Company which comprise the statement of financial position as at 30 April 2022, 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial period ended 30 April 2022 and for the financial years ended 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018 and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 49.

In our opinion, the accompanying Financial Information give a true and fair view of the statement financial position of the Company as at 30 April 2022, 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018, and of its financial performance and its cash flows for the financial period ended 30 April 2022 and for the financial years ended 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Financial Information* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.



Responsibilities of the Directors for the Financial Information

The Directors of the Company are responsible for the preparation of the Financial Information of the Company that give a true and fair view in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of Financial Information of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Information of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the Financial Information of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue a reporting accountants' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Information.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Information of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountants' report to the related disclosures in the Financial Information of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

**Reporting Accountants' Responsibilities for the Audit of the Financial Information (cont'd)**

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (cont'd):

- Evaluate the overall presentation, structure and content of the Financial Information of the Company, including the disclosures, and whether the Financial Information of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Other Matters

1. The comparative information for the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows and related explanatory notes for the financial period ended 30 April 2021 has not been audited.
2. This report is made solely to the Directors of the Company and to comply with the Prospectus Guidelines, Ace Market Listing Requirements issued by Bursa Malaysia Securities Berhad and Equity Guidelines issued by the Securities Commission Malaysia for inclusion in the Circular of G Neptune Berhad in connection with the proposed acquisition of 100% equity interest held by Super Advantage Property Sdn Bhd in Southern Score Sdn Bhd and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A stylized handwritten signature in black ink.

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

Kuala Lumpur

A stylized handwritten signature in black ink.

LEE LEE PING
(No: 03334/1/2023(J))
CHARTERED ACCOUNTANT

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**SOUTHERN SCORE SDN BHD**

(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2022, 31 DECEMBER 2021, 31 DECEMBER 2020, 31 DECEMBER 2019 AND 31 DECEMBER 2018

	Note	30.4.2022 Audited RM	31.12.2021 Audited RM	31.12.2020 Audited RM	31.12.2019 Audited RM	31.12.2018 Audited RM
ASSETS						
Non-current assets						
Property, plant and equipment	4	816,997	823,878	365,939	295,359	28,234
Investment in an associate	5	257,287	257,983	-	-	-
Total non-current assets		1,074,284	1,081,861	365,939	295,359	28,234
Current assets						
Trade receivables	6	84,209,627	71,251,409	59,770,371	35,297,714	39,950,167
Contract assets	7	17,797,115	21,514,696	16,648,168	3,334,792	-
Other receivables	8	1,021,148	4,611,505	2,738,664	2,500,011	73,902,258
Tax recoverable		-	-	-	1,734,106	-
Cash and bank balances		1,612,546	4,159,649	2,727,061	6,206,081	29,920
Total current assets		104,640,436	101,537,259	81,884,264	49,072,704	113,882,345
TOTAL ASSETS		105,714,720	102,619,120	82,250,203	49,368,063	113,910,579
EQUITY AND LIABILITIES						
Equity						
Share capital	9	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Retained earnings		20,989,494	21,399,299	11,221,516	7,025,034	49,512,023
TOTAL EQUITY		21,989,494	22,399,299	12,221,516	8,025,034	50,512,023
Liabilities						
Non-current liabilities						
Lease liability	10	114,785	126,347	-	-	-
Deferred tax liabilities	11	95,000	68,000	30,000	11,617	4,939
Total non-current liabilities		209,785	194,347	30,000	11,617	4,939
Current liabilities						
Trade payables	12	78,673,645	74,033,807	53,260,833	28,891,041	33,891,156
Contract liability	7	58,585	462,637	-	8,067,582	10,399,694
Other payables	13	718,547	1,356,974	16,112,120	1,195,134	129,553
Borrowing	14	-	-	-	3,177,655	18,588,753
Lease liability	10	34,188	33,690	-	-	-
Tax payable		4,030,476	4,138,366	625,734	-	384,461
Total current liabilities		83,515,441	80,025,474	69,998,687	41,331,412	63,393,617
TOTAL LIABILITIES		83,725,226	80,219,821	70,028,687	41,343,029	63,398,556
TOTAL EQUITY AND LIABILITIES		105,714,720	102,619,120	82,250,203	49,368,063	113,910,579

The accompanying notes form an integral part of the financial statements.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**SOUTHERN SCORE SDN BHD**

(Incorporated in Malaysia)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIODS ENDED 30 APRIL 2022 AND 30 APRIL 2021 AND FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31 DECEMBER 2020, 31 DECEMBER 2019 AND 31 DECEMBER 2018

	Note	1.1.2022 to 30.4.2022 Audited RM	1.1.2021 to 30.4.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM	1.1.2018 to 31.12.2018 Audited RM
Revenue	15	84,231,517	132,194,290	285,000,645	148,807,528	66,989,924	54,885,336
Cost of sales		<u>(69,795,699)</u>	<u>(111,900,242)</u>	<u>(233,437,452)</u>	<u>(119,836,782)</u>	<u>(54,636,125)</u>	<u>(42,000,203)</u>
Gross profit		14,435,818	20,294,048	51,563,193	28,970,746	12,353,799	12,885,133
Other income		20,484	25,998	4,798	58,692	2,229	500
Administrative expenses		(1,861,259)	(1,544,641)	(5,193,673)	(3,531,760)	(2,499,308)	(592,222)
Finance income	16	35,984	16,431	121,762	19,528	619	421
Finance cost	17	(2,136)	-	(4,145)	(5,420)	(826,708)	(1,559,090)
Share of net loss of an associate		<u>(696)</u>	<u>-</u>	<u>(4,517)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit before tax	18	12,628,195	18,791,836	46,487,418	25,511,786	9,030,631	10,734,742
Tax expense	19	<u>(3,038,000)</u>	<u>(4,510,041)</u>	<u>(11,309,635)</u>	<u>(6,315,304)</u>	<u>(2,517,620)</u>	<u>(2,548,827)</u>
Profit for the financial period/ year/Total comprehensive income for the financial period/year		<u>9,590,195</u>	<u>14,281,795</u>	<u>35,177,783</u>	<u>19,196,482</u>	<u>6,513,011</u>	<u>8,185,915</u>

The accompanying notes form an integral part of the financial statements.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**SOUTHERN SCORE SDN BHD**

(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIODS ENDED 30 APRIL 2022 AND 30 APRIL 2021 AND FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31 DECEMBER 2020, 31 DECEMBER 2019 AND 31 DECEMBER 2018

	<u>Note</u>	<u>Share capital</u> RM	<u>Retained earnings</u> RM	<u>Total</u> RM
Audited				
At 1 January 2018		1,000,000	41,326,108	42,326,108
Total comprehensive income for the financial year		-	8,185,915	8,185,915
At 31 December 2018		1,000,000	49,512,023	50,512,023
Transaction with owner:-				
Dividends paid	20	-	(49,000,000)	(49,000,000)
Total comprehensive income for the financial year		-	6,513,011	6,513,011
At 31 December 2019		1,000,000	7,025,034	8,025,034
Transaction with owner:-				
Dividend payable	20	-	(15,000,000)	(15,000,000)
Total comprehensive income for the financial year		-	19,196,482	19,196,482
At 31 December 2020		1,000,000	11,221,516	12,221,516
Transaction with owner:-				
Dividend paid	20	-	(25,000,000)	(25,000,000)
Total comprehensive income for the financial year		-	35,177,783	35,177,783
At 31 December 2021		1,000,000	21,399,299	22,399,299
Transaction with owner:-				
Dividend paid	20	-	(10,000,000)	(10,000,000)
Total comprehensive income for the financial period		-	9,590,195	9,590,195
At 30 April 2022		1,000,000	20,989,494	21,989,494
Unaudited				
At 1 January 2021		1,000,000	11,221,516	12,221,516
Total comprehensive income for the financial period		-	14,281,795	14,281,795
At 30 April 2021		1,000,000	25,503,311	26,503,311

The accompanying notes form an integral part of the financial statements.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**SOUTHERN SCORE SDN BHD**

(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIODS ENDED 30 APRIL 2022 AND 30 APRIL 2021 AND FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31 DECEMBER 2020, 31 DECEMBER 2019 AND 31 DECEMBER 2018

	<u>Note</u>	1.1.2022 to 30.4.2022 Audited RM	1.1.2021 to 30.4.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM	1.1.2018 to 31.12.2018 Audited RM
OPERATING ACTIVITIES							
Profit before tax		12,628,195	18,791,836	46,487,418	25,511,786	9,030,631	10,734,742
Adjustments for:-							
Depreciation of property, plant and equipment		52,306	22,491	103,784	59,868	20,522	12,952
Interest expense		2,136	-	4,145	5,420	826,708	1,559,090
Interest income		(35,984)	(16,431)	(121,762)	(19,528)	(619)	(421)
Share of net loss of an associate		696	-	4,517	-	-	-
Operating profit before working capital changes		12,647,349	18,797,896	46,478,102	25,557,546	9,877,242	12,306,363
Changes in working capital:-							
Receivables		(9,367,861)	(6,769,308)	(14,540,879)	(23,524,310)	76,054,700	(33,192,631)
Contract assets/liability		3,313,529	(843,361)	(4,403,891)	(21,380,958)	(5,666,904)	433,141
Payables		4,001,411	5,301,265	21,017,828	24,286,778	(3,934,534)	28,176,983
Cash generated from operations		10,594,428	16,486,492	48,551,160	4,939,056	76,330,504	7,723,856
Interest received		35,984	16,431	79,208	19,528	619	421
Tax refunded		-	-	-	1,017,987	-	540,097
Tax paid		(3,118,890)	(1,164,342)	(7,759,003)	(4,955,068)	(4,629,509)	(2,375,238)
Net cash from operating activities		7,511,522	15,338,581	40,871,365	1,021,503	71,701,614	5,889,136
INVESTING ACTIVITIES							
Repayment from/ (Advance to) holding company		-	1,187,000	1,187,000	(1,187,000)	-	-
Purchase of property, plant and equipment	A	(45,425)	(276,462)	(382,723)	(130,448)	(287,647)	-
Acquisition of an associate		-	-	(262,500)	-	-	-
Interest received		-	-	42,554	-	-	-
Net cash (used in)/from investing activities		(45,425)	910,538	584,331	(1,317,448)	(287,647)	-

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**SOUTHERN SCORE SDN BHD**

(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIODS ENDED 30 APRIL 2022 AND 30 APRIL 2021 AND FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31 DECEMBER 2020, 31 DECEMBER 2019 AND 31 DECEMBER 2018 (CONT'D)

	Note	1.1.2022 to 30.4.2022 Audited RM	1.1.2021 to 30.4.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM	1.1.2018 to 31.12.2018 Audited RM
FINANCING ACTIVITIES							
Interest paid		(2,136)	-	(4,145)	(5,420)	(826,708)	(1,559,090)
Repayment to a Director		-	-	-	-	-	(3,179)
Repayment of revolving financing		-	-	-	(3,177,655)	(15,411,098)	(16,098,352)
Dividends paid		(10,000,000)	-	(40,000,000)	-	(49,000,000)	-
Drawdown of revolving financing		-	-	-	-	-	11,793,910
Repayment of lease liability		(11,064)	-	(18,963)	-	-	-
Net cash used in financing activities		(10,013,200)	-	(40,023,108)	(3,183,075)	(65,237,806)	(5,866,711)
CASH AND CASH EQUIVALENTS							
Net changes		(2,547,103)	16,249,119	1,432,588	(3,479,020)	6,176,161	22,425
Brought forward		4,159,649	2,727,061	2,727,061	6,206,081	29,920	7,495
Carried forward		1,612,546	18,976,180	4,159,649	2,727,061	6,206,081	29,920

NOTE TO THE STATEMENT OF CASH FLOWS**A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**

	1.1.2022 to 30.4.2022 Audited RM	1.1.2021 to 30.4.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM	1.1.2018 to 31.12.2018 Audited RM
Total addition	45,425	276,462	561,723	130,448	287,647	-
Purchase through finance lease arrangement	-	-	(179,000)	-	-	-
Cash payment	45,425	276,462	382,723	130,448	287,647	-

The accompanying notes form an integral part of the financial statements.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**SOUTHERN SCORE SDN BHD**

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 APRIL 2022, 31 DECEMBER 2021, 31 DECEMBER 2020, 31 DECEMBER 2019 AND 31 DECEMBER 2018**1. GENERAL INFORMATION****1.1 Introduction**

This report is made solely to the Directors of the Company and to comply with the Prospectus Guidelines, ACE Market Listing Requirements issued by Bursa Malaysia Securities Berhad and Equity Guidelines - Equity issued by the Securities Commission of Malaysia for inclusion in the Circular of G Neptune Berhad in connection with the proposed acquisition of 100% equity interest held by Super Advantage Property Sdn Bhd in Southern Score Sdn Bhd and for no other purpose.

1.2 Background

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office is located at C-6-12, Streetmall, One South, Jalan OS, Taman Serdang Perdana, Seksyen 6, 43300 Seri Kembangan, Selangor Darul Ehsan. The principal place of business of the Company is located at No. 21-3, Jalan Melati Utama 2, Taman Melati Utama, Setapak, 53100 Kuala Lumpur.

1.3 Principal Activities

The Company is principally engaged in the business of construction, contractors and subcontractors.

There have been no significant changes in the nature of these activities during the financial period/years.

1.4 Auditors

The relevant financial period/years of the audited financial statements used for the purpose of preparation of the financial statements ("Relevant Financial Period/Years") and the auditors are as follows:-

Company	Relevant Financial Period/Years	Auditors
Southern Score Sdn Bhd	Financial period ended 30 April 2022	Grant Thornton Malaysia PLT
	Financial year ended 31 December 2021	Grant Thornton Malaysia PLT
	Financial year ended 31 December 2020	Grant Thornton Malaysia PLT
	Financial year ended 31 December 2019	Grant Thornton Malaysia PLT
	Financial year ended 31 December 2018	Grant Thornton Malaysia PLT

The audited financial statements of Southern Score Sdn Bhd for the Relevant Financial Period/Years reported above were not subject to any audit qualification or modification.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**2.1 Statement of Compliance**

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**2.2 Basis of Measurement**

The financial statements of the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, recognised the use of relevant observable inputs and recognised the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are recognised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

- | | |
|---------|---|
| Level 1 | - Quoted (unadjusted) market prices in active markets for identical assets or liabilities. |
| Level 2 | - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable. |
| Level 3 | - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable. |

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting year.

The Company has established control framework in respect of measurement of fair values of financial instruments.

2.3 Functional and Presentation Currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and all values are rounded to the nearest RM except otherwise stated.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)****2.4 MFRSs****2.4.1 Adoption of New Standards/Amendments/Improvements to MFRSs**

The Company has consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of the current financial period, the Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2022.

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements.

2.4.2 Standards Issued but Not yet Effective

The new and amended standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards, if applicable, when they become effective.

MFRSs and Amendments to MFRSs effective 1 January 2023:-

MFRS 17*	Insurance contracts
Amendments to MFRS 17*	Insurance contracts
Amendments to MFRS 17*	Insurance contracts: Initial application of MFRS 17 and MFRS 9 - comparative information
Amendments to MFRS 4*	Insurance contracts: Extension of the temporary exemption from applying MFRS 9
Amendments to MFRS 101	Presentation of financial statements: Classification of liabilities as current or non-current
Amendments to MFRS 101	Presentation of financial statements: Disclosure of accounting policies
Amendments to MFRS 108	Accounting policies, change in accounting estimates and errors - definition of accounting estimates
Amendments to MFRS 112	Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

Amendments to MFRSs - effective date deferred indefinitely:-

Amendments to MFRS 10* and MFRS 128	Consolidated financial statements and investments in associate and joint ventures - Sale or Contribution of assets between an investor and its associate or joint venture
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* Not applicable to Company's operation.

The initial application of the above new and amended standards are not expected to have any financial impact to the financial statements.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**2.5 Significant Accounting Estimates and Judgements**

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

2.5.1 Key Sources of Estimation Uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Useful Lives of Depreciable Assets

The management estimates the useful lives of the property, plant and equipment and to be within 5 to 10 years and reviews the useful lives of depreciable assets at each reporting date. The management assesses that the useful lives represent the expected utility of the assets to the Company. Actual results, however, may vary due to change in the expected level of usage and technological developments, which may result in an adjustment to the Company's assets.

Construction Contract

The Company recognises contract revenue based on stage of completion method. The stage of completion is measured by reference to the contract costs incurred up to reporting date as a percentage of total estimated cost for each contract. Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract costs, the profitability of the contracts, including the foreseeable losses, potential claims (variation orders) to owners of the projects and counter claims from subcontractor and liquidated ascertained damages ("LAD") based on expected completion dates of the contracts.

In making this judgement, the Directors took into consideration the current circumstances and relied on input from the Company's project managers, external consultants, where appropriate and past experience. In addition, in determining the provision for LAD to be recorded, the Directors also assessed the ability of the Company to recover from the subcontractors, the potential LAD imposed on the Company by the project owners for delays in projects caused directly by the subcontractor.

Provision for Expected Credit Losses ("ECLs") of Trade Receivables and Contract Assets

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**2.5 Significant Accounting Estimates and Judgements (cont'd)****2.5.1 Key Sources of Estimation Uncertainty (cont'd)**Provision for Expected Credit Losses ("ECLs") of Trade Receivables and Contract Assets (cont'd)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Impairment of Non-financial Assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management make assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Income Taxes/Deferred Tax Liabilities

Significant judgement is involved in determining the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Company recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

2.5.2 Significant Management Judgement

There are no significant areas of management judgements in applying the accounting policies that have any significant effect on the amount recognised in the financial statements.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES**

The Company applies the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements, unless otherwise stated.

3.1 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent cost is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of the part of the asset being replaced is derecognised. All other repair and maintenance costs are charged to profit or loss in the period in which they incurred.

Depreciation of property, plant and equipment is computed on the straight-line method based on the estimated useful lives of the various assets. The annual rates of depreciation based on the estimated useful lives of the various classes of depreciable assets are as follows:-

Air conditioner	10%
Computer hardware and software	20%
Furniture and fittings	10%
Office equipment	10%
Renovation	10%
Motor vehicles	20%

Where major parts of an item of plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately.

At each reporting date, the residual values and useful lives of the property, plant and equipment are reviewed, and the effects of any changes are recognised prospectively as a change in accounting estimate.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss in the financial period in which the asset is derecognised.

Leased asset (motor vehicle under lease arrangement) that fulfills the conditions to be recognised as right-of-use asset is presented as right-of-use asset in property, plant and equipment. Refer to accounting policy Note 3.3 to the financial statements on recognition and initial and subsequent measurements of leased asset.

3.2 Investment in an Associate

Associate is entity in which the Company has significant influence, but no control, over its financial and operating policies.

The Company's investment in an associate is accounted for using the equity method. Under the equity method, investment in an associate is carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.2 Investment in an Associate (cont'd)**

The share of the results of an associate is reflected in profit or loss. Any change in other comprehensive income of those investees is presented as part of the Company's other comprehensive income. In addition, where there has been a change recognised directly in the equity of an associate, the Company recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate is eliminated to the extent of the interest in the associate.

When the Company's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the associate.

The financial statements of the associate are prepared as of the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies of the associate in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an additional impairment loss on the Company's investment in its associate. The Company determines at each end of the reporting period whether there is any objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the amount in the "share of profit of investments accounted for using the equity method" in profit or loss.

Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

3.3 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liability to make lease payments and right-of-use asset representing the right to use the underlying assets.

Right-of-use Asset

The Company recognises right-of-use asset at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The cost of right-of-use asset includes the amount of lease liability recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the asset, as follows:-

Motor vehicle	20%
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ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.3 Leases (cont'd)**Company as a Lessee (cont'd)*Right-of-use Asset (cont'd)*

If the ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease Liability

At the commencement date of the lease, the Company recognises lease liability measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term Leases and Leases of Low-value Assets

The Company applies the short-term lease recognition exemption to its short-term leases of office and carpark (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low-value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.4 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.4.1 Financial AssetsInitial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.4 Financial Instruments (cont'd)****3.4.1 Financial Assets (cont'd)**Initial Recognition and Measurement (cont'd)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- (a) Financial assets at amortised cost (debt instruments);
- (b) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- (c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- (d) Financial assets at fair value through profit or loss.

The Company only has financial assets at amortised cost on its statement of financial position.

Financial Assets at Amortised Cost

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes trade and most of the other receivables and cash and bank balances.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- (a) The rights to receive cash flows from the asset have expired; or
- (b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.4 Financial Instruments (cont'd)****3.4.1 Financial Assets (cont'd)**Derecognition (cont'd)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment

The Company recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECLs). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECLs).

Impairment for Trade Receivables and Contract Assets

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure ECLs, trade receivables and contract assets are grouped into categories. The categories are differentiated by the different business risks and are subject to different credit assessments. Contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company considers the expected credit loss rates for trade receivables as a reasonable approximation of the loss rates for contract assets with similar risk characteristics.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.4 Financial Instruments (cont'd)****3.4.1 Financial Assets (cont'd)**Impairment (cont'd)*Impairment for Financial Assets other than Trade Receivables and Contract Assets*

The Company considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The assessment considers available, reasonable and supportable forward-looking information.

Credit Impaired

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The Company considers a receivable as credit impaired when one or more events that have a detrimental impact on the estimated cash flows have occurred. These instances include adverse changes in the financial capability of the debtor and default or significant delay in payments. However, in certain cases, the Company may also considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

3.4.2 Financial LiabilitiesInitial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent Measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- (a) Financial liabilities at fair value through profit or loss; or
- (b) Financial liabilities at amortised cost.

The Company only has financial liabilities at amortised cost on its statement of financial position.

Financial Liabilities at Amortised Cost

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss.

The Company's financial liabilities include trade and other payables and borrowing which are measured at amortised cost.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.4 Financial Instruments (cont'd)****3.4.2 Financial Liabilities (cont'd)**Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

3.4.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.5 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and bank balances which are readily available to known amount of cash and which are subject to an insignificant risk of changes in value.

3.6 Contract Assets and Contract Liabilities

For each contract, contract asset is where the net amount of costs incurred plus recognised profits (less recognised losses) exceeds progress billings. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the net amount is presented as contract liability. Contract liability includes downpayments received from customers and other deferred income where the Company has billed or has collected the payment before the goods are delivered or services are provided to the customers.

Refer to accounting policy Note 3.4.1 to the financial statements on impairment on contract assets.

3.7 Impairment of Non-financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.7 Impairment of Non-financial Assets (cont'd)**

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of three periods. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the third year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3.8 Revenue and Other Income**3.8.1 Revenue Recognition**

Revenue arises mainly from the construction contracts. To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

Transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

The control of the promised goods or services may be transferred over time or at a point in time. Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to-date.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.8 Revenue and Other Income (cont'd)****3.8.1 Revenue Recognition (cont'd)****3.8.1.1 Revenue from Construction Contracts**

The revenue from construction contracts is measured at the fixed transaction price agreed under the respective agreements with the project owners net of expected LAD payment, based on the expected value method.

Revenue from construction contract is recognised as and when the control of the asset is transferred to the customer and it is probable that the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Control of the asset is transferred over time if the Company's performance does not create an asset with an alternative use to the Company. The Company has an enforceable right to payment for performance completed to-date. The Company recognises revenue over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The Company recognises revenue from construction contracts over time using the input method, which is based on the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from the contract costs in determining the stage of completion. Such costs are presented as contract assets. Refer to accounting policy Note 3.6 to the financial statements on contract assets and contract liabilities.

3.8.2 Interest Income

Interest income is recognised in the profit or loss on time proportion basis taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Company.

3.9 Tax Expense

Tax expense comprises current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

3.9.1 Current Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

Current tax is recognised in the statement of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.9 Tax Expense (cont'd)****3.9.2 Deferred Tax**

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting date.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.10 Goods and Services Tax

Goods and services tax ("GST") is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate 6%. Input GST that the Company paid on purchases of business inputs can be deducted from output GST.

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a purchase of assets or services is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item, as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables payables in the statement of financial position.

The Malaysian Government has zero rated the GST effective from 1 June 2018. This mean the GST rate on the supplies of goods or services or on the importation of goods has been revised from 6% to 0% and Sales and Service Tax ("SST") was enacted with effective on 1 September 2018 to replace GST.

The Company's principal business activity business activity is exempted from SST registration.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.11 Employee Benefits Expense**Short-term Employee Benefits

Wages, salaries, bonuses and social security contribution are recognised as expenses in the financial year in which associated services are rendered by employees of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees which increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occurred.

Defined Contribution Plan

The Company is required by law to make monthly contributions to the Employees Provident Fund, a statutory defined contribution plan for all their eligible employees, based on certain prescribed rates of the employees' salaries. Once the contributions have been paid, the Company has no further payment obligations. The contributions are recognised as expenses as and when incurred.

3.12 Equity, Reserves and Distribution to Owner

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Retained earnings include all current period and prior years' retained profits.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grants the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Final dividends proposed by the Directors are not accounted for in shareholder's equity as an appropriation of retained earnings, until they have been approved by the shareholder in a general meeting. When these dividends have been approved by the shareholder and declared, they are recognised as a liability.

The distribution of non-cash assets to owner is recognised as a dividend payable when the dividend was approved by shareholder. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial year, the Company reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable are recognised in equity. When the Company settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

All transactions with owner of the Company are recorded separately within equity.

3.13 Borrowing Cost

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.13 Borrowing Cost (cont'd)**

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

When the construction of a qualifying asset is completed in parts and each part is capable of being used while construction continues on other parts, capitalisation of borrowing costs shall cease when substantially all the activities necessary to prepare that part of its intended use or sale are completed.

3.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.15 Contingencies**3.15.1 Contingent Liabilities**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.15.2 Contingent Assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statement of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.16 Related Parties**

A related party is a person or entity that is related to the Company. A related party transaction is a transfer of resources, services or obligations between the Company and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Company if that person:-
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the holding company or the Company.
- (b) An entity is related to the Company if any of the following conditions applies:-
 - (i) The entity and the Company are members of the same group.
 - (ii) The entity is an associate or joint venture of the Company.
 - (iii) Both the Company and the entity are joint ventures of the same third party.
 - (iv) The Company is a joint venture of a third entity and the other entity is an associate of the same third entity.
 - (v) The entity is a post-employment benefit plan for the benefits of employees of either the Company or an entity related to the Company.
 - (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
 - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the holding company or the Company.
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the holding company or the Company.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

	← Owned assets →					Right-of-use asset		
	<u>Air conditioner</u> RM	<u>Computer hardware and software</u> RM	<u>Furniture and fittings</u> RM	<u>Office equipment</u> RM	<u>Renovation</u> RM	<u>Motor vehicles</u> RM	<u>Motor vehicle</u> RM	<u>Total</u> RM
Cost								
At 1 January 2018/31 December 2018	-	14,180	-	2,268	102,000	-	-	118,448
Addition	30,734	9,690	91,253	-	155,970	-	-	287,647
At 31 December 2019	30,734	23,870	91,253	2,268	257,970	-	-	406,095
Addition	-	82,106	2,280	46,062	-	-	-	130,448
At 31 December 2020	30,734	105,976	93,533	48,330	257,970	-	-	536,543
Addition	31,840	53,626	44,429	30,683	13,081	188,000	200,064	561,723
At 31 December 2021	62,574	159,602	137,962	79,013	271,051	188,000	200,064	1,098,266
Addition	3,310	33,405	5,520	3,190	-	-	-	45,425
At 30 April 2022	65,884	193,007	143,482	82,203	271,051	188,000	200,064	1,143,691
Accumulated depreciation								
At 1 January 2018	-	5,144	-	718	71,400	-	-	77,262
Charge for the financial year	-	2,525	-	227	10,200	-	-	12,952
At 31 December 2018	-	7,669	-	945	81,600	-	-	90,214
Charge for the financial year	768	3,146	2,282	227	14,099	-	-	20,522
At 31 December 2019	768	10,815	2,282	1,172	95,699	-	-	110,736
Charge for the financial year	3,073	17,359	9,220	4,420	25,796	-	-	59,868
At 31 December 2020	3,841	28,174	11,502	5,592	121,495	-	-	170,604
Charge for the financial year	3,604	23,406	10,577	5,597	15,924	14,667	30,009	103,784
At 31 December 2021	7,445	51,580	22,079	11,189	137,419	14,667	30,009	274,388
Charge for the financial period	2,169	11,299	4,645	2,687	5,635	12,533	13,338	52,306
At 30 April 2022	9,614	62,879	26,724	13,876	143,054	27,200	43,347	326,694

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	← Owned assets →					Right-of-use asset		
	<u>Air conditioner</u> RM	<u>Computer hardware and software</u> RM	<u>Furniture and fittings</u> RM	<u>Office equipment</u> RM	<u>Renovation</u> RM	<u>Motor vehicles</u> RM	<u>Motor vehicle</u> RM	<u>Total</u> RM
Net carrying amount								
At 30 April 2022	56,270	130,128	116,758	68,327	127,997	160,800	156,717	816,997
At 31 December 2021	55,129	108,022	115,883	67,824	133,632	173,333	170,055	823,878
At 31 December 2020	26,893	77,802	82,031	42,738	136,475	-	-	365,939
At 31 December 2019	29,966	13,055	88,971	1,096	162,271	-	-	295,359
At 31 December 2018	-	6,511	-	1,323	20,400	-	-	28,234

The above right-of-use asset is under finance lease arrangement and pledged as security for the related lease liability.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**5. INVESTMENT IN AN ASSOCIATE**

	<u>30.4.2022</u> Audited RM	<u>31.12.2021</u> Audited RM	<u>31.12.2020</u> Audited RM	<u>31.12.2019</u> Audited RM	<u>31.12.2018</u> Audited RM
Unquoted shares in Malaysia, at cost	262,500	262,500	-	-	-
Share of net loss of TCS SS Precast Construction Sdn Bhd	(5,213)	(4,517)	-	-	-
	<u>257,287</u>	<u>257,983</u>	<u>-</u>	<u>-</u>	<u>-</u>

The details of the associate are as follows:

Name of company	Effective interest					Principal activities
	<u>30.4.2022</u> %	<u>31.12.2021</u> %	<u>31.12.2020</u> %	<u>31.12.2019</u> %	<u>31.12.2018</u> %	
TCS SS Precast Construction Sdn Bhd	35 [#]	35	-	-	-	Provision of construction service for buildings, infrastructure and civil works.*

[#] Share of net loss based on management account for the financial period ended 30 April 2022.

* The Company has not commenced its business operation.

The summarised financial information of the associate is as follows:

	<u>30.4.2022</u> RM	<u>31.12.2021</u> RM	<u>31.12.2020</u> RM	<u>31.12.2019</u> RM	<u>31.12.2018</u> RM
<u>Financial position</u>					
Current assets	737,770	739,093	-	-	-
Current liability	(2,665)	(2,000)	-	-	-
	<u>735,105</u>	<u>737,093</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Result</u>					
Revenue	-	-	-	-	-
Loss for the financial period/year	(1,988)	(12,907)	-	-	-

The associate has no contingent liability and capital commitment as at the reporting date.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**6. TRADE RECEIVABLES**

	<u>30.4.2022</u> Audited RM	<u>31.12.2021</u> Audited RM	<u>31.12.2020</u> Audited RM	<u>31.12.2019</u> Audited RM	<u>31.12.2018</u> Audited RM
Trade receivables	50,059,205	36,077,891	40,664,727	24,089,876	32,114,241
Retention sum	<u>34,150,422</u>	<u>35,173,518</u>	<u>19,105,644</u>	<u>11,207,838</u>	<u>7,835,926</u>
	<u>84,209,627</u>	<u>71,251,409</u>	<u>59,770,371</u>	<u>35,297,714</u>	<u>39,950,167</u>

The normal credit terms granted to customers are 30 days (31.12.2021, 31.12.2020, 31.12.2019 and 31.12.2018: 30 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables is an amount of RM19,156,923 (31.12.2021: RM20,443,785, 31.12.2020: RM45,852,939, 31.12.2019: RM12,827,389 and 31.12.2018: RM9,954,755) due from companies in which a Director has interest. The said amount is unsecured, interest free and subject to normal trade terms.

Included in trade receivables is an amount of RM51,808,718 (31.12.2021: RM46,889,661, 31.12.2020, 31.12.2019 and 31.12.2018: Nil) due from companies in which a person connects to a Director has interest. The said amount is unsecured, interest free and subject to normal trade terms.

7. CONTRACT ASSETS/(CONTRACT LIABILITY)

	<u>30.4.2022</u> Audited RM	<u>31.12.2021</u> Audited RM	<u>31.12.2020</u> Audited RM	<u>31.12.2019</u> Audited RM	<u>31.12.2018</u> Audited RM
Contract assets -					
Current					
- Construction contracts	<u>17,797,115</u>	<u>21,514,696</u>	<u>16,648,168</u>	<u>3,334,792</u>	<u>-</u>
Contract liability -					
Current					
- Construction contract	<u>(58,585)</u>	<u>(462,637)</u>	<u>-</u>	<u>(8,067,582)</u>	<u>(10,399,694)</u>

The contract assets primarily relate to the Company's rights to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount will be billed once the subcontractors' works have been inspected by customer's quantity surveyor and payment is expected within 30 days.

Contract liability consists of advance billings in excess of revenue recognised, typically resulting from the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect the physical completion of the contracts.

	<u>30.4.2022</u> Audited RM	<u>31.12.2021</u> Audited RM	<u>31.12.2020</u> Audited RM	<u>31.12.2019</u> Audited RM	<u>31.12.2018</u> Audited RM
Contract liability at the beginning of the year recognised as revenue	<u>462,637</u>	<u>-</u>	<u>8,067,582</u>	<u>10,399,694</u>	<u>9,966,553</u>

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**7. CONTRACT ASSETS/(CONTRACT LIABILITY) (CONT'D)**

As at the reporting date, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) of the Company is RM364,546,445 (31.12.2021: RM338,777,962, 31.12.2020: RM508,190,548, 31.12.2019: RM495,090,817 and 31.12.2018: RM30,344,071). The Company expects to recognise this revenue over the next 38 months (31.12.2021: 40 months, 31.12.2020, 31.12.2019: 36 months and 31.12.2018: 24 months).

8. OTHER RECEIVABLES

	<u>30.4.2022</u>	<u>31.12.2021</u>	<u>31.12.2020</u>	<u>31.12.2019</u>	<u>31.12.2018</u>
	Audited	Audited	Audited	Audited	Audited
	RM	RM	RM	RM	RM
Amount due from a company in which a Director has interest	-	-	-	-	72,085,795
Amount due from holding company	-	-	1,187,000	-	-
Non-trade receivables	343,264	3,963,283	449,338	1,941,554	1,467,209
Deposits	98,077	56,931	123,643	113,167	90,092
Prepayments	579,807	591,291	978,683	445,290	48,870
GST recoverable	-	-	-	-	210,292
	<u>1,021,148</u>	<u>4,611,505</u>	<u>2,738,664</u>	<u>2,500,011</u>	<u>73,902,258</u>

Amount due from a company in which a Director has interest was non-trade in nature, unsecured, interest free and repayable on demand.

Amount due from holding company was non-trade in nature, unsecured, repayable on demand and bears interest at the rate of Nil (31.12.2021: 3.94%, 31.12.2020, 31.12.2019 and 31.12.2018: Nil) per annum.

In financial year ended 31.12.2020, included in deposits are marginal deposits pledged to a licensed bank amounted to RM58,300 (31.12.2019: RM58,300 and 31.12.2018: RM20,000) for banking facility granted to the Company.

9. SHARE CAPITAL

	<u>30.4.2022</u>	<u>31.12.2021</u>	<u>31.12.2020</u>	<u>31.12.2019</u>	<u>31.12.2018</u>
	Audited	Audited	Audited	Audited	Audited
	RM	RM	RM	RM	RM
Issued and fully paid with no par value:-					
1,000,000 units of ordinary shares	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**10. LEASE LIABILITY**

	<u>30.4.2022</u> Audited RM	<u>31.12.2021</u> Audited RM	<u>31.12.2020</u> Audited RM	<u>31.12.2019</u> Audited RM	<u>31.12.2018</u> Audited RM
<u>Current</u>					
- less than 1 year	34,188	33,690	-	-	-
<u>Non-current</u>					
- between 1 to 5 years	114,785	126,347	-	-	-
	<u>148,973</u>	<u>160,037</u>	<u>-</u>	<u>-</u>	<u>-</u>

The lease liability is secured by:-

- i) The related asset acquired under the finance lease arrangement; and
- ii) Personal guarantee by a Director of the Company.

The expenses relating to payments not included in the measurement of lease liability are as follows:-

	<u>1.1.2022</u> to <u>30.4.2022</u> Audited RM	<u>1.1.2021</u> to <u>30.4.2021</u> Unaudited RM	<u>1.1.2021</u> to <u>31.12.2021</u> Audited RM	<u>1.1.2020</u> to <u>31.12.2020</u> Audited RM	<u>1.1.2019</u> to <u>31.12.2019</u> Audited RM	<u>1.1.2018</u> to <u>31.12.2018</u> Audited RM
Short-term leases	33,600	14,100	58,600	41,300	18,000	-
Lease of low-value assets	<u>3,000</u>	<u>3,000</u>	<u>9,000</u>	<u>8,300</u>	<u>2,240</u>	<u>1,600</u>

The total cash outflow for leases of the Company are as follows:-

	<u>1.1.2022</u> to <u>30.4.2022</u> Audited RM	<u>1.1.2021</u> to <u>30.4.2021</u> Unaudited RM	<u>1.1.2021</u> to <u>31.12.2021</u> Audited RM	<u>1.1.2020</u> to <u>31.12.2020</u> Audited RM	<u>1.1.2019</u> to <u>31.12.2019</u> Audited RM	<u>1.1.2018</u> to <u>31.12.2018</u> Audited RM
Total cash outflows for leases	<u>49,800</u>	<u>17,100</u>	<u>90,700</u>	<u>49,600</u>	<u>20,240</u>	<u>1,600</u>

The lease liability of the Company bears interest at rate of 4.04% (31.12.2021: 4.04%, 31.12.2020, 31.12.2019 and 31.12.2018: Nil) per annum.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**11. DEFERRED TAX LIABILITIES**

	<u>30.4.2022</u> Audited RM	<u>31.12.2021</u> Audited RM	<u>31.12.2020</u> Audited RM	<u>31.12.2019</u> Audited RM	<u>31.12.2018</u> Audited RM
At beginning of financial year	68,000	30,000	11,617	4,939	7,746
Recognised in profit or loss	<u>27,000</u>	<u>38,000</u>	<u>18,383</u>	<u>6,678</u>	<u>(2,807)</u>
At end of financial period/year	<u>95,000</u>	<u>68,000</u>	<u>30,000</u>	<u>11,617</u>	<u>4,939</u>

The components of deferred tax liabilities are made up of temporary difference arising from property, plant and equipment.

12. TRADE PAYABLES

	<u>30.4.2022</u> Audited RM	<u>31.12.2021</u> Audited RM	<u>31.12.2020</u> Audited RM	<u>31.12.2019</u> Audited RM	<u>31.12.2018</u> Audited RM
Trade payables	34,364,459	29,840,203	16,735,613	16,527,451	26,906,848
Accrued construction costs	18,006,273	15,925,743	22,868,337	7,420,140	4,430,628
Retention sum	<u>26,302,913</u>	<u>28,267,861</u>	<u>13,656,883</u>	<u>4,943,450</u>	<u>2,553,680</u>
	<u>78,673,645</u>	<u>74,033,807</u>	<u>53,260,833</u>	<u>28,891,041</u>	<u>33,891,156</u>

The normal credit terms granted by the suppliers are 30 to 60 days (31.12.2021, 31.12.2020, 31.12.2019 and 31.12.2018: 30 to 60 days). The retention sums are repayable upon the expiry of the defects liability period.

13. OTHER PAYABLES

	<u>30.4.2022</u> Audited RM	<u>31.12.2021</u> Audited RM	<u>31.12.2020</u> Audited RM	<u>31.12.2019</u> Audited RM	<u>31.12.2018</u> Audited RM
Dividend payable	-	-	15,000,000	-	-
Non-trade payables	149,003	117,317	34,565	223,009	-
Accruals	<u>569,544</u>	<u>1,239,657</u>	<u>1,077,555</u>	<u>972,125</u>	<u>129,553</u>
	<u>718,547</u>	<u>1,356,974</u>	<u>16,112,120</u>	<u>1,195,134</u>	<u>129,553</u>

Included in non-trade payables is an amount of Nil (31.12.2021: Nil and 31.12.2020: RM5,876, 31.12.2019: RM50 and 31.12.2018: Nil) due to companies in which a Director has interest. The said amount is unsecured, interest free and repayable on demand.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**14. BORROWING**

	<u>30.4.2022</u> Audited RM	<u>31.12.2021</u> Audited RM	<u>31.12.2020</u> Audited RM	<u>31.12.2019</u> Audited RM	<u>31.12.2018</u> Audited RM
Secured:-					
Revolving financing	-	-	-	3,177,655	18,588,753

- (a) Irrevocable Letter of Instruction and Letter of Undertaking from the Company to remit all the contract proceeds directly into the Non-checking Current Account maintained with the Bank;
 (b) Joint and several guarantee given by a Director and a former Director of the Company; and
 (c) Corporate guarantee by a related party.

The interest rate for the borrowing is Nil (31.12.2021: Nil, 31.12.2020: 7.72%, 31.12.2019: 7.72% to 7.98% and 31.12.2018: 7.60% to 7.85%) per annum.

15. REVENUE

	<u>1.1.2022</u> to <u>30.4.2022</u> Audited RM	<u>1.1.2021</u> to <u>30.4.2021</u> Unaudited RM	<u>1.1.2021</u> to <u>31.12.2021</u> Audited RM	<u>1.1.2020</u> to <u>31.12.2020</u> Audited RM	<u>1.1.2019</u> to <u>31.12.2019</u> Audited RM	<u>1.1.2018</u> to <u>31.12.2018</u> Audited RM
Revenue recognised over time						
- Construction	84,231,517	132,194,290	285,000,645	148,807,528	66,989,924	54,885,336

16. FINANCE INCOME

	<u>1.1.2022</u> to <u>30.4.2022</u> Audited RM	<u>1.1.2021</u> to <u>30.4.2021</u> Unaudited RM	<u>1.1.2021</u> to <u>31.12.2021</u> Audited RM	<u>1.1.2020</u> to <u>31.12.2020</u> Audited RM	<u>1.1.2019</u> to <u>31.12.2019</u> Audited RM	<u>1.1.2018</u> to <u>31.12.2018</u> Audited RM
Bank interest received	35,984	16,431	79,208	19,528	619	421
Interest received from holding company	-	-	42,554	-	-	-
	<u>35,984</u>	<u>16,431</u>	<u>121,762</u>	<u>19,528</u>	<u>619</u>	<u>421</u>

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**17. FINANCE COST**

	1.1.2022 to 30.4.2022 Audited RM	1.1.2021 to 30.4.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM	1.1.2018 to 31.12.2018 Audited RM
Revolving financing	-	-	-	5,420	826,708	1,559,090
Lease liability	2,136	-	4,137	-	-	-
Other	-	-	8	-	-	-
	<u>2,136</u>	<u>-</u>	<u>4,145</u>	<u>5,420</u>	<u>826,708</u>	<u>1,559,090</u>

18. PROFIT BEFORE TAX

Profit before tax has been determined after charging, amongst others, the following items:-

	1.1.2022 to 30.4.2022 Audited RM	1.1.2021 to 30.4.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM	1.1.2018 to 31.12.2018 Audited RM
Auditors' remuneration						
- current year	35,000	-	50,000	35,000	6,000	6,000
- under provision in prior financial year	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>-</u>

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**19. TAX EXPENSE**

	1.1.2022 to <u>30.4.2022</u> Audited RM	1.1.2021 to <u>30.4.2021</u> Unaudited RM	1.1.2021 to <u>31.12.2021</u> Audited RM	1.1.2020 to <u>31.12.2020</u> Audited RM	1.1.2019 to <u>31.12.2019</u> Audited RM	1.1.2018 to <u>31.12.2018</u> Audited RM
Current tax						
- Current period/year	3,011,000	4,510,041	11,231,000	6,105,000	2,136,958	2,551,800
- Under/(Over) provision in prior financial year	-	-	40,635	191,921	373,984	(166)
	<u>3,011,000</u>	<u>4,510,041</u>	<u>11,271,635</u>	<u>6,296,921</u>	<u>2,510,942</u>	<u>2,551,634</u>
Deferred tax						
- Current period/year	27,000	-	37,000	5,000	6,280	(2,807)
- Under recognised in prior financial year	-	-	1,000	13,383	398	-
	<u>27,000</u>	<u>-</u>	<u>38,000</u>	<u>18,383</u>	<u>6,678</u>	<u>(2,807)</u>
	<u><u>3,038,000</u></u>	<u><u>4,510,041</u></u>	<u><u>11,309,635</u></u>	<u><u>6,315,304</u></u>	<u><u>2,517,620</u></u>	<u><u>2,548,827</u></u>

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**19. TAX EXPENSE (CONT'D)**

A reconciliation of income tax applicable to profit before tax at the statutory income tax rate to income tax at the effective income tax rate is as follows:-

	1.1.2022 to <u>30.4.2022</u> Audited RM	1.1.2021 to <u>30.4.2021</u> Unaudited RM	1.1.2021 to <u>31.12.2021</u> Audited RM	1.1.2020 to <u>31.12.2020</u> Audited RM	1.1.2019 to <u>31.12.2019</u> Audited RM	1.1.2018 to <u>31.12.2018</u> Audited RM
Profit before tax	<u>12,628,195</u>	<u>18,791,836</u>	<u>46,487,418</u>	<u>25,511,786</u>	<u>9,030,631</u>	<u>10,734,742</u>
Tax at statutory tax rate of 24%	3,030,767	4,510,041	11,156,980	6,122,829	2,167,351	2,576,338
Tax effects in respects of:-						
Non-deductible expenses for tax purposes	7,233	-	111,020	29,171	10,887	2,655
Change in tax rate for the first tranche of chargeable income	-	-	-	(42,000)	(35,000)	(30,000)
Under recognised of deferred tax liabilities in prior financial year	-	-	1,000	13,383	398	-
Under/(Over) provision of tax expense in prior financial year	<u>-</u>	<u>-</u>	<u>40,635</u>	<u>191,921</u>	<u>373,984</u>	<u>(166)</u>
	<u><u>3,038,000</u></u>	<u><u>4,510,041</u></u>	<u><u>11,309,635</u></u>	<u><u>6,315,304</u></u>	<u><u>2,517,620</u></u>	<u><u>2,548,827</u></u>

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**20. DIVIDENDS**

	1.1.2022 to <u>30.4.2022</u> Audited RM	1.1.2021 to <u>30.4.2021</u> Unaudited RM	1.1.2021 to <u>31.12.2021</u> Audited RM	1.1.2020 to <u>31.12.2020</u> Audited RM	1.1.2019 to <u>31.12.2019</u> Audited RM	1.1.2018 to <u>31.12.2018</u> Audited RM
<u>In respect of the financial year ended 31 December 2018</u>						
- First interim dividend of RM20 per share declared on 1 April 2019 and paid on 30 April 2019	-	-	-	-	20,000,000	-
- Second interim dividend of RM29 per share declared on 12 June 2019 and paid on 12 July 2019	-	-	-	-	29,000,000	-
<u>In respect of the financial year ended 31 December 2020</u>						
- First interim dividend of RM15 per share declared on 30 December 2020 and paid on 8 January 2021	-	-	-	15,000,000	-	-
<u>In respect of the financial year ended 31 December 2021</u>						
- First interim dividend of RM25 per share declared on 24 June 2021 and paid on 29 June 2021	-	-	25,000,000	-	-	-
- Second interim dividend of RM10 per share declared on 15 February 2022 and paid on 18 February 2022	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>10,000,000</u>	<u>-</u>	<u>25,000,000</u>	<u>15,000,000</u>	<u>49,000,000</u>	<u>-</u>

The Directors do not recommend any final dividend for all financial periods/years.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**21. EMPLOYEE BENEFITS EXPENSE**

	1.1.2022 to 30.4.2022 Audited RM	1.1.2021 to 30.4.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM	1.1.2018 to 31.12.2018 Audited RM
<u>Staffs' remuneration</u>						
Salaries, wages and other emoluments	1,245,251	960,062	3,008,982	2,768,864	2,035,494	456,519
Defined contribution plan	113,956	90,774	434,982	407,622	296,637	52,542
Social security contribution	7,674	6,065	19,740	18,370	12,909	4,337
	<u>1,366,881</u>	<u>1,056,901</u>	<u>3,463,704</u>	<u>3,194,856</u>	<u>2,345,040</u>	<u>513,398</u>
<u>Directors' remuneration</u>						
Salaries, wages and other emoluments	242,400	240,000	720,000	-	-	-
Defined contribution plan	28,800	28,800	86,400	-	-	-
Social security contribution	923	924	2,770	-	-	-
	<u>272,123</u>	<u>269,724</u>	<u>809,170</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,639,004</u>	<u>1,326,625</u>	<u>4,272,874</u>	<u>3,194,856</u>	<u>2,345,040</u>	<u>513,398</u>

22. RELATED PARTY DISCLOSURES

- (a) In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other related party transactions.

	1.1.2022 to 30.4.2022 Audited RM	1.1.2021 to 30.4.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM	1.1.2018 to 31.12.2018 Audited RM
Progress billing and retention sum issued to companies in which a Director has interest	33,529,977	131,413,200	195,200,266	125,824,847	34,119,114	9,954,755

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**22. RELATED PARTY DISCLOSURES (CONT'D)**

- (a) In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other related party transactions (cont'd).

	1.1.2022 to <u>30.4.2022</u> Audited RM	1.1.2021 to <u>30.4.2021</u> Unaudited RM	1.1.2021 to <u>31.12.2021</u> Audited RM	1.1.2020 to <u>31.12.2020</u> Audited RM	1.1.2019 to <u>31.12.2019</u> Audited RM	1.1.2018 to <u>31.12.2018</u> Audited RM
Progress billing and retention sum issued to companies in which a person connected to a Director has interest	44,689,046	-	85,479,960	-	-	-
Motor vehicles purchase from a company in which a Director has interest	-	72,000	72,000	-	-	-
Dividends paid to former holding company	-	-	-	-	44,100,000	-
Dividends paid to Directors	-	-	-	-	4,900,000	-
Dividend paid/payable to holding company	10,000,000	-	25,000,000	15,000,000	-	-
Interest income charged to holding company	-	-	42,554	-	-	-
Management fee paid to company in which a Director has interest	-	-	3,308	-	-	-

- (b) The outstanding balances arising from the related party transactions as at the reporting date are disclosed in Notes 6, 8 and 13 to the financial statements.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**22. RELATED PARTY DISCLOSURES (CONT'D)**

- (c) Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly and entity that provides key management personnel services to the Company.

Key management includes all the Directors and certain members of senior management of the Company. The remuneration paid to the Directors during the financial period/year are disclosed in Note 21 to the financial statements and the remuneration paid to certain members of key management personnel are as follow:-

	1.1.2022 to <u>30.4.2022</u> Audited RM	1.1.2021 to <u>30.4.2021</u> Unaudited RM	1.1.2021 to <u>31.12.2021</u> Audited RM	1.1.2020 to <u>31.12.2020</u> Audited RM	1.1.2019 to <u>31.12.2019</u> Audited RM	1.1.2018 to <u>31.12.2018</u> Audited RM
Salaries, wages and other emoluments	856,454	850,867	1,404,300	1,390,300	473,200	-
Defined contribution plan	149,252	148,012	241,428	152,933	50,127	-
Social security contribution	<u>1,231</u>	<u>1,231</u>	<u>3,694</u>	<u>1,327</u>	<u>774</u>	<u>-</u>
	<u>1,006,937</u>	<u>1,000,110</u>	<u>1,649,422</u>	<u>1,544,560</u>	<u>524,101</u>	<u>-</u>

23. FINANCIAL INSTRUMENTS**Categories of Financial Instruments**

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities measured at amortised cost.

	<u>30.4.2022</u> Audited RM	<u>31.12.2021</u> Audited RM	<u>31.12.2020</u> Audited RM	<u>31.12.2019</u> Audited RM	<u>31.12.2018</u> Audited RM
Financial assets					
Trade receivables	84,209,627	71,251,409	59,770,371	35,297,714	39,950,167
Other receivables	441,341	4,020,214	1,759,981	2,054,721	73,643,096
Cash and bank balances	<u>1,612,546</u>	<u>4,159,649</u>	<u>2,727,061</u>	<u>6,206,081</u>	<u>29,920</u>
	<u>86,263,514</u>	<u>79,431,272</u>	<u>64,257,413</u>	<u>43,558,516</u>	<u>113,623,183</u>
Financial liabilities					
Trade payables	78,673,645	74,033,807	53,260,833	28,891,041	33,891,156
Other payables	718,547	1,356,974	16,112,120	1,195,134	129,553
Borrowing	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,177,655</u>	<u>18,588,753</u>
	<u>79,392,192</u>	<u>75,390,781</u>	<u>69,372,953</u>	<u>33,263,830</u>	<u>52,609,462</u>

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**23. FINANCIAL INSTRUMENTS (CONT'D)****Financial Risk Management**

The Company is exposed to financial risks arising from its operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Company's business whilst managing its credit risk, liquidity risk and interest rate risk. The Company operates within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Company and the policies of the Company in respect of the major areas of treasury activities are set out as follows:-

(a) Credit Risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Company's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Company does not expect to incur material credit losses on its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Company does not offer credit terms without the approval of the management.

The areas where the Company is exposed to credit risk are as follows:-

Receivables

The net carrying amount of receivables is considered a reasonable approximate of fair value.

With a credit policy in place to ensure the credit risk is monitored on an on-going basis, the management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of the receivables are regular customers that have been transacting with the Company. The Company uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Company. None of the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial period/year.

Trade receivables of RM33,636,695 (31.12.2021: RM8,616,090, 31.12.2020: RM21,985,832, 31.12.2019: RM13,631,618 and 31.12.2018: RM22,895,931) were past due but not impaired. The Directors are of the opinion that the receivables are collectible in view of long-term business relationship with the customers and no recent history of default.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**23. FINANCIAL INSTRUMENTS (CONT'D)****Financial Risk Management (cont'd)**

The main areas of financial risks faced by the Company and the policies of the Company in respect of the major areas of treasury activities are set out as follows (cont'd):-

(a) Credit Risk (cont'd)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on overall past trend payments of the customers, financial performance of each individual customer and base lending rate and gross domestic product rate. All of these customers have low risk of default. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

None of the Company's financial assets are secured by collateral or other credit enhancement.

Set out below is the information about the credit risk exposure and ECLs on the Company's trade receivables and contract assets which are grouped together as they are expected to have similar risk nature:-

		Days past due				
	Current	1 to	31 to	61 to	More than	Total
	RM	30 days	60 days	90 days	90 days	RM
		RM	RM	RM	RM	
Audited						
30.4.2022						
Trade receivables	50,572,932	24,562,287	9,074,408	-	-	84,209,627
Contract assets	17,797,115	-	-	-	-	17,797,115
Audited						
31.12.2021						
Trade receivables	62,635,319	8,616,090	-	-	-	71,251,409
Contract assets	21,514,696	-	-	-	-	21,514,696
Audited						
31.12.2020						
Trade receivables	37,784,539	2,849,695	1,243,643	1,473,631	16,418,863	59,770,371
Contract assets	16,648,168	-	-	-	-	16,648,168
Audited						
31.12.2019						
Trade receivables	21,666,096	2,656,429	6,074,530	661,363	4,239,296	35,297,714
Contract assets	3,334,792	-	-	-	-	3,334,792
Audited						
31.12.2018						
Trade receivables	17,054,236	5,931,527	4,416,804	4,291,535	8,256,065	39,950,167

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**23. FINANCIAL INSTRUMENTS (CONT'D)****Financial Risk Management (cont'd)**

The main areas of financial risks faced by the Company and the policies of the Company in respect of the major areas of treasury activities are set out as follows (cont'd):-

(a) Credit Risk (cont'd)

In respect of trade receivables, the Company is subject to significant credit risk exposure to a single counterparty or a group of counterparties having similar characteristics, as disclosed below:-

	RM	%
Audited		
<u>30.4.2022</u>		
Trade receivables (Top 3 customers)	70,965,641	84
Non-trade receivables (Top 2 debtors)	343,264	100
Contract assets (Top 3 customers)	<u>14,918,216</u>	<u>84</u>
Audited		
<u>31.12.2021</u>		
Trade receivables (Top 3 customers)	67,333,446	95
Non-trade receivables (Top 3 debtors)	3,963,283	100
Contract assets (Top 2 customers)	<u>19,955,502</u>	<u>93</u>
Audited		
<u>31.12.2020</u>		
Trade receivables (Top 3 customers)	48,063,041	80
Non-trade receivables (Top 1 debtor)	1,187,000	73
Contract assets (Top 2 customers)	<u>15,121,342</u>	<u>91</u>
Audited		
<u>31.12.2019</u>		
Trade receivables (Top 3 customers)	30,219,332	86
Non-trade receivables (Top 2 debtors)	1,879,099	97
Contract assets (Top 2 customers)	<u>3,321,670</u>	<u>100</u>
Audited		
<u>31.12.2018</u>		
Trade receivables (Top 2 customers)	39,950,167	100
Non-trade receivables (Top 1 debtor)	<u>72,085,795</u>	<u>98</u>

Intercompany Balance

The Company provides unsecured advances to holding company and monitors the results of the holding company regularly.

As at the end of the reporting date, there was no indication that the carrying amount of amount due from holding company is not recoverable.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**23. FINANCIAL INSTRUMENTS (CONT'D)****Financial Risk Management (cont'd)**

The main areas of financial risks faced by the Company and the policies of the Company in respect of the major areas of treasury activities are set out as follows (cont'd):-

(a) Credit Risk (cont'd)Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings and have no history of default. Consequently, the Company is of the view that the allowance is not material and hence, it is not provided for.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when they fall due as a result of shortage of funds.

In managing its exposures to liquidity risk arises principally from its various payables, borrowing and lease liability, the Company maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as and when they fall due.

The Company aims at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

The summary of the maturity profile based on contractual undiscounted repayment obligations of non-derivative financial liabilities are as follows:-

	Carrying amount RM	Total contractual cash flows RM	Current Less than 1 year RM	Non-current 1 to 5 years RM
Audited				
30.4.2022				
Lease liability	148,973	161,674	39,600	122,074
Trade payables	78,673,645	78,673,645	78,673,645	-
Other payables	718,547	718,547	718,547	-
	<u>79,541,165</u>	<u>79,553,866</u>	<u>79,431,792</u>	<u>122,074</u>
Audited				
31.12.2021				
Lease liability	160,037	174,874	39,600	135,274
Trade payables	74,033,807	74,033,807	74,033,807	-
Other payables	1,356,974	1,356,974	1,356,974	-
	<u>75,550,818</u>	<u>75,565,655</u>	<u>75,430,381</u>	<u>135,274</u>

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**23. FINANCIAL INSTRUMENTS (CONT'D)****Financial Risk Management (cont'd)**

The main areas of financial risks faced by the Company and the policies of the Company in respect of the major areas of treasury activities are set out as follows (cont'd):-

(b) Liquidity Risk (cont'd)

The summary of the maturity profile based on contractual undiscounted repayment obligations of non-derivative financial liabilities are as follows (cont'd):-

	Carrying amount RM	Total contractual cash flows RM	Current Less than 1 year RM	Non-current 1 to 5 years RM
Audited				
31.12.2020				
Trade payables	53,260,833	53,260,833	53,260,833	-
Other payables	16,112,120	16,112,120	16,112,120	-
	<u>69,372,953</u>	<u>69,372,953</u>	<u>69,372,953</u>	<u>-</u>
Audited				
31.12.2019				
Borrowing	3,177,655	3,177,655	3,177,655	-
Trade payables	28,891,041	28,891,041	28,891,041	-
Other payables	1,195,134	1,195,134	1,195,134	-
	<u>33,263,830</u>	<u>33,263,830</u>	<u>33,263,830</u>	<u>-</u>
Audited				
31.12.2018				
Borrowing	18,588,753	18,588,753	18,588,753	-
Trade payables	33,891,156	33,891,156	33,891,156	-
Other payables	129,553	129,553	129,553	-
	<u>52,609,462</u>	<u>52,609,462</u>	<u>52,609,462</u>	<u>-</u>

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of financial liabilities at the reporting date.

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company's variable rate borrowing is exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**23. FINANCIAL INSTRUMENTS (CONT'D)****Financial Risk Management (cont'd)**

The main areas of financial risks faced by the Company and the policies of the Company in respect of the major areas of treasury activities are set out as follows (cont'd):-

(c) Interest Rate Risk (cont'd)

The Company's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Company targets a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile.

	<u>30.4.2022</u> Audited RM	<u>31.12.2021</u> Audited RM	<u>31.12.2020</u> Audited RM	<u>31.12.2019</u> Audited RM	<u>31.12.2018</u> Audited RM
Fixed rate instrument					
<u>Financial liability</u>					
Lease liability	148,973	160,037	-	-	-
Floating rate instrument					
<u>Financial liability</u>					
Borrowing	-	-	-	3,177,655	18,588,753

Fair value sensitivity analysis for fixed rate instrument

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivative as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instrument

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rate of +/-25 (31.12.2021, 31.12.2020, 31.12.2019 and 31.12.2018: +/-25) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each reporting date, and the financial instruments held at each reporting date that are sensitive to change in interest rates. All other variables are held constant.

	<u>30.4.2022</u> Audited RM	<u>31.12.2021</u> Audited RM	<u>31.12.2020</u> Audited RM	<u>31.12.2019</u> Audited RM	<u>31.12.2018</u> Audited RM
Increase/(Decrease)					
<u>Effect on profit/</u> <u>equity for the</u> <u>period/year</u>					
+25bp	-	-	-	(7,944)	(46,472)
-25bp	-	-	-	7,944	46,472

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)**23. FINANCIAL INSTRUMENTS (CONT'D)****Fair Value of Financial Instruments**

The carrying amounts of financial assets and financial liabilities, as reported in the financial statements, approximate their respective values.

Fair Value Hierarchy

No fair value hierarchy has been disclosed as the Company does not have financial instruments measured at fair value.

Reconciliation of Liabilities arising from Financing Activities

		1 January <u>2022</u> Audited RM	<u>Cash flows</u> Audited RM	30 April <u>2022</u> Audited RM
Lease liability		<u>160,037</u>	<u>(11,064)</u>	<u>148,973</u>
	1 January <u>2021</u> Audited RM	<u>Addition</u> Audited RM	<u>Cash flows</u> Audited RM	31 December <u>2021</u> Audited RM
Lease liability	<u>-</u>	<u>179,000</u>	<u>(18,963)</u>	<u>160,037</u>
		1 January <u>2020</u> Audited RM	<u>Cash flows</u> Audited RM	31 December <u>2020</u> Audited RM
Revolving financing		<u>3,177,655</u>	<u>(3,177,655)</u>	<u>-</u>
		1 January <u>2019</u> Audited RM	<u>Cash flows</u> Audited RM	31 December <u>2019</u> Audited RM
Revolving financing		<u>18,588,753</u>	<u>(15,411,098)</u>	<u>3,177,655</u>
		1 January <u>2018</u> Audited RM	<u>Cash flows</u> Audited RM	31 December <u>2018</u> Audited RM
Revolving financing		22,893,195	(4,304,442)	18,588,753
Amount due to a Director		<u>3,179</u>	<u>(3,179)</u>	<u>-</u>
		<u>22,896,374</u>	<u>(4,307,621)</u>	<u>18,588,753</u>

ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

24. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder's value.

The Company manages its capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholder, return capital to shareholder or issue new share capital. No changes were made in the objective, policies or processes during the financial period/year.

25. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD AND SUBSEQUENT TO THE REPORTING PERIOD

- (a) On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Company operates.

The World Health Organisation declared the 2019 Novel Coronavirus Disease ("COVID-19") outbreak as a pandemic on 11 March 2020. The Government of Malaysia imposed a Movement Control Order ("MCO") on 18 March 2020 and subsequently imposed various phases of the MCO and total lockdowns with recovery phases.

The Company has performed an assessment on the overall impact of the situation on the Company's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there is no material adverse effect on the financial statements of the Company for the financial period ended 30 April 2022.

Given the fluidity of the situation, the Company will continuously monitor the impact of the COVID-19 and take appropriate and timely measures to minimise the impact of the outbreak on the Company's operations.

- (b) On 8 July 2022, Bursa Malaysia Securities Berhad had approved the Revised Proposed Regularisation Plan of G Neptune Berhad for the proposed acquisition of 100% equity interest of the Company from Super Advantage Property Sdn Bhd.

As at the date of the approval of the financial statements, the proposed acquisition process has not been completed.

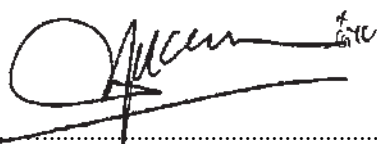
ACCOUNTANTS' REPORT ON SOUTHERN SCORE (Cont'd)

SOUTHERN SCORE SDN BHD

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, the undersigned, being the Directors of the Company, do hereby state that, in our opinion, the accompanying financial statements set out on pages 4 to 49 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position as at 30 April 2022, 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018, and of its financial performance and its cash flows for the financial periods ended 30 April 2022 and 30 April 2021 and financial years ended 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018.

.....
TAN SRI DATUK SERI GAN YU CHAI.....
GAN YEE HIN

Kuala Lumpur
2 August 2022

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON**

G NEPTUNE BERHAD
(Registration No.: 200301019817 (622237-D))
(Incorporated in Malaysia)

PRO FORMA
FINANCIAL INFORMATION
(PREPARED FOR INCLUSION IN THE CIRCULAR TO
SHAREHOLDERS OF G NEPTUNE BERHAD ONLY)

GRANT THORNTON MALAYSIA PLT
CHARTERED ACCOUNTANTS
Member Firm of Grant Thornton International Ltd.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**



**REPORT ON THE PRO FORMA FINANCIAL INFORMATION
OF G NEPTUNE BERHAD INCLUDED IN THE CIRCULAR TO
SHAREHOLDERS OF G NEPTUNE BERHAD IN RELATION
TO THE PROPOSALS**

Date: 2 August 2022

G Neptune Berhad
Unit 621, 6th Floor, Block A
Kelana Centre Point
No. 3, Jalan SS7/19, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

Grant Thornton Malaysia PLT
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

T +603 2692 4022
F +603 2691 5229

Dear Sirs,

PRO FORMA FINANCIAL INFORMATION OF G NEPTUNE BERHAD

- (I) PROPOSED SHARE CONSOLIDATION;**
 - (II) PROPOSED ACQUISITION;**
 - (III) PROPOSED DEBT SETTLEMENT;**
 - (IV) PROPOSED PRIVATE PLACEMENT; AND**
 - (V) PROPOSED EXEMPTION**
- (COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)**

We have completed our assurance engagement to report on the compilation of Pro Forma Financial Information of G Neptune Berhad (“G Neptune” or “the Company”). The Pro Forma Financial Information consists of the Pro Forma Consolidated Statements of Financial Position as at 30 April 2022, the Pro Forma Consolidated Statements of Profit or Loss and Other Comprehensive Income for the financial years ended 30 June 2019, 30 June 2020 and 30 June 2021 and financial period ended 30 April 2022, the Pro Forma Consolidated Statements of Cash Flows for the financial period ended 30 April 2022 and together with the accompanying notes thereon, as set out in the accompanying statements, for which we have stamped for the purpose of identification.

The Pro Forma Financial Information as at 30 April 2022 have been compiled by the Directors of G Neptune and Southern Score Sdn Bhd (“SSSB”) (“Directors”) based on the requirements of Chapter 9 of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Guidelines”), Equity Guidelines issued by Securities Commission Malaysia, the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants and described in the notes as set out in Basis of Preparation of Pro Forma Financial Information (“Applicable Criteria”).

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**



The Pro Forma Financial Information have been compiled by the Directors for illustrative purposes only and for inclusion into the Circular to shareholders of G Neptune in connection with the Proposals (“Circular”). The Pro Forma Financial Information have been compiled for the purpose to illustrate the impact of the Proposals set out in Notes to the Pro Forma Financial Information.

This letter is required by and is given for the purpose of complying with the Bursa Guidelines, Equity Guidelines, Guidance Note and for no other purpose.

The Auditors’ report on the financial statements of G Neptune contained a disclaimer of opinion and material uncertainty related to going concern paragraph for the financial period ended 30 April 2022. The basis of the disclaimer of opinion is as follows:

Statutory Auditors of G Neptune (“Statutory Auditors”) were unable to confirm or verify by alternative means the opening balances making up the statements of financial position due to the following matter which included in their audit reports dated 12 October 2018, 9 October 2019, 16 October 2020 and 8 October 2021 in respect of the financial statements for the financial years ended 30 June 2018, 30 June 2019, 30 June 2020 and 30 June 2021 respectively:

Statutory Auditors were unable to obtain sufficient appropriate audit evidence to confirm the accuracy of the carrying amount of the outstanding loan payables and accrued interest of G Neptune and its subsidiary (“the Group”) and crystallisation of corporate guarantee granted to its subsidiary by G Neptune or whether any further liabilities are required to be provided in the financial statements in relation to these loan payables as Statutory Auditors were unable to obtain external confirmations from the lenders.

The Statutory Auditors were also unable to obtain sufficient appropriate audit evidence to confirm the accuracy of the G Neptune’s payables or whether any further liabilities are required to be provided in the financial statements.

During the financial period:

- (i) G Neptune completed the strike-off of its sole subsidiary and de-consolidated the financial statements of the subsidiary and resulted gain on dissolution of the subsidiary; and
- (ii) G Neptune conducted a review of the payables balances as at 30 April 2022 through verification to creditors statements. Adjustments to the payables balance have been taken as current period adjustments in the statements of profit or loss and other comprehensive income for the financial period ended 30 April 2022.

Since the opening balances enter into the determination of the financial performance and cash flows, Statutory Auditors were unable to obtain sufficient appropriate audit evidence as to whether the adjustments made are appropriate in respect of the profit/(loss) for the financial period reported in the statements of profit or loss and other comprehensive income and the net cash flows from operating activities reported in the statements of cash flows. These adjustments made may or may not be in relation to the current financial period or to prior financial years.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**



The material uncertainty related to going concern paragraph is as follows:

Material Uncertainty Related to Going Concern

The Statutory Auditors drew attention to the financial statements which indicated G Neptune has incurred net loss of RM654,020 for the financial period ended 30 April 2022 and, as of that date, the Group had deficit in shareholders' equity of RM6,397,619 and the Group's current liabilities exceeded their current assets by the same amount. The Group has also ceased their operations and recorded no revenue during the financial period. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on G Neptune's ability to continue as going concern.

Directors' Responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information on the basis of the Applicable Criteria.

Our Independence and Quality Control

We are independent in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board of Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our firm applies *International Standard on Quality Control ("ISQC") 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion as required by the Bursa Guidelines, Equity Guidelines and Guidance Note, about whether the Pro Forma Financial Information have been compiled, in all material respects, by the Directors on the basis of the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**



The purpose of Pro Forma Financial Information included in the Circular is solely to illustrate the impact as if the Proposals had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposals or transactions would have been as presented.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the Proposals or transactions in respect of which the Pro Forma Financial Information have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:-

- (a) The Pro Forma Financial Information, which have been prepared by the Directors, have been properly compiled on the basis of the Applicable Criteria using Audited Consolidated Financial Statements prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and in a manner consistent with both the formats of the Audited Consolidated Financial Statements and the accounting policies adopted by the Company; and
- (b) Each material adjustment made to the information used in the preparation of the Pro Forma Financial Information is appropriate for the purposes of preparing the Pro Forma Financial Information.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**



Other Matter

This letter is issued for the sole purpose of complying with Bursa Guidelines, Equity Guidelines and Guidance Note for inclusion in the Circular in connection with the Proposals of the Company. It is not intended to be used for any other purposes. We do not assume responsibility to any other person to the content of this letter.

Yours faithfully,

A handwritten signature in black ink, appearing to be "C. W. S.", written over the printed name of the firm.

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

Kuala Lumpur

A handwritten signature in black ink, appearing to be "LUI LEE PING", written over the printed name of the individual.

LUI LEE PING
(NO: 03334/M/2023(J))
CHARTERED ACCOUNTANT

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

BASIS OF PREPARATION OF PRO FORMA FINANCIAL INFORMATION

1. The Pro Forma Financial Information consists of the followings:
 - (a) The Pro Forma Consolidated Statements of Financial Position of G Neptune as at 30 April 2022;
 - (b) The Pro Forma Consolidated Statements of Profit or Loss and Other Comprehensive Income of G Neptune for the financial years ended 30 June 2019, 30 June 2020 and 30 June 2021 and financial period ended 30 April 2022; and
 - (c) The Pro Forma Consolidated Statements of Cash Flows of G Neptune for the financial period ended 30 April 2022.

The Applicable Criteria on the basis of which the Directors of the Company have compiled the Pro Forma Financial Information of Financial Position are based on the requirements of Chapter 9 of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Guidelines"), Equity Guidelines issued by Securities Commission Malaysia, the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

2. The Pro Forma Financial Information have been prepared using the financial statements prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs") and in a manner consistent with both the format of the audited financial statements and the accounting policies adopted by G Neptune.
3. The Pro Forma Consolidated Statements of Financial Position and Pro Forma Consolidated Statements of Cash Flows, for which the Directors are solely responsible, have been prepared for illustrative purposes only to illustrate the impact of the Proposals on the financial position and cash flows of G Neptune as at 30 April 2022 if the Proposals as described in the Note 1 to the Pro Forma Financial Information had taken place on 30 April 2022.

As part of this process, the information about the financial position and cash flows have been extracted by the Directors from the followings:

- (a) The audited financial statements of G Neptune as at 30 April 2022 which the Auditors' report contained a disclaimer of opinion and material uncertainty related to going concern paragraph; and
- (b) The audited financial statements of SSSB as at 30 April 2022 and the audit opinion issued was not subject to any qualification or modification.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

BASIS OF PREPARATION OF PRO FORMA FINANCIAL INFORMATION (CONT'D)

3. (cont'd)

The Auditors' report on the financial statements of G Neptune contained a disclaimer of opinion and material uncertainty related to going concern paragraph for the financial period ended 30 April 2022. The basis of the disclaimer of opinion is as follows:

Statutory Auditors of G Neptune ("Statutory Auditors") were unable to confirm or verify by alternative means the opening balances making up the statements of financial position due to the following matter which included in their audit reports dated 12 October 2018, 9 October 2019, 16 October 2020 and 8 October 2021 in respect of the financial statements for the financial years ended 30 June 2018, 30 June 2019, 30 June 2020 and 30 June 2021 respectively:

Statutory Auditors were unable to obtain sufficient appropriate audit evidence to confirm the accuracy of the carrying amount of the outstanding loan payables and accrued interest of G Neptune and its subsidiary ("the Group") and crystallisation of corporate guarantee granted to its subsidiary by G Neptune or whether any further liabilities are required to be provided in the financial statements in relation to these loan payables as Statutory Auditors were unable to obtain external confirmations from the lenders.

The Statutory Auditors were also unable to obtain sufficient appropriate audit evidence to confirm the accuracy of the G Neptune's payables or whether any further liabilities are required to be provided in the financial statements.

During the financial period:

- (i) G Neptune completed the strike-off of its sole subsidiary and de-consolidated the financial statements of the subsidiary and resulted gain on dissolution of the subsidiary; and
- (ii) G Neptune conducted a review of the payables balances as at 30 April 2022 through verification to creditors statements. Adjustments to the payables balance have been taken as current period adjustments in the statements of profit or and other comprehensive income for the financial period ended 30 April 2022.

Since the opening balances enter into the determination of the financial performance and cash flows, Statutory Auditors were unable to obtain sufficient appropriate audit evidence as to whether the adjustments made are appropriate in respect of the profit/(loss) for the financial period reported in the statements of profit or loss and other comprehensive income and the net cash flows from operating activities reported in the statements of cash flows. These adjustments made may or may not be in relation to the current financial period or to prior financial years.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

3. (cont'd)

The material uncertainty related to going concern paragraph is as follows:

Material Uncertainty Related to Going Concern

The Statutory Auditors drew attention to the financial statements which indicated G Neptune has incurred net loss of RM654,020 for the financial period ended 30 April 2022 and, as of that date, the Group had deficit in shareholders' equity of RM6,397,619 and the Group's current liabilities exceeded their current assets by the same amount. The Group has also ceased their operations and recorded no revenue during the financial period. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on G Neptune's ability to continue as going concern.

4. The Pro Forma Consolidated Statements of Profit or Loss and Other Comprehensive Income, for which the Directors are solely responsible, have been prepared for illustrative purposes only in connection with the Proposals as set out in Note 1 to the Pro Forma Financial Information, assuming the Proposals were completed on 30 June 2018 and had been in existence throughout the 3 financial years ended 30 June 2019, 30 June 2020 and 30 June 2021 and a financial period ended 30 April 2022. Accordingly, SSSB is assumed to become a subsidiary of G Neptune on 30 June 2018.

The fair value adjustment arising from the provisional purchase price allocation review on the fair values of the assets and liabilities acquired is assumed as completed on 30 June 2018 and there has not been any subsequent adjustment after the assumed completion date of 30 June 2018.

As part of this process, the information about the Pro Forma Consolidated Statements of Profit or Loss and Other Comprehensive Income has been extracted by the Directors from the followings:

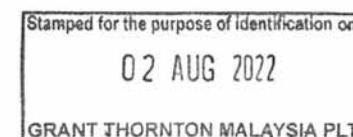
- (a) The audited financial statements of G Neptune as at 30 June 2019, 30 June 2020, 30 June 2021 which contained disclaimer of opinions and for 30 April 2022, the Auditors' report contained a disclaimer of opinion and material uncertainty related to going concern paragraph; and
 - (b) The audited financial statements of SSSB as at 30 June 2019, 30 June 2020, 30 June 2021 and 30 April 2022 and the audit opinion issued was not subject to any qualification or modification.
5. The Pro Forma Financial Information, because of their nature, may not give a true picture of the actual financial position of G Neptune. Furthermore, such information does not purport to predict the future Statements of Financial Position, Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash Flows of G Neptune after completion of the Proposals.
6. The financial information of G Neptune is measured using the currency of the primary economic environment in which G Neptune operates. The functional currency of G Neptune is Ringgit Malaysia ("RM") and all values are rounded to the nearest RM except when otherwise indicated.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2022

The Pro Forma Consolidated Statements of Financial Position of G Neptune as at 30 April 2022 as set out below are provided for illustrative purposes only to show the effects of the Proposals as described in Note 1 on the assumption that the Proposals were completed on 30 April 2022, and should be read in conjunction with the accompanying notes to the Pro Forma Consolidated Financial Information.

	Note	Audited as at 30 April 2022 RM	Pro Forma I After Proposed Share Consolidation RM	Pro Forma II After Proposed Acquisition RM	Pro Forma III After Proposed Debt Settlement RM	Pro Forma IV After Proposed Private Placement RM
ASSETS						
Non-current assets						
Property, plant and equipment	3.01	-	-	816,997	816,997	816,997
Investment in an associate	3.02	-	-	257,287	257,287	257,287
Total non-current assets		-	-	1,074,284	1,074,284	1,074,284
Current assets						
Trade receivables	3.03	-	-	84,209,627	84,209,627	84,209,627
Contract assets	3.04	-	-	17,797,115	17,797,115	17,797,115
Other receivables	3.05	-	-	1,021,148	1,021,148	1,021,148
Cash and bank balances	3.06	6,530	6,530	1,619,076	1,619,076	105,828,656
Total current assets		6,530	6,530	104,646,966	104,646,966	208,856,546
Total assets		6,530	6,530	105,721,250	105,721,250	209,930,830
EQUITY AND LIABILITIES						
Equity						
Equity attributable to owners of the Company:-						
Share capital	3.07	9,792,835	9,792,835	5,332,132	8,432,132	117,041,712
Capital reserve	3.08	622,480	622,480	-	-	-
(Accumulated losses)/Retained earnings	3.09	(16,812,934)	(16,812,934)	10,259,743	10,259,743	5,859,743
Total equity		(6,397,619)	(6,397,619)	15,591,875	18,691,875	122,901,455



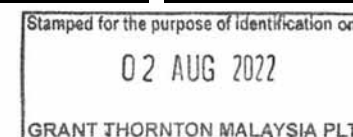
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2022 (CONT'D)

The Pro Forma Consolidated Statements of Financial Position of G Neptune as at 30 April 2022 as set out below are provided for illustrative purposes only to show the effects of the Proposals as described in Note 1 on the assumption that the Proposals were completed on 30 April 2022, and should be read in conjunction with the accompanying notes to the Pro Forma Consolidated Financial Information (cont'd).

	Note	Audited as at 30 April 2022 RM	Pro Forma I After Proposed Share Consolidation RM	Pro Forma II After Proposed Acquisition RM	Pro Forma III After Proposed Debt Settlement RM	Pro Forma IV After Proposed Private Placement RM
EQUITY AND LIABILITIES (CONT'D)						
Liabilities						
Non-current liabilities						
Lease liability	3.10	-	-	114,785	114,785	114,785
Deferred tax liabilities	3.11	-	-	95,000	95,000	95,000
Total non-current liabilities		-	-	209,785	209,785	209,785
Current liabilities						
Trade payables	3.12	-	-	78,673,645	78,673,645	78,673,645
Contract liability	3.04	-	-	58,585	58,585	58,585
Other payables	3.13	1,096,444	1,096,444	1,814,991	1,814,991	1,814,991
Amount due to a Director	3.14	5,307,705	5,307,705	5,307,705	2,207,705	2,207,705
Lease liability	3.10	-	-	34,188	34,188	34,188
Tax payable	3.15	-	-	4,030,476	4,030,476	4,030,476
Total current liabilities		6,404,149	6,404,149	89,919,590	86,819,590	86,819,590
Total liabilities		6,404,149	6,404,149	90,129,375	87,029,375	87,029,375
Total equity and liabilities		6,530	6,530	105,721,250	105,721,250	209,930,830
Issued ordinary share capital (Unit)	3.07	288,750,000	28,875,000	1,708,875,000	1,729,541,667	2,272,589,567
Net (liabilities)/assets per share (sen)		(2.22)	(22.16)	0.91	1.08	5.41
Borrowings		-	-	148,973	148,973	148,973
Gearing ratio (times)		-	-	0.01	0.01	*

* Less than 0.01



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

PRO FORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2022 AND FINANCIAL YEARS ENDED 30 JUNE 2021, 30 JUNE 2020 AND 30 JUNE 2019

The Pro Forma Consolidated Statements of Profit or Loss and Other Comprehensive Income of G Neptune for the financial period ended 30 April 2022 and financial years ended 30 June 2021, 30 June 2020 and 30 June 2019 as set out below are provided for illustrative purposes only to show the effects of the transactions as described in Note 1 on the assumption that these transactions were completed on 30 June 2018.

	<u>30 April 2022</u>	<u>30 June 2021</u>	<u>30 June 2020</u>	<u>30 June 2019</u>
	RM	RM	RM	RM
Revenue	84,231,517	285,000,645	148,807,528	66,989,924
Cost of sales	(69,795,699)	(233,437,452)	(119,836,782)	(54,636,125)
Gross profit	14,435,818	51,563,193	28,970,746	12,353,799
Other income	2,300,470	85,923	58,692	2,229
Administrative expenses	(3,034,008)	(7,032,096)	(5,418,121)	(3,311,481)
Other expenses	-	(39,607)	(10,830)	(13,379)
Finance income	35,984	121,762	19,528	619
Finance cost	(2,136)	(199,095)	(203,662)	(1,003,424)
Share of net loss of an associate	(696)	(4,517)	-	-
Profit before tax	13,735,432	44,495,563	23,416,353	8,028,363
Tax expense	(3,038,000)	(11,309,635)	(6,315,304)	(2,517,620)
Profit for the financial period/year	10,697,432	33,185,928	17,101,049	5,510,743
Other comprehensive income, net of tax				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Foreign currency translation differences for foreign operations	12,171	97,238	(125,386)	(77,388)
Reclassification adjustment on derecognition of a foreign operation	728,724	-	-	-
Total comprehensive income for the financial period/year	<u>11,438,327</u>	<u>33,283,166</u>	<u>16,975,663</u>	<u>5,433,355</u>
Earnings per share attributable to owners of the Company (sen)	<u>0.47</u>	<u>1.46</u>	<u>0.75</u>	<u>0.24</u>

* The earnings per share computed based on profit after tax attributable to the owners of the Company divided by 2,272,589,567, being the total number of shares issued after the Proposals. Diluted earnings per share is not computed as there were no dilutive potential equity instruments in issue that gave diluted effect to the earnings per share.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

**PRO FORMA CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE
FINANCIAL PERIOD ENDED 30 APRIL 2022**

The Pro Forma Consolidated Statements of Cash Flows of G Neptune for the financial period ended 30 April 2022 as set out below are provided for illustrative purposes only to show the effects of the Proposals as described in Note 1 on the assumption that the Proposals were completed on 30 April 2022, and should be read in conjunction with the accompanying notes to the Pro Forma Consolidated Financial Information.

	<u>30 April 2022</u> RM
OPERATING ACTIVITIES	
Profit before tax	3,005,681
Adjustments for:-	
Depreciation of property, plant and equipment	52,306
Gain on dissolution of a subsidiary	(2,279,986)
Interest expense	2,136
Interest income	(35,984)
Share-based payment arising from reverse acquisition	10,729,751
Share of net loss of an associate	696
Operating profit before working capital change	11,474,600
Changes in working capital:-	
Receivables	(9,367,861)
Contract assets/liability	3,313,529
Payables	2,636,343
Cash generated from operations	8,056,611
Interest received	35,984
Tax paid	(3,118,890)
Net cash from operating activities	4,973,705
INVESTING ACTIVITIES	
Net cash outflow on dissolution of a subsidiary	(3,475)
Purchase of property, plant and equipment	(45,425)
Net cash used in investing activities	(48,900)
FINANCING ACTIVITIES	
Interest paid	(2,136)
Dividend paid	(10,000,000)
Estimated proceeds from the Private Placement	108,609,580
Estimated expenses in relation to the Proposals	(4,400,000)
Repayment of lease liability	(11,064)
Advances from a Director	2,537,817
Net cash from financing activities	96,734,197
CASH AND CASH EQUIVALENTS	
Net changes	101,659,002
Brought forward	4,169,668
Effect of exchange differences	(14)
Carried forward	105,828,656

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

NOTES TO THE PRO FORMA FINANCIAL INFORMATION

1. PROPOSALS

(i) Pro Forma I: Proposed Share Consolidation

The Company proposes to undertake a proposed consolidation of every 10 existing ordinary share into 1 new G Neptune Share ("Consolidated Share(s)"). For illustration purposes, the 288,750,000 GNB Shares will be consolidated into 28,875,000 Consolidated Shares pursuant to the Proposed Share Consolidation. The Proposed Share Consolidation will result in an adjustment to the reference share price of G Neptune Shares listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad. For illustration purposes, based on the last transacted market price of GNB Shares as at the latest practicable date of RM0.015, the theoretical adjusted reference share price of G Neptune Shares upon completion of the Proposed Share Consolidation is RM0.15 per Consolidated Share.

(ii) Pro Forma II: Proposed Acquisition

On 9 July 2021, pursuant to the sale of shares agreement signed between G Neptune and Super Advantage Property Sdn Bhd ("Super Advantage"), G Neptune was acquiring 100% equity interest held by the Super Advantage in SSSB comprising 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM252,000,000 which to be satisfied via issuance of 1,680,000,000 new G Neptune Shares ("Consideration Shares") at an issue price of RM0.15 per Consideration Share.

On 9 July 2021, G Neptune had entered into a profit guarantee agreement with Super Advantage, whereby Super Advantage covenants with and undertakes to G Neptune that Southern Score and its associate shall achieve a minimum profit after tax of RM10,000,000, RM20,000,000 and the remaining shortfall of the Profit Guarantee (as defined herein) guaranteed for the financial years ending 31 December 2022, 31 December 2023, and 31 December 2024, respectively, on a cumulative basis of RM80,000,000 ("Profit Guarantee").

(iii) Pro Forma III: Proposed Debt Settlement

On 9 July 2021, G Neptune had entered into a settlement arrangement with Mr Chai Tham Poh (an Executive Director of G Neptune).

The Company intends to undertake a proposed settlement of debt owing to Mr Chai Tham Poh for the advances of RM3,100,000 via the issuance of up to 20,666,667 new G Neptune Shares ("Settlement Shares") at an issue price of RM0.15 per Settlement Share.

(iv) Pro Forma IV: Proposed Private Placement

The Company proposed undertake an issuance of up to 543,047,900 new Shares at the issue price to be determined at a later date. For illustrative purpose, the new Shares are at initial placement price of RM0.20 per Placement Share ("Placement Shares") to independent third-party investors to be identified ("Proposed Private Placement") in order to ensure that the Company complies with the Public Spread Requirement following the issuance of the Consideration Shares.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONT'D)

1. PROPOSALS (CONT'D)

(iv) Pro Forma IV: Proposed Private Placement (cont'd)

The total gross proceeds to be raised from the Proposed Private Placement are intended to be utilised in the following manner:-

Details	Utilisation (from the date of listing of the Placement Shares)	RM'000
Not reflected in Pro Forma Consolidated Statements of Financial Position		
Injection of fund to the associate - TCS SS		
Precast Construction Sdn Bhd *	Within 18 months	21,800
Purchase of building materials **	Within 18 months	25,000
Repayment of contractors *	Within 12 months	25,000
Acquiring/Rent of construction assets **	Within 18 months	18,000
Acquiring of office **	Within 18 months	5,000
Working capital	Within 24 months	9,410
Reflected in Pro Forma Consolidated Statements of Financial Position		
Estimated expenses in relation to the Proposals ***	Within 1 month	4,400
Total gross proceeds		<u>108,610</u>

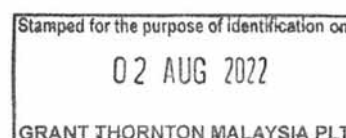
* As at the latest practicable date ("LPD"), the Group has yet to enter into any contractual binding agreement for the injection of fund to the associate and repayment of contractors. Accordingly, the use of proceeds earmarked for the injection of fund and repayment of contractors are not reflected in the Pro Forma Consolidated Statements of Financial Position and Pro Forma Consolidated Statements of Cash Flows.

** As at the LPD, the Group has yet to enter into any contractual binding agreement for the purchase of building materials, acquiring/rent of construction assets and acquiring of office. Accordingly, the use of proceeds earmarked for the purchase of building materials, acquiring/rent of construction assets and acquiring of office are not reflected in the Pro Forma Consolidated Statements of Financial Position and Pro Forma Consolidated Statements of Cash Flows.

*** For the purpose of this Pro Forma Consolidated Statements of Financial Position and Pro Forma Consolidated Statements of Cash Flows, these expenses have been reflected as a reduction from retained earnings with corresponding cash outflows of RM4,400,000.

(v) Pro Forma V: Proposed Exemption

Proposed Exemption under Paragraph 4.08, Rule 4 of the Rules from the obligation to undertake a mandatory take-over offer for the remaining G Neptune Shares not already held by Super Advantage and the Persons acting in concert after the Proposed Acquisition.



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3.01 PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I	-
Pursuant to the Proposed Acquisition	<u>816,997</u>
As per Pro Forma II/III/IV	<u><u>816,997</u></u>

3.02 INVESTMENT IN AN ASSOCIATE

The movements of investment in an associate are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I	-
Pursuant to the Proposed Acquisition	<u>257,287</u>
As per Pro Forma II/III/IV	<u><u>257,287</u></u>

3.03 TRADE RECEIVABLES

The movements of trade receivables are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I	-
Pursuant to the Proposed Acquisition	<u>84,209,627</u>

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3.04 CONTRACT ASSETS/(CONTRACT LIABILITY)

The movements of contract assets/(contract liability) are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I	-
Pursuant to the Proposed Acquisition	
- Contract assets	17,797,115
- Contract liability	(58,585)
	<hr/>
As per Pro Forma II/III/IV	<u>17,738,530</u>

3.05 OTHER RECEIVABLES

The movements of other receivables are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I	-
Pursuant to the Proposed Acquisition	<hr/> 1,021,148
As per Pro Forma II/III/IV	<hr/> <u>1,021,148</u>

3.06 CASH AND BANK BALANCES

The movements of cash and bank balances are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I	6,530
Pursuant to the Proposed Acquisition	<hr/> 1,612,546
As per Pro Forma II/III	1,619,076
Pursuant to the Proposed Private Placement	108,609,580
Pursuant to the estimated expenses in relation to the Proposals	<hr/> (4,400,000)
As per Pro Forma IV	<hr/> <u>105,828,656</u>

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3.07 SHARE CAPITAL

The movements of the issued share capital are as follows:-

	<u>Number of Shares</u> Unit	<u>Amount</u> RM
At 30 April 2022	288,750,000	9,792,835
Pursuant to the Proposed Share Consolidation	<u>(259,875,000)</u>	<u>-</u>
As per Pro Forma I	28,875,000	9,792,835
Pursuant to the Proposed Acquisition	<u>1,680,000,000</u>	<u>(4,460,703)</u>
As per Pro Forma II	1,708,875,000	5,332,132
Pursuant to Proposed Debt Settlement	<u>20,666,667</u>	<u>3,100,000</u>
As per Pro Forma III	1,729,541,667	8,432,132
Pursuant to the Proposed Private Placement	<u>543,047,900</u>	<u>108,609,580</u>
As per Pro Forma IV	<u><u>2,272,589,567</u></u>	<u><u>117,041,712</u></u>

3.08 CAPITAL RESERVE

The movements of capital reserve are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I	622,480
Pursuant to the Proposed Acquisition	<u>(622,480)</u>
As per Pro Forma II/III/IV	<u><u>-</u></u>

3.09 (ACCUMULATED LOSSES)/RETAINED EARNINGS

The movements of (accumulated losses)/retained earnings are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I	(16,812,934)
Pursuant to the Proposed Acquisition	37,802,428
Adjustment arising from reverse acquisition	<u>(10,729,751)</u>
As per Pro Forma II/III	10,259,743
Pursuant to the estimated expenses in relation to the Proposals	<u>(4,400,000)</u>
As per Pro Forma IV	<u><u>5,859,743</u></u>

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3.10 LEASE LIABILITY

The movements of lease liability are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I Pursuant to the Proposed Acquisition	-
- Non-current	114,785
- Current	34,188
	<hr/>
As per Pro Forma II/III/IV	<u>148,973</u>

3.11 DEFERRED TAX LIABILITIES

The movements of deferred tax liabilities are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I Pursuant to the Proposed Acquisition	-
	95,000
	<hr/>
As per Pro Forma II/III/IV	<u>95,000</u>

3.12 TRADE PAYABLES

The movements of trade payables are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I Pursuant to the Proposed Acquisition	-
	78,673,645
	<hr/>
As per Pro Forma II/III/IV	<u>78,673,645</u>

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION ON GNB
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3.13 OTHER PAYABLES

The movements of other payables are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I Pursuant to the Proposed Acquisition	1,096,444 <u>718,547</u>
As per Pro Forma II/III/IV	<u><u>1,814,991</u></u>

3.14 AMOUNT DUE TO A DIRECTOR

The movements of amount due to a Director are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I/II Pursuant to Proposed Debt Settlement	5,307,705 <u>(3,100,000)</u>
As per Pro Forma III/IV	<u><u>2,207,705</u></u>

The amount due to a Director is amount owing by G Neptune to the Director - Mr Chai Tham Poh.

3.15 TAX PAYABLE

The movements of tax payable are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I Pursuant to the Proposed Acquisition	- <u>4,030,476</u>
As per Pro Forma II/III/IV	<u><u>4,030,476</u></u>

IMR REPORT



PROVIDENCE STRATEGIC PARTNERS SDN BHD
(1238910-A)
67-1, Block D, Jaya One, No. 72A, Jalan Universiti,
46200 Petaling Jaya, Selangor, Malaysia.
T: +603 7625 1769

25 July 2022

The Board of Directors
G NEPTUNE BERHAD
Unit 621, 6th Floor, Block A
Kelana Centre Point
Jalan SS7/19, Kelana Jaya
47301, Petaling Jaya
Selangor Darul Ehsan
Malaysia.

Dear Sirs,

Industry Outlook on the Construction Services and Industrialised Building Systems Industries in Malaysia in conjunction with the Proposed Regularisation Plan of G NEPTUNE BERHAD on the ACE Market of Bursa Malaysia Securities Berhad

PROVIDENCE STRATEGIC PARTNERS SDN BHD (“**PROVIDENCE**”) has prepared this Industry Outlook on the Construction Services, Property Development and Industrialised Building Systems Industries in Malaysia for inclusion in the Circular to Shareholders of G NEPTUNE BERHAD.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics.

For and on behalf of PROVIDENCE:

ELIZABETH DHOSS
EXECUTIVE DIRECTOR

About PROVIDENCE STRATEGIC PARTNERS SDN BHD:

PROVIDENCE is an independent research and consulting firm based in Petaling Jaya, Selangor, Malaysia. Since our inception in 2017, PROVIDENCE has been involved in the preparation of independent market research reports for capital market exercises. Our reports aim to provide an independent assessment of industry dynamics, encompassing aspects such as industry performance, demand and supply conditions, competitive landscape and government regulations.

About ELIZABETH DHOSS:

Elizabeth Dhoss is the Executive Director of PROVIDENCE. She has more than 10 years of experience in market research for capital market exercises. Elizabeth Dhoss holds a Bachelor of Business Administration from the University of Malaya, Malaysia.



1 CONSTRUCTION SERVICES INDUSTRY IN MALAYSIA

The construction industry can be broadly segmented into building development and infrastructure development. Building development refers to the construction of residential, commercial and industrial properties, whereby:

- Residential properties are intended for dwelling purposes, and include terraced houses, semi-detached houses, apartments, and condominiums.
- Commercial properties are used for business purposes, and include institutional or purpose-built buildings.
- Industrial properties refer to buildings or structures where industrial or manufacturing activities are carried out, such as factories and production plants.

Infrastructure development refers to the development of public assets used for purposes such as transportation, utilities management and communication, as well as recreation and community use.

Typically, activities in the construction sector consist of:

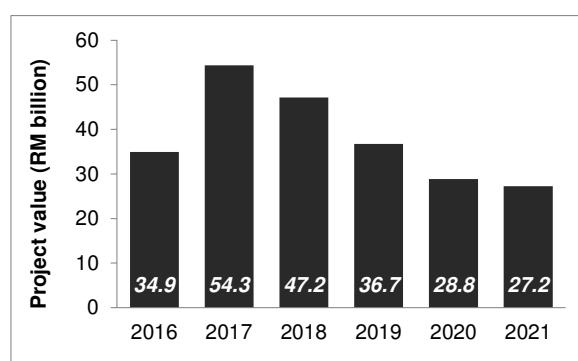
- Construction services comprising the initiation of construction projects, planning and development, central coordination and management of the overall construction project prior to handover within a specific contract period;
- Civil and structural works comprising building and infrastructure works as well as foundation and geotechnical works;
- Engineering works involving the design and/or installation of mechanical, electrical and plumbing works;
- Infrastructure works involving the construction of roadworks and utilities within the development area; and
- Landscaping of the development area.

Southern Score is principally involved in the provision of construction services mainly for high-rise residential buildings. The scope of Southern Score's construction services involves the provision of professional project management services from project initiation until the completion of construction works. In this respect, Southern Score Sdn Bhd's construction services encompass project initiation, planning and design; appointment of subcontractors; procurement; construction project management; as well as inspection and completion handover.

INDUSTRY SIZE, GROWTH POTENTIAL AND OUTLOOK

The construction industry in Malaysia, based on the value of awarded construction projects, grew from RM130.3 billion in 2016 to RM181.7 billion in 2019 at a compound annual growth rate ("CAGR") of 11.7%. During this period, the value of awarded residential construction projects also registered positive growth from RM34.9 billion to RM36.7 billion at a CAGR of 1.7%. The value of awarded projects construction projects contracted from RM181.7 billion in 2019 to RM86.2 billion in 2020 at a year-on-year rate of 52.6%, before rising to RM124.9 billion in 2021. Comparatively, the value of awarded residential construction projects also contracted from RM36.7 billion in 2019 to RM28.8 billion in 2020 (year-on-year rate of 21.5%) and RM27.2 billion (year-on-year rate of 5.6%) in 2021.

Value of projects awarded for residential properties



Source: Construction Industry Development Board ("CIDB"), PROVIDENCE analysis

In 2020, the construction industry contracted, reflecting reduced work capacity in compliance to containment measures, labour shortages due to international border closures, supply chain disruptions and site shutdowns following the COVID-19 outbreak. Despite some relaxation in operating constraints in May 2020, many project sites remained idle, as developers experienced financial, compliance, and supply-chain challenges in resuming work. Nonetheless, construction activities improved in the second half of 2020 as

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a result of better clarity and compliance with operating guidelines, more pervasive COVID-19 testing on workers and extended hours for construction activity.

Further, the rollout of stimulus packages supported many small-scale projects, and spurred growth in the special trade subsector in the second half of 2020. Residential construction activities benefitted from new housing projects and ramp up in progress of projects due for completion respectively in the second half of 2020, while the civil engineering subsector was supported by continued progress in large infrastructure projects.

In 2021, residential and non-residential construction activities were hampered by labour and operating capacity restrictions. Special trade works from selected commercial and civil engineering projects, as well as implementation of small-scale projects showed positive growth during the year. Special trade works include works such as electrical, plumbing, heat, air conditioning and other construction installation, as well as building completion and finishing. Nevertheless, the easing of the containment measures since August 2021 and the reopening of the economy supported the gradual improvement in the construction sector towards the end of 2021.

Growth in the construction sector is expected to rebound in 2022 following the reopening of Malaysia's economy. Ongoing construction activity in large infrastructure projects and implementation of small-scale projects under the Budget 2022 measures will support growth in the civil engineering and special trade subsectors. The residential subsector is projected to benefit from new housing projects and launches, in tandem with the expected recovery in demand as income and employment prospects improve. Growth in the non-residential subsector is expected to be lifted by both existing and new commercial and industrial projects.

Residential property sales began showing signs of recovery in 2021, as depicted by the growth in demand for household loans. In its Quarterly Bulletin for the Fourth Quarter of 2021, the Central Bank of Malaysia noted the growth in loans following the easing of movement restrictions. This was reflected in substantially higher loan applications of RM170.8 billion in the fourth quarter (3Q 2021: RM114.1 billion) and loan disbursements of RM109.0 billion in the fourth quarter (3Q 2021: RM75.3 billion), particularly for the purchase of houses and passenger cars. In particular, residential property developers began adapting with the containment measures and social distancing restrictions by diversifying to electronic marketing (e-marketing) platforms to reach potential target market while offering more attractive incentives and deals to boost sales. The improving demand for residential properties is anticipated to bode well for industry players and support demand for construction services.

PROVIDENCE expects residential construction activities to recover over the long term, with the value of awarded residential construction projects projected to rise from RM27.2 billion in 2021 to RM32.2 billion in 2025 at a CAGR of 4.3%. Growth in the affordable housing segment is expected to bounce back faster than mid-tier and luxury residential segments, while office and retail segments are expected to witness a slower recovery over the forecast period. Moving forward, the infrastructure construction sector is also expected to maintain growth momentum, supported by public spending.

DEMAND CONDITIONS: KEY GROWTH DRIVERS

Demand for residential properties stimulates demand for construction services

The demand for construction services, particularly that for new development projects, is dependent on construction activities undertaken to erect residential, commercial and industrial properties. Construction activities are largely economic-driven, whereby economic growth has the potential to contribute to increased disposable incomes among the population arising from higher employment and increased earnings for businesses and companies due to greater operating scale and wider market reach, consequently leading to increased demand for residential properties.

Economic growth is a catalyst for development and growth in construction activities and demand for construction services. Between 2016 and 2019, Malaysia's wealth, as depicted by its real gross domestic product ("GDP"), increased from RM1.2 trillion to RM1.4 trillion at a CAGR of 5.3%. Total property transaction value increased from RM113.5 billion to RM116.2 billion during the same period at a CAGR of 0.8%. From this, residential property segment increased from RM65.6 billion to RM72.4 billion at a CAGR of 3.3%.

In 2020, all economic sectors registered a contraction in growth. While the COVID-19 pandemic containment measures aided Malaysia's efforts to rein in the outbreak, the tighter operating procedures (such as operating hours, capacity limit on premise, activity restrictions), mobility restrictions and supply-chain disruptions affected economic activity. Additionally, most industries also faced weaker demand conditions both domestically and externally, which further weighed on production and business activities.

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As a result, Malaysia's GDP contracted by 5.6% in 2020 and real GDP dipped to RM1.3 trillion (2019: RM1.4 trillion). Total property transaction value in 2020 was RM98.2 billion, a 15.5% drop from the RM116.2 billion recorded in 2019. Correspondingly in the same year, residential property transactions dropped to RM65.9 billion (from RM72.4 billion in 2019).

Malaysia's GDP registered a growth of 3.1% in 2021. The recovery momentum in the early part of the year was affected by the reimposition of nationwide containment measures from June to September 2021,

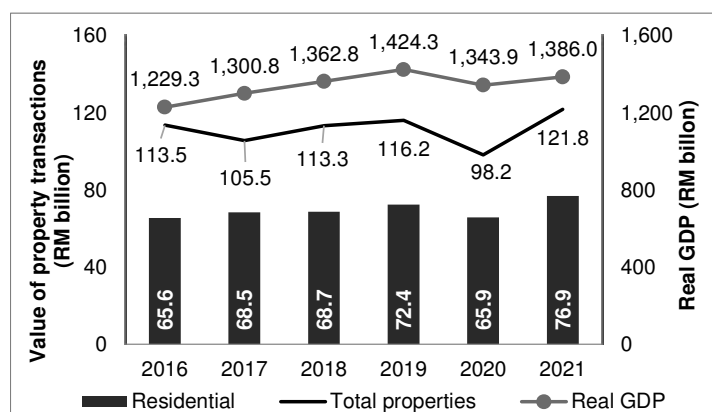
following a rapid resurgence of cases due to the Delta variant. However, unlike the movement restrictions in the second quarter of 2020, more essential economic sectors were allowed to operate, while businesses and households were better adapted to the containment measures and standard operating procedures. External demand also provided additional support to Malaysia's economic growth in 2021.

Construction activities in the residential and non-residential subsectors remained subdued following extended periods of lockdown and reduced operating capacity. Nevertheless, the easing of the containment measures since August 2021 and the reopening of the economy supported gradual improvement in construction activities towards the end of 2021. The reopening of the economy as well as ongoing construction activity in large infrastructure projects and implementation of small-scale projects under Budget 2022 is expected to positively impact the construction sector in 2022.

In 2021, the property market began showing signs of recovery as total property transactions rose to RM121.8 billion at a year-on-year growth rate of 24.0%. Correspondingly, residential property transactions rose to RM76.9 billion at a year-on-year growth rate of 16.7%. During the year, loan applications and approvals for purchase of residential properties rose to RM349.6 billion (2020: RM266.4 billion) and RM122.0 billion (2020: RM93.1 billion) respectively. The recovery of Malaysia's property market in 2021 was mainly supported by the implementation of various stimulus under Pelan Jana Semula Ekonomi Negara ("PENJANA") and Prihatin Rakyat Economic Stimulus Package ("PRIHATIN"), as well as measures under Budget 2021 which sustained consumer confidence and spending.

The property market is expected to continue recovering in 2022, supported by the reopening of the economy and country borders, which is expected to further improve domestic economic activities.

Economic impact on property transactions in Malaysia



Source: Department of Statistics Malaysia, Ministry of Finance Malaysia, National Property Information Centre (NAPIC), PROVIDENCE analysis

Demand for affordable housing supports demand for construction services

Affordable housing is broadly defined as housing which is adequate in quality and location, and is not so costly that it prevents its occupants from meeting other basic living needs. In 2016, houses in Malaysia were deemed unaffordable. During that period, the maximum affordable house price in Malaysia was estimated to be RM282,000. However, the actual median house price was RM313,000, beyond the means of many households, while the median monthly national household income was RM5,228.¹

A total of 203,064 transactions worth RM65.6 billion took place for residential properties in 2016. Demand focused on affordable residential properties that were priced up to RM300,000, which accounted for 65.0% of the total residential transactions, followed by RM300,001 to RM500,000 price range (19.8%), RM501,000 to RM1,000,000 price range (11.4%) and more than RM1,000,000 (3.8%).

In 2021, a total of 198,812 transactions worth RM76.9 billion took place for residential properties. Similarly, demand continued to focus on residential properties that were priced up to RM300,000, which accounted for 55.9% of total residential transactions, followed by RM300,001 to RM500,000 price range (24.6%), RM501,000 to RM1,000,000 price range (14.7%) and more than RM1,000,000 (4.8%).

¹ Affordable Housing: Challenges and the Way Forward, Central Bank of Malaysia Fourth Quarter Bulletin 2017



In 2020, the mean income in Malaysia was RM7,089 (2019: RM7,901) while Malaysia's median income was RM5,209 (2019: RM5,873). For many who do not qualify for public housing such as People's Housing Project (PPR) flats and PR1MA homes, their only option is the increasingly expensive private market, leaving many in the B40 and the M40 income category trapped.

The Department of Statistics published its findings on the effect of COVID-19 pandemic on household income and poverty in 2020 in the Household Income Estimates and Incidence of Poverty Report 2020. Findings from this report indicate that a majority of households experienced a decline in income and dropped to a lower income group. In 2020, there was an additional 12.5% of households with income less than RM2,500 in comparison to the previous year. Meanwhile, 20.0% of households from the M40 group with income between RM4,850 and RM10,959 slipped into the B40 group. Households in the T20 group were also affected by COVID-19 pandemic whereby 12.8% of this group had shifted to the M40 group.

The residential market is expected to see recovery in 2022. The Government of Malaysia has allocated a total of RM1.5 billion in funds for the provision of comfortable and quality housing, especially for the low-income group, under Budget 2022. This allocation will, amongst others, involve the continuation of rumah mesra rakyat and maintenance assistance programmes. At the same time, the Government will not impose Real Property Gains Tax ("RPGT") from the disposal of real property in the sixth year onwards by Malaysian citizens, permanent residents and other than companies. To improve access to financing and help gig workers, small business owners and farmers purchase a house, the Government will be providing guarantees of up to RM2.0 billion to banks via Skim Jaminan Kredit Perumahan.

Population growth and urbanisation promotes demand for construction services

Based on a projection by the United Nations Department of Economic and Social Affairs ("DESA"), it is estimated that Malaysia's population, similar to the rest of the world, will increase exponentially within three decades. According to the World Population Prospects: The 2017 Revision, the nation's population is expected to reach almost 33 million people in 2020, with numbers projected to rise to more than 40 million in 2050. The same trend has been projected for the nation's urbanisation rate, which stands at 75%. DESA, in its World Urbanisation Prospect: The 2014 Revision, projected that Malaysia was expected to register an urbanisation rate of 80% in 2020, and between 85% to 90% by 2050.

The increase in urbanisation will bring changes and challenges unless it can be supported by property development for housing and commercial activities as well as robust infrastructure for roads and highways, electricity, piped gas, water and sewerage as well as communications services. This will ensure that Kuala Lumpur and other cities will continue to experience growth and remain competitive. Thus, investments in property development and infrastructure to support population growth and urbanisation will benefit industry players that offer construction services.

Government initiatives to support construction and property development in Malaysia will create consequent demand for construction services

The construction sector declined by 5.2% in 2021 (2020: -19.4%) due to limitations on operating capacity and the stop-start nature of construction works, arising from the movement restrictions. Special trade activities showed positive growth during the year, supported by end-works from selected commercial and civil engineering projects as well as implementation of small-scale projects. Residential and non-residential construction activities remained subdued following extended periods of lockdown and reduced operating capacity. Nevertheless, the easing of the containment measures since August 2021 and the reopening of the economy supported the gradual improvement in the construction sector towards the end of the year.

To further promote home ownership, the Government announced the following initiatives under Budget 2021:

- Full stamp duty exemption on instruments of transfer and loan agreement for first time home buyers acquiring residential properties valued up to RM500,000 is extended until 31 December 2025. The limit of stamp duty for first residential home is also increased up to RM500,000. This exemption is effective for sale and purchase agreement executed from 1 January 2021 to 31 December 2025; and
- Stamp duty exemption on loan agreements and instruments of transfer given to rescuing contractors and the original house purchasers is extended for another 5 years. This exemption is effective for loan agreements and instruments of transfer executed from 1 January 2021 to 31 December 2025 for abandoned housing projects certified by Ministry of Housing and Local Government.

Under Budget 2022, the Government announced several initiatives in addition to that for the affordable housing segment, that will support the construction industry and boost demand for construction services, among which include:

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- RGPT will not be levied on disposals of real property made from the sixth year onwards;
- RM398.0 million allocation for 11,800 apartment units under Project Perumahan Rakyat;
- RM315.0 million allocation for 3,000 house units under Program Rumah Mesra Rakyat;
- RM266.0 million allocation for Program Perumahan Penjawat Awam;
- RM361.0 million allocation for the construction of new houses and repair of 14,000 houses under Program Bantuan Rumah;
- RM125.0 million allocation for Program Penyelenggaraan Perumahan dan Tabung Penyelenggaraan Perumahan Malaysia;
- RM2.0 billion allocation for housing loans to those without fixed income under Skim Jaminan Kredit Perumahan;
- RM230.0 million will be prepared for maintenance and repair works for schools in military camps, military facilities and military quarters, namely Rumah Keluarga Angkatan Tentera. The allocation will also be used for the repair and replacement of lifts in Polis Diraja Malaysia quarters; and
- RM365.0 million allocation for the repairs and maintenance of quarters and buildings under the supervision of the Property Management Division.

To ensure that efforts to stimulate economic recovery are intensified, the Government will continue the implementation of national infrastructure development projects worth RM3.5 billion such as the construction of the Sabah Pan Borneo Highway from Sindumin to Rampayan Laut; Sarawak Pan Borneo Highway from Semantan to Jalan Pujut Link; Jeniang Transfer project, Kedah; continue the Central Spine Road project at the Paloh 2 alignment to Gua Musang and completed the Kg Orang Asli Sungai Chandan alignment to Kg Asap and Raub ByPass; build highway packages from Kok Lanas to Bukit Tiu, Kota Bharu Highway to Kuala Krai, Kelantan; slope and road improvements from Kg. Tuit to Kg. Mat Daling (Section 2), Jerantut, Pahang; and construction of the Rantau Panjang Floodwall. To further boost high-impact infrastructure development activities through Public-Private Partnerships, the Government has allocated an initial fund of RM200.0 million through the creation of the Infrastructure Facilitation Fund 3.0 under the supervision of the Public Private Partnership Unit, Prime Minister's Office

The Government will also continue to implement small scale projects worth RM2.9 billion collectively earmarked for G1 to G4 class contractors nationwide. This allocation will, among others, encompass road maintenance projects, repair aging infrastructure and upkeep of public universities, polytechnics and community colleges as well as other projects that involve rural social amenities.

Budget 2022 further highlights efforts to balance development between states and regions. For the five regional economic development corridors, development projects will be continued with an allocation of RM690.0 million comprising six new projects and 66 extension projects such as the Smart Agriculture project in Igan, Sarawak. The Government will also assist the State Governments in enhancing economic development of the states. In this regard, a special allocation of RM260.0 million, or RM20.0 million for each state, will be provided to focus on projects relating to food security, tourism and environmental preservation and conservation. Additionally, Sabah and Sarawak will receive an increase in development expenditure allocation worth RM5.2 billion and RM4.6 billion, respectively. These allocations are for, among others, implementation of water, electricity, and road infrastructure projects, as well as for education and health facilities.

The outlook for the property market in 2022 is promising as domestic economic activities are anticipated to improve following the reopening of the economy and country borders. Further, measures under Budget 2022 are expected to positively contribute to the construction and property industries.

SUPPLY CONDITIONS

Dependency on imports

The construction industry in Malaysia has a certain degree of dependency on the imports of construction materials, metals, and mineral products such as steel, aluminium and copper, that are used for the construction of properties and infrastructure. While building materials are subject to certain levels of imports, construction services are provided primarily by local construction companies, with the exception of selected large projects where foreign companies may be involved.

Industry challenges

The construction industry is a labour-intensive industry owing to the physical nature of construction activities. In Malaysia, the construction industry is largely dependent on foreign workers, especially those

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from neighbouring developing nations in the Southeast Asia region, as a result of poor response from local labour.

Further, construction activities are exposed to risks such as project delays, poor quality of work and on-site accidents that have consequences on the industry and its stakeholders. These risks lead to customer and/or public complaints, loss of reputation and revenue. Project delays typically lead to increased overheads and cost overruns. Increased overheads affect the ability of industry players to complete projects on time as a result of financial shortages or budget overruns, and loss of opportunity if resources have been committed to a delayed project.

In 2020, the construction industry faced the COVID-19 pandemic which resulted in reduced work capacity to comply with containment measures, labour shortages due to international border closures, supply chain disruptions and site shutdowns. This resulted in many industry players experiencing cash flow issues, as well as being exposed to liquidated damages and termination.

Governing laws and regulations

The relevant laws and regulations pertaining to the construction industry in Malaysia include, but are not limited to, the Construction Industry Development Board Act 1994; The Construction Industry Payment and Adjudication Act 2012; Mandatory Standards in Construction; Factories and Machinery Act 1967; Factories and Machinery (Building Operations and Works of Engineering Construction) (Safety) Regulations 1986; Employment Act 1955; Occupational Safety and Health Act 1994; Environmental Quality Act 1974; and Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 1987.

COMPETITIVE LANDSCAPE

Construction services are vital for the delivery of residential, commercial and industrial properties as well as infrastructures. The range of services offered by construction industry players differ depending on their capabilities, with some construction industry players being able to offer integrated design, build, commissioning and completion expertise, while other companies may only possess build capabilities. Selected industry players may also produce building materials, where such value chain integration enables them to leverage on internal capabilities to secure building materials for their construction projects. Further, selected industry players may also be part of a group of companies that are involved in property development activities, thereby allowing them access to property development projects undertaken by the said group of companies.

There are distinct barriers to entry, with industry players possessing a CIDB license, experienced employees with engineering experience who can carry out planning and design as well as construction project management and project track record.

Southern Score Sdn Bhd has undertaken public and private sector projects with a focus on high-rise residential property developments. Southern Score Sdn Bhd's customers are primarily landbank owners and project developers who engage Southern Score Sdn Bhd for its construction services.

In the FYE 31 December 2021, Southern Score Sdn Bhd secured a revenue of RM285.0 million for the provision of construction services for high-rise residential property developments. In 2021, residential construction activities, based on the value of projects awarded for residential properties, was RM27.2 billion. Thus, in comparison to the value of projects awarded for residential properties in Malaysia of RM27.2 billion, Southern Score Sdn Bhd secured a market share of 1.0%.

The following sets forth the profiles of selected industry players that are involved in the provision of construction services, most of whom are directly involved in undertaking construction activities. Comparatively, Southern Score Sdn Bhd focuses on project initiation and construction project management.

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Industry player	Latest available financial year ended	Segmental revenue for construction services (RM)	Total revenue (RM)	Gross profit (RM)	Gross profit margin (%)	Profit before tax (RM)	Profit after tax (RM)	Profit after tax margin (%)
Advancecon Holdings Berhad ^a	31 December 2021	267,994,241	270,802,450	18,898,749	7.0	3,976,529	2,049,957	0.8
Ageson Berhad ^a	30 June 2021	163,547,630	166,247,630	32,477,308	19.5	31,714,982	31,437,874	18.9
Ahmad Zaki Resources Berhad ^a	30 June 2021	690,290,000	846,982,000	42,526,000	5.0	-55,385,000	-75,062,000	-8.9
Aneka Jaringan Holdings Berhad ^b	31 August 2021	113,272,740	122,102,058	431,813	0.4	-22,108,074	-22,884,781	-18.7
Fajarbaru Builder Group Bhd ^a	30 June 2021	84,959,000	153,113,000	Not available	Not available	36,954,000	28,096,000	18.3
Gabungan AQRS Berhad ^a	31 December 2021	265,047,216	331,205,450	52,184,301	15.8	25,677,793	16,026,752	4.8
Gadang Holdings Berhad ^a	31 May 2021	365,982,735	574,767,491	76,791,957	13.4	20,069,028	11,154,867	1.9
Gagasan Nadi Cergas Berhad ^b	31 December 2021	119,635,000	199,256,000	16,949,000	8.5	17,855,000	7,341,000	3.7
Kimlun Corporation Berhad ^a	31 December 2021	503,981,530	691,087,067	50,104,985	7.3	970,961	-728,032	-0.1
Lebtech Berhad ^a	31 December 2021	26,333,767	26,333,767	4,139,549	15.7	636,855	301,701	1.1
Melati Ehsan Holdings Berhad ^a	31 August 2021	92,747,317	111,425,494	12,514,894	11.2	4,569,514	2,288,528	18.3
MGB Berhad ^a	31 December 2021	557,590,050	593,758,902	96,978,302	16.3	39,977,425	26,577,720	4.5
Mitrajaya Holdings Berhad ^a	31 December 2021	237,311,705	288,717,477	30,096,052	10.4	-11,872,956	-14,113,074	-4.9
Pamir Development Sdn Bhd ^c	31 December 2020		439,289,169	66,603,292	15.2	24,170,016	13,977,821	3.2
Pesona Metro Holdings Berhad ^a	31 December 2021	596,063,897	604,217,278	Not available	Not available	-1,907,161	-2,089,917	-0.3
Pintaras Jaya Berhad ^a	30 June 2021	335,599,759	370,436,883	81,043,848	21.9	75,122,590	64,120,970	17.3
SQA Builders Sdn Bhd ^c	31 December 2020		107,407,428	8,854,747	8.2	-319,364	-316,782	-0.3
Southern Score Sdn Bhd	31 December 2021	285,001,000	285,001,000	51,563,000	18.1	46,487,000	35,178,000	12.3
TCS Group Holdings Berhad ^b	31 December 2021	204,047,472	204,047,472	19,704,739	9.7	3,215,270	2,472,690	1.2
TRC Synergy Berhad ^a	31 December 2021	595,664,000	762,123,000	56,990,000	7.5	24,241,000	18,143,000	2.4
TRIpIc Berhad ^c	31 December 2020		225,274,000	Not available	Not available	45,509,000	49,018,000	21.8
Vivocom Enterprise Sdn Bhd ^c	30 June 2021		66,485,081	12,818,663	19.3	13,531,178	11,114,341	16.7
Vizione Holdings Berhad ^a	30 November 2021	219,800,880	285,990,535	42,576,100	14.9	-82,035,589	-82,681,241	-28.9

Notes:

^a Listed on the Main Market of Bursa Securities Malaysia Berhad^b Listed on the ACE Market of Bursa Securities Malaysia Berhad^c The segmental revenue for private companies is not publicly available from the Companies Commission of Malaysia

Latest available as at 25 July 2022

Source: Various annual reports, Companies Commission of Malaysia, PROVIDENCE analysis



2 INDUSTRIALISED BUILDING SYSTEMS INDUSTRY IN MALAYSIA

Over the years, the construction industry in Malaysia has been moving from conventional techniques towards the adoption of Industrialised Building System ("IBS"). IBS is a systematic construction technique in which components are manufactured in a controlled environment (either onsite or off-site), transported, positioned and assembled into a structure with minimal additional site work.

IBS uses precast component systems, fabricated steel structures, innovative mould systems, modular block systems and prefabricated timber structures as construction components. Parts of the building that are repetitive but difficult, time consuming and labour intensive to be casted onsite, are designed and detailed as standardised components at the factory, and are then transported to the construction site for assembly and installation.

The CIDB classifies IBS as:

- Precast concrete framed buildings: The most common group of IBS products which includes among others, precast concrete columns, beams, slabs, walls and 3-D components (such as balconies, staircases, toilets, lift chambers, refuse chambers), lightweight precast concrete, as well as permanent concrete formwork;
- Formwork systems: Considered as one of the lowest levels or the least prefabricated IBS, as the system generally involves site casting and is therefore subject to structural quality control. Formwork system products offer high-quality finishes, and fast construction with less site labour and material requirement;
- Steel framing systems: Commonly used with precast concrete slabs, steel columns and beams, steel framing systems are used widely in the fast-track construction of skyscrapers;
- Prefabricated timber framing systems: Consists of timber building frames and timber roof trusses. While the latter is more popular, timber building frame systems also have their own niche market, offering interesting designs from simple dwelling units to buildings requiring high aesthetical values such as chalets for resort; and
- Blockwork systems: The development and usage of interlocking concrete masonry units (CMU) and lightweight concrete blocks to replace traditional brick-laying tasks.

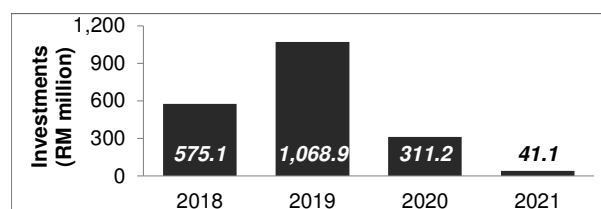
IBS has been introduced in Malaysia since early 1960s when the Public Work Department (PWD) and Ministry of Housing and Local Government (MHLG) of Malaysia visited several European countries and evaluate their housing development program. Following this, the Government started its first IBS project to speed up the build time of affordable and quality houses. About 22.7 acres of land along Jalan Pekeliling, Kuala Lumpur was dedicated to this project. IBS has since been applied in the development of several buildings, among which include AIMST University in Kedah; Forest City and Sunway Emerald Boulevard 88 in Johor; as well as Sunway Serene Service Residences, Sunway GEOLake Residences, Sunway Velocity 2 Office and Service Residences, Setia City Mall, Rumah Selangorku Idaman Residensi apartments and Rumah Selangorku Jade Hills development in the Klang Valley.

INDUSTRY SIZE AND GROWTH POTENTIAL

The construction industry in Malaysia is moving towards the use of IBS, driven by Government initiatives, the expected growth in residential property construction, and a growing awareness about the benefits of IBS products.

In 2018, a total of 14 projects were approved in the IBS industry with an investment of RM575.1 million. Of these, RM335.8 million (58%) were from local companies and RM239.3 million (42%) were from foreign companies. Subsequently in 2019, 15 projects were approved with total investments worth RM1.1 billion. Of these, domestic direct investment amounted to RM477.8 million, or 44.7% of total investments, while foreign direct investment was slightly higher with investments totalling RM591.1 million or 55.3%. In 2020, Malaysia recorded lower investments in the IBS industry arising from the COVID-19 pandemic which dampened investment activities. Eight projects were approved to manufacture IBS components in 2020, with investments valued at RM311.2 million. Further in 2021, three IBS projects were approved with investments valued at RM41.1 million.

Investments in IBS components manufacturing



Source: Malaysian Investment Development Authority ("MIDA"), PROVIDENCE analysis



DEMAND CONDITIONS: KEY GROWTH DRIVERS

The benefits of IBS support its demand potential

The construction industry has started to embrace IBS as a method of attaining better construction quality and productivity, reducing risks related to occupational safety and health, alleviating issues for skilled workers and dependency on manual foreign labour, and achieving the ultimate goal of reducing the overall cost of construction. The adoption of IBS offers minimal wastage, fewer site materials, a cleaner and neater environment, controlled quality, and lower total construction costs.

The COVID-19 pandemic revealed that existing, conventional, labour-intensive construction methods may no longer be feasible. Embracing new construction technologies through prefabricated construction methods is required for developers and builders. Industry players are being encouraged to adopt and develop innovative construction technologies by adopting digitisation and automation. This is anticipated to support boosting knowledge levels and result in a fully-integrated, automated, optimal production flow within the industry.

IBS can enhance construction productivity and improve quality by reducing construction time, lowering overall construction costs, and reducing the amount of waste generated onsite. The use of prefabricated components can lead to enhanced durability and greater material conservation as they are manufactured off-site. IBS is more environmentally-friendly, resulting in reduced emissions, as well as energy and water consumption. It also helps with occupational health and safety.

Government initiatives support the adoption of IBS

The Malaysian Government has been continually encouraging the construction industry to use IBS, which is an important part of the nation's sustainable construction initiative. IBS was introduced to Malaysia as a solution to issues related to over-dependence on foreign workers, increasing demand for affordable accommodation, and improving the image, quality and productivity of the construction industry. IBS is one of the targeted sectors for the manufacturing-related construction industry.

One of the milestones of IBS policy in Malaysia is regulation on the use of IBS in the construction of public buildings. In November 2008, the Treasury Malaysia issued a Treasury Circular Letter, now referred to as SPP 7/2008, to all Malaysian Government agencies directing them to increase the IBS contents of their building development projects to a level not less than 70 points of the IBS score and IBS must be incorporated as part of the contract document for tender. The abovementioned circular letter took effect immediately and the Implementation and Coordination Unit (ICU) of the Prime Minister's Department was given the task of monitoring the level of compliance to this directive by the respective agencies. The decision was to create sufficient momentum for the demand for IBS components and to create a spill-out effect throughout the nation. To monitor its implementation, the Government then established the National IBS Secretariat. Between October 2008 and May 2010, an estimated 331 projects under 17 ministries were awarded and constructed using IBS.² The majority of the projects were construction of public schools, hospitals, higher learning institutions and government offices throughout Malaysia, where the total cost of these projects was about RM 9.6 billion.³

To ensure that the design of government and private buildings were more uniform, incurred lower costs, and required shorter construction time periods, the Government required the use of IBS in private construction projects in excess of RM50.0 million and government projects in excess of RM10.0 million.

The CIDB was established in 1994 to stimulate the development of the construction industry. CIDB has always promoted the use of IBS to modernise the industry and improve quality, as well as increase the productivity of industrial workers. The Malaysian Investment Development Authority ("MIDA") and CIDB signed a memorandum of understanding in August 2016 to promote the adoption of IBS.

According to the IBS Compliance and Implementation Report for Government Projects (January – July 2019) produced by the Implementation Coordination Unit of the Prime Minister's Department, IBS implementation in public-sector projects had reached a level of 86.6% while private-sector implementation was around 40% in 2019, compared to 14% in 2014. Subsequently in 2020, the adoption rate of IBS in public projects was 85.0%, in comparison to the 41.0% adoption rate in private projects.⁴

The Government had previously outlined several initiatives under Budget 2020 to increase the adoption of IBS and to improve the digital infrastructure of the country, to develop the Integrated Digital Delivery platform for the construction industry, and promote the use of Building Information Modelling ("BIM"), which

² Source: CIDB

³ Source: CIDB

⁴ Twelfth Malaysia Plan, 2021-2025, Economic Planning Unit Malaysia



is an intelligent 3-dimensional model-based process that gives architecture, engineering, and construction professionals the insight and tools to more efficiently plan, design, construct, and manage buildings and infrastructure which will help the construction industry in preparing for Industry 4.0.

MIDA works closely with the Ministry of Works and CIDB to promote Construction Revolution 4.0. Specifically, MIDA provides assistance in terms of incentives for IBS manufacturers and construction companies looking to embrace automation and cutting-edge technology such as BIM, advanced materials and systems, 3-dimensional / 4-dimensional / 5-dimensional printing, and innovative systems that improve speed, flexibility, productivity, labour productivity, and product quality.

MIDA and CIDB continued to support the IBS industry with the signing of a memorandum of understanding in November 2021 to jointly promote technology adoption and global best practices among Malaysian construction industry players. The memorandum of understanding aims to strengthen the Construction 4.0 Strategic Plan, in-line with Wawasan Kemakmuran Bersama 2030 and the National Policy on Industry 4.0 (Industry4WRD). Both parties are committed to enhancing the areas of policy development and advocacy; research and development, training, and promotion of IBS; Industrial Revolution 4.0 and Construction Revolution 4.0 technologies; green initiatives and building materials quality; as well as investment promotions in relevant sectors.

3 PROSPECTS AND OUTLOOK

The construction industry in Malaysia, based on the value of awarded construction projects, grew from RM130.3 billion in 2016 to RM181.7 billion in 2019 at a CAGR of 11.7%. During this period, the value of awarded residential construction projects also registered positive growth from RM34.9 billion to RM36.7 billion at a CAGR of 1.7%. The value of awarded projects construction projects contracted from RM181.7 billion in 2019 to RM86.2 billion in 2020 at a year-on-year rate of 52.6% before rising to RM124.9 billion in 2021. Comparatively, the value of awarded residential construction projects also contracted from RM36.7 billion in 2019 to RM28.8 billion in 2020 (year-on-year rate of 21.5%) and RM27.2 billion (year-on-year rate of 5.6%) in 2021).

Residential property sales gradually began showing signs of recovery in 2021, as depicted by the growth in demand for household loans. In its Quarterly Bulletin for the Fourth Quarter of 2021, the Central Bank of Malaysia noted the growth in loans following the easing of movement restrictions. This was reflected in substantially higher loan applications of RM170.8 billion in the fourth quarter (3Q 2021: RM114.1 billion) and loan disbursements of RM109.0 billion in the fourth quarter (3Q 2021: RM75.3 billion), particularly for the purchase of houses and passenger cars. In particular, residential property developers began adapting with the containment measures and social distancing restrictions by diversifying to electronic marketing (e-marketing) platforms to reach potential target market while offering more attractive incentives and deals to boost sales. The improving demand for residential properties is anticipated to bode well for industry players and support demand for construction services.

PROVIDENCE expects residential construction activities to recover over the long term, with the value of awarded residential construction projects projected to rise from RM27.2 billion in 2021 to RM32.2 billion in 2025 at a CAGR of 4.3%. Growth in the affordable housing segment is expected to bounce back faster than mid-tier and luxury residential segments, while office and retail segments are expected to witness a slower recovery over the forecast period.

Growth in the construction sector is expected to rebound in 2022 following the reopening of Malaysia's economy. Ongoing construction activity in large infrastructure projects and implementation of small-scale projects under the Budget 2022 measures will support growth in the civil engineering and special trade subsectors. The residential subsector is projected to benefit from new housing projects and launches, in tandem with the expected recovery in demand as income and employment prospects improve. Growth in the non-residential subsector is expected to be lifted by both existing and new commercial and industrial projects.

The property market is expected to continue recovering in 2022, supported by the reopening of the economy and country borders, which is expected to further improve domestic economic activities.

PROVIDENCE believes that the prospects for Southern Score Sdn Bhd will be supported by the overall recovery of Malaysia's economy and the construction industry, demand for residential properties particularly for affordable housing, population growth and urbanisation as well as supportive Government initiatives.

EXPERT REPORT BY MALACCA SECURITIES ON THE FAIRNESS OF THE PURCHASE CONSIDERATION OF THE PROPOSED ACQUISITION

MALACCA SECURITIES SDN BHD

Registration No: 197301002760 (16121-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

30 August 2021

The Board of Directors
G Neptune Berhad
Unit 621, 6th Floor
Block A, Kelana Centre Point
No. 3, Jalan SS7/19
Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs,

G NEPTUNE BERHAD ("GNB" OR "COMPANY")

FAIRNESS OPINION ON THE PURCHASE CONSIDERATION OF THE PROPOSED ACQUISITION OF THE ENTIRE EQUITY INTEREST IN SOUTHERN SCORE SDN BHD ("PROPOSED ACQUISITION")

1. INTRODUCTION

Malacca Securities Sdn Bhd ("**Malacca Securities**") has been appointed by the Board of Directors ("**Board**") of GNB on 9 July 2021 as an Independent Expert to provide an independent valuation to ascribe the fair value for the entire equity interest in Southern Score Sdn Bhd ("**Southern Score**") ("**Expert's Report**").

This Expert's Report is prepared for the inclusion in the circular to shareholders ("**Circular**") for the purpose of considering, and if thought fit, approving the Proposed Acquisition and should be read in conjunction with the same. Kindly refer to the Circular for details of the other proposals to be undertaken together with the Proposed Acquisition to be issued in due course.

All definitions used in this Expert's Report shall have the same meaning as the words and expressions provided in the definition section of the Circular, except where the context otherwise requires or where otherwise defined herein.

2. SOURCES OF INFORMATION

The sources of information which we have used to arrive at the fair value of Southern Score are as follows: -

- (a) audited financial statements of Southern Score for the financial years ended 31 December ("**FYE(s)**") 2018 to FYE 2020;
- (b) income and cash flow forecast and projections for five (5) FYEs from 2021 to 2025 of Southern Score together with the key underlying bases and assumptions as provided by the management of Southern Score ("**Financial Projections**");
- (c) various documents and information made available to us by the management of GNB and Southern Score during the course of our engagement;
- (d) the letter of representation from the Board of GNB and Southern Score confirming, *inter alia*, the accuracy, completeness and reliability of the information provided to us; and
- (e) other relevant information.

EXPERT REPORT BY MALACCA SECURITIES ON THE FAIRNESS OF THE PURCHASE CONSIDERATION OF THE PROPOSED ACQUISITION (*Cont'd*)

3. SCOPE AND LIMITATION OF REVIEW

Malacca Securities was not involved in the negotiation of the term and conditions of the Proposed Acquisition. In arriving at our opinion, we have relied in good faith on the information provided to us by the management of GNB and Southern Score, including all financial, legal and other information, and assumed that there is no omission or non-disclosure of material information on Southern Score. In this regard, the management of GNB and Southern Score remains solely responsible for the completeness, accuracy and authenticity of the information provided to us for the purpose of preparing the Expert's Report.

The preparation of this Expert's Report is based upon the market, economic, industry and other conditions prevailing as at the valuation date of 30 June 2021 ("**Valuation Date**"), as well as the sources as set out in Section 2 above. Such conditions may change significantly over a relatively short period of time. No representation or warranty, whether expressed or implied, is given by GNB and Southern Score that the information and documents provided will remain unaltered subsequent to the issuance of the Expert's Report.

We have not undertaken independent investigation into the business of GNB and Southern Score. Our procedures and inquiries did not include any verification work that constitutes an audit on the information that we have relied upon in preparing this Expert's Report. Nevertheless, the Board of GNB and Board of Southern Score have collectively and individually confirmed to us that all the relevant material facts and information essential for our valuation have been disclosed to us. The Board of GNB and Board of Southern Score have also accepted full responsibility for the accuracy of the information and documents provided and confirmed that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein incomplete, misleading and/or inaccurate.

Our opinion addresses neither the relative merits of the Proposed Acquisition as compared to any other alternative business strategies that might exist for GNB or Southern Score nor consider the underlying business decision or future plans of the company to engage in the Proposed Acquisition, or the effect of any other transactions in which GNB or Southern Score might engage nor should it be construed in any aspect as a guarantee of value.

We have assumed that all government, regulatory and other consents and approvals required for the conclusion of the Proposed Acquisition will be obtained without any adverse impact on GNB or Southern Score, and that the Proposed Acquisition will be implemented based on the terms as set out in the share sale agreement, without material waiver or modification of any term or condition or any delay the effect of which would be any relevant to the valuation of Southern Score.

Impact of the COVID-19 pandemic

The global economic growth is affected due to the outbreak of COVID-19. Given the evolving circumstances, there could potentially be disruptions impacting the business operations of Southern Score and if the situation prolongs, this may affect the earnings and financial performance of Southern Score in the short to medium-term.

4. BACKGROUND INFORMATION

(i) Proposed Acquisition

The proposed acquisition entails the acquisition of the entire equity interest in Southern Score by GNB from Super Advantage Property Sdn Bhd, for a total purchase consideration of RM252.0 million ("**Purchase Consideration**") which shall be fully satisfied via the issuance of new ordinary shares of GNB ("**GNB Share(s)**") or "**Share(s)**") at an agreed issue price.



EXPERT REPORT BY MALACCA SECURITIES ON THE FAIRNESS OF THE PURCHASE CONSIDERATION OF THE PROPOSED ACQUISITION (Cont'd)

(ii) Information on Southern Score

Southern Score was incorporated in Malaysia on 20 December 2010 as a private limited company under the name of Pembinaan Lebar Waras Sdn Bhd. On 29 March 2011, Pembinaan Lebar Waras Sdn Bhd changed its name to Southern Score Sdn Bhd. Southern Score is principally engaged in the business of construction, contractors, subcontractors and property development. Southern Score is a Grade 7 contractor registered with Construction Industry Development Board which allows Southern Score to tender for construction works that are of unlimited value and to undertake construction activities throughout Malaysia.

As at the Valuation Date, Southern Score has an order book of approximately RM1,453.96 million for the next five (5) years from 2021 to 2025 which includes on-going and future projects.

Historical financial information

The financial information of Southern Score based on the audited financial statements for the past three (3) FYEs 2018 to 2020 are as follows: -

	Audited		
	FYE 2018	FYE 2019	FYE 2020
	(RM'000)	(RM'000)	(RM'000)
Revenue	54,885	66,990	148,808
Gross profit ("GP")	12,885	12,354	28,971
Profit before taxation ("PBT")	10,735	9,031	25,512
Profit after taxation ("PAT")	8,186	6,513	19,197
Current Assets	113,882	49,073	81,885
Current Liabilities	63,393	41,331	69,999
Total Assets	113,910	49,368	82,251
Total Liabilities	63,398	41,343	70,029
Shareholders' funds/Net Assets ("NA")	50,512	8,025	12,222
No. of shares in issued	1,000,000	1,000,000	1,000,000
Total Borrowings	18,589	3,178	N/A
Earnings per share ("EPS")	8.19	6.51	19.20
GP margin (%)	23.48	18.44	19.47
PBT margin (%)	19.56	13.48	17.14
PAT margin (%)	14.91	9.72	12.90
Current ratio (times)	1.80	1.19	1.17
Gearing ratio (times)	0.37	0.40	N/A

(Source: Respective audited financial statements of Southern Score)

Commentaries

Comparison from FYE 2018 to FYE 2019

Southern Score's revenue increased by RM12.1 million or 22.0% from RM54.9 million in FYE 2018 to RM67.0 million in FYE 2019. The increase was mainly due to the revenue contributed by four (4) new projects secured during the financial year, namely the Platinum Arena, Old Klang Road Project, Vista Wirajaya 1, Taman Melati Project, Residensi Vista Sentul Construction Project and Residensi Vista Sentul Piling Project.

Southern Score's GP decreased by RM0.5 million or 3.9% from RM12.9 million in FYE 2018 to RM12.4 million in FYE 2019 due to decrease in GP in the turnkey services segment (i.e. PR1MA Jalan Jubilee Project).

Despite the increase in revenue, the PAT decreased by RM1.7 million or 20.7% from RM8.2 million in FYE 2018 to RM6.5 million in FYE 2019 which was mainly due to the Southern Score's lower GP and higher administrative expenses incurred in FYE 2019.

EXPERT REPORT BY MALACCA SECURITIES ON THE FAIRNESS OF THE PURCHASE CONSIDERATION OF THE PROPOSED ACQUISITION (Cont'd)

Comparison from FYE 2019 to FYE 2020

Southern Score's revenue increased by RM81.8 million or 122.1% from RM67.0 million in FYE 2019 to RM148.8 million in FYE 2020. The increase was mainly due to the revenue contributed by the increase in revenue generated from the Platinum Arena, Old Klang Road Project, Vista Wirajaya 1, Taman Melati Project, Residensi Vista Sentul Construction Project and Residensi Vista Sentul Piling Project.

Southern Score's GP increased by RM16.6 million or 133.9% from RM12.4 million in FYE 2019 to RM29.0 million in FYE 2020, in tandem with the increase in the Southern Score's revenue.

Correspondingly, the PAT also increased by RM12.7 million or 195.4% from RM6.5 in FYE 2019 to RM19.2 million in FYE 2020.

Southern Score did not incur any borrowings in FYE 2020.

5. KEY BASES AND ASSUMPTIONS

The key bases and assumptions adopted for the valuation are as follows: -

- (i) The valuation is conducted on an "as is where is" basis and on the financial position of Southern Score as at the Valuation Date without taking into the consideration the plans and strategies to be undertaken by Southern Score and synergies arising from the Proposed Acquisition;
- (ii) The audited financial statements of Southern Score for the FYEs 2018 up to 2020 provide a true and fair view of the financial position and financial performance of Southern Score. We have not carried out any audit, verification or review of these financial statements to ensure the accuracy, completeness and reliability of these financial statements;
- (iii) The Financial Projections, which has been provided to us by the management of Southern Score, will be achieved. The management of Southern Score assumes full responsibility for the accuracy, completeness and reliability of these financial projections;
- (iv) Southern Score is in full compliance with all applicable regulations and laws;
- (v) The business interest of Southern Score and their assets are free and clear of any liens or encumbrances;
- (vi) There will be no material changes in the present legislation, government regulations, inflation rates, interest rates, foreign exchange rates, bases and rates of taxation, and other lending guidelines which will affect the activities of Southern Score, as well as the markets, countries or territories in which Southern Score has operations;
- (vii) Southern Score will obtain all necessary licenses/approvals/agreements with the key principals for its operations;
- (viii) Southern Score is assumed to have obtained all necessary licenses, permits, permissions, authorisations ("**Permits**") and consents from the relevant authorities which are material to its business as a going concern, and all such Permits are valid, subsisting and have been complied with in all material aspects;
- (ix) There will be no material changes in the present management and principal activities as well as the accounting and operating policies presently adopted by Southern Score;
- (x) There will not be any material adverse changes to the financial position and performance as well as the business operations of Southern Score after the Proposed Acquisition;

EXPERT REPORT BY MALACCA SECURITIES ON THE FAIRNESS OF THE PURCHASE CONSIDERATION OF THE PROPOSED ACQUISITION (*Cont'd*)

- (xi) There are no undisclosed actual or contingent assets or liabilities, including but not limited to, any contracts and/or off-balance sheet financial instruments, no unusual obligations or commitments other than in the ordinary course of business, nor any pending litigation which would have a material effect on the financial position or business of Southern Score now and in the future; and
- (xii) There will be no event of *force majeure* occurring such as any act of God, act of public enemies, war, act of terrorism, restraint of Government or people of any nation, riots, insurrections, civil commotion, floods, fire, restrictions due to quarantines, epidemics, storms, or any other causes beyond the reasonable control of Southern Score, which could materially affect Southern Score's financial positions and future business operations.

6. VALUATION

6.1 Basis of valuation

The basis of valuation used herein is the fair market value which is defined as the approximate price of an asset that would change hands between a willing buyer and a willing seller when neither is acting under compulsion and when both have the relevant and required facts and information relating to that asset.

Please note that the concept of fair market value means the price of an asset being valued assuming the transaction took place under conditions existing at the Valuation Date. The amount would not be considered market value if it was influenced by special motivations not characteristic of a typical buyer or seller.

In addition, the range of value that we have estimated is based on the assumption of Southern Score being a going concern and not, for example, the break-up value of the business.

6.2 Valuation methodology

In arriving at our valuation, we have relied on the following valuation methodologies after taking into consideration the future earnings generating capabilities, business sustainability as well as various business considerations of Southern Score.

(i) Discounted Cash Flow ("DCF") Method

We have undertaken the DCF Method as our primary method of valuation. The DCF Valuation approach is an investment appraisal technique which takes into consideration both the time value of money and the projected net cash flow generated and discounted at a specified discount rate to derive at the valuation of the subject matter. It is often used to assist investors to calculate the expected returns from an investment and analyses how much an investment is worth in present value terms based on the future expected cash flow.

Discounted Free Cash Flow to Equity ("**FCFE**") approach is the free cash flows available to be paid to the shareholders of the company after all expenses, reinvestment and debt repayment. In undertaking the Discounted FCFE approach of estimating the indicative values of Southern Score, we have relied on the five (5) year financial projections ("**Projection Period**") of Southern Score which have been diligently prepared by the management of Southern Score based on their best available estimates and judgement.

One of the key assumptions for the Discounted FCFE approach is the choice of a discount rate that takes into account the relevant market interest and inflation rates as well as the business and financial risks relating to the business. In arriving at the appropriate discount rate for the valuation, we have applied the prevailing risk-free rate and market risk premium, as well as adopted the beta of the selected comparable public listed companies with the

EXPERT REPORT BY MALACCA SECURITIES ON THE FAIRNESS OF THE PURCHASE CONSIDERATION OF THE PROPOSED ACQUISITION (Cont'd)

relevant adjustments made taking into consideration the risk factors associated with Southern Score. A terminal value is also included in our analysis as the business of Southern Score is expected to continue beyond the Projection Period.

(ii) Relative Valuation

We have undertaken the Relative Valuation as a secondary method to support our primary method of evaluation. The Relative Valuation seeks to compare a company's implied trading multiple to that of comparable companies to determine the firm's financial worth. Under the Relative Valuation, reference was made to the valuation statistics of public listed companies in Malaysia with principal activities that we consider broadly comparable to Southern Score ("**Comparable Companies**") to get an indication of the current market expectation with regard to the implied value of the equity interest in Southern Score and compared to the implied trading multiples to determine the firm's worth.

It is important to note that the Comparable Companies tabulated herein are by no means exhaustive and may differ from Southern Score in terms of, *inter alia*, composition of business activities, scale of operations, geographical location of operations, profit track record, financial profile, risk profile, future prospects, capital structure, marketability of their securities and other criteria. One should also note that any comparisons made with respect to the Comparable Companies are merely to provide a comparison to the implied valuation of Southern Score and the selection of Comparable Companies and adjustments made are highly subjective and judgmental and the selected companies may not be entirely comparable due to various factors.

We have considered the companies listed on the Main Market and ACE Market of Bursa Securities which have similar business activities to Southern Score with market capitalisation between RM100.0 million and RM500.0 million and percentage of the revenue were mainly generated from construction and related activities. The selection was made after taking into consideration of the enlarged issued share capital of GNB and market capitalisation of GNB after the acquisition of Southern Score which is approximately RM117.0 million and RM340.9 million respectively. The percentage of revenue contribution of the Comparable Companies from construction and related activities are more than 70.0%.

Please note that the selection of the comparable companies and adjustments (if any) made are highly subjective and judgemental due to various factors. The Comparable Companies were selected because they are publicly listed construction companies with sufficient readily accessible company information that, for purposes of our analysis, may be similar to the core operations of Southern Score. However, we wish to highlight that no two or more companies are the exact copies of another.

6.2.1 DCF Method

In arriving at the valuation of Southern Score, we have adopted the following assumptions: -

No.	Valuation parameters		Description
1.	K_e	9.45%	Cost of equity represents the rate of return required by an investor on the cash flow streams generated given the risks associated with the cash flows. In deriving the cost of equity for Southern Score, we have adopted the Capital Asset Pricing Model and derived an estimated cost of equity of 9.45% (based on the expected capital structure of Southern Score for the Projection Period and after

**EXPERT REPORT BY MALACCA SECURITIES ON THE FAIRNESS OF THE PURCHASE
CONSIDERATION OF THE PROPOSED ACQUISITION (Cont'd)**

No.	Valuation parameters		Description
			<p>incorporating an upward adjustment of 25.00% for the illiquidity discount to account for the lack of marketability with the following inputs: -</p> $K_e = R_f + \beta (R_m - R_f)$ <p>Details of the inputs and their respective basis and calculation are set out below.</p>
2.	Risk free rate of return ("Rf")	2.55%	<p>Risk-free rate of return represents the expected rate of return from a risk-free investment. The closest available approximation of the risk-free rate of return is the yield of five (5)-year Malaysian Government Securities.</p> <p>We have adopted the average yield of 2.55% per annum as at the Valuation Date.</p>
3.	Expected market rate of return ("Rm")	9.07%	<p>Expected market rate of return represents the expected rate of return for investing in a portfolio consisting of a weighted sum of assets representing the entire equity market.</p> <p>Based on the information sourced from Bloomberg, we have derived an average expected market rate of return in Malaysia of 9.07% per annum for the past ten (10) years.</p>
4.	Beta	0.61	<p>Beta is the sensitivity of an asset's returns to the changes in market returns. It measures the correlation of systematic risk between the said asset and the market. A beta of more than 1 signifies that the asset is riskier than the market and <i>vice versa</i>.</p> <p>In deriving the estimated beta of Southern Score, we have relied on the one (1)-year historical beta of the Comparable Companies up to the Valuation Date. As the historical beta extracted from Bloomberg is based on the capital structure of the respective comparable companies, we have unlevered the beta and re-levered the beta based on the expected capital structure of Southern Score throughout the Projection Period.</p>
5.	Perpetuity growth rate	0.50%-1.50%	<p>The terminal value is the present value at a future point of time of all future cash flows, growing at an assumed constant rate to perpetuity. It is based on the Gordon's Growth Model taking into consideration the FCFE for the last projected financial year of 2025 and valuing it to perpetuity.</p> <p>We have adopted a range of perpetuity growth rate of 0.50% ("Low Range") to 1.50% ("High Range") which we view as appropriate after taking into consideration that Southern Score is expected to sustain its operations into perpetuity and the future prospects of Southern Score with constant potential earnings going forward.</p>

**EXPERT REPORT BY MALACCA SECURITIES ON THE FAIRNESS OF THE PURCHASE
CONSIDERATION OF THE PROPOSED ACQUISITION (Cont'd)**

No.	Valuation parameters		Description
6.	Company specific risk	1.00%	Company specific risk reflects risk associated with Southern Score such as reduction in number of projects, delays in the completion of projects, increases in the cost of construction materials, health and safety risks. It must be emphasised that the indicative value of 1.00% involves a high degree of subjectivity and element of judgement.
7.	Illiquidity discount	25.00%	Southern Score is a privately-held company and the shares of Southern Score are offered, owned and traded privately among interested investors. Hence, an illiquidity discount of 25.00% have been applied on the equity value of Southern Score derived using the FCFE approach. The assumption of the adopted illiquidity discount is based on "Investment Valuation: Tools and Techniques for Determining the Value of Any Asset" by Aswath Damodaran.
Fair equity value of Southern Score		RM258.27 million – RM275.54 million	

Based on the DCF Method, it is noted that the valuation on Southern Score is estimated to be between the range of RM258.27 million to RM275.54 million.

6.2.2 Relative Valuation

For the purpose of our Relative Valuation, we have adopted price-to-earnings multiple ("PE multiple") against the Comparable Companies.

PE multiple is the ratio of price to earnings for the relevant period for the purpose of our analysis. It is a valuation metric which compares a company's share price against the EPS. The EPS is calculated based on the net earnings attributable to the shareholders after interest taxation, depreciation and amortisation expenses and is affected by *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets. It can be useful to compare the PE multiple to that of the peers to gauge on how richly the company is valued relative to its peers. A higher price-to-earnings ratio ("PE Multiple") may indicate that investors are willing to pay more for a RM's worth of earnings from the company.

We have selected the following Comparable Companies (excluding outliers) which were listed on the Main Market and ACE Market of Bursa Securities which have similar business activities to Southern Score with market capitalisation between RM100.0 million and RM500.0 million and at least 70.0% of the revenue were mainly generated from construction and related activities as follows: -

Name of company	Principal activities	Percentage of revenue contribution from construction and related activities ⁽ⁱ⁾	Market Capitalisation ⁽ⁱⁱ⁾	PAT/ (Loss after taxation) ⁽ⁱ⁾	PE Multiple ⁽ⁱⁱⁱ⁾
		(%)	(RM' million)	(RM' million)	(times)
Advancecon Holdings Berhad [#]	Principally involved in the business of providing management services. Through its subsidiaries, the group is engaged in providing earthworks and civil	93.81	148.35	2.10	70.64*

**EXPERT REPORT BY MALACCA SECURITIES ON THE FAIRNESS OF THE PURCHASE
CONSIDERATION OF THE PROPOSED ACQUISITION (Cont'd)**

Name of company	Principal activities	Percentage of revenue contribution from construction and related activities ⁽ⁱ⁾	Market Capitalisation ⁽ⁱⁱ⁾	PAT/ (Loss after taxation) ⁽ⁱ⁾	PE Multiple ⁽ⁱⁱⁱ⁾
		(%)	(RM' million)	(RM' million)	(times)
	engineering services and sales of construction materials, property development, carrying on development and/or operation of power generation from renewable energy, solar and other renewable energy projects.				
Ageson Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in construction works and property development.	81.69	121.82	38.91	3.13*
Ahmad Zaki Resources Berhad [#]	Principally involved in investment holding, providing management services and as a contractor of civil and structural works.	84.30	143.14	(105.56)	N/A
Aneka Jaringan Holdings Berhad [@]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in foundation and basement construction and other civil engineering works.	100.00	129.14	10.04	12.86
Gabungan AQRS Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in civil and building construction works and property development.	71.65	303.95	(54.45)	N/A
Gadang Holdings Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in earthworks, building and civil engineering and construction work contractors, provision of mechanical and electrical engineering services and property development.	73.17	280.30	35.46	7.90
Gagasan Nadi Cergas Berhad [@]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in property development, construction of buildings, infrastructures and property investment holding.	78.82	218.37	12.51	17.46*
Inta Bina Group Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in securing and	100.00	160.58	8.10	19.82*

**EXPERT REPORT BY MALACCA SECURITIES ON THE FAIRNESS OF THE PURCHASE
CONSIDERATION OF THE PROPOSED ACQUISITION (Cont'd)**

Name of company	Principal activities	Percentage of revenue contribution from construction and related activities ⁽ⁱ⁾	Market Capitalisation ⁽ⁱⁱ⁾	PAT/ (Loss after taxation) ⁽ⁱ⁾	PE Multiple ⁽ⁱⁱⁱ⁾
		(%)	(RM' million)	(RM' million)	(times)
	carrying out construction contracts.				
Kimlun Corporation Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in building and infrastructure contractors, property investment and development, manufacturing and trading of building and construction materials and provision of quarry services and machinery rental services.	78.49	295.05	7.99	36.93*
Lebtech Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in civil and building construction.	100.00	137.85	(12.34)	N/A
MGB Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in civil engineering, design and build and general construction activities, trading of building materials and property development.	85.06	436.44	13.95	31.29*
Mitrajaya Holdings Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in civil engineering, building and road construction works and supply of construction material and property development.	86.42	213.95	10.66	20.07*
Pesona Metro Holdings Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in construction work, manufacturing and trading of construction panel and property investment holding.	96.00	163.32	(17.02)	N/A
Pintaras Jaya Berhad [#]	Principally involved in the undertaking of piling contracts, civil engineering and building construction works and rental of plant and machinery.	92.38	431.25	31.69	13.61
TCS Group Holdings Berhad [@]	Principally involved in the provision of construction services for building infrastructure, civil and	100.00	171.00	16.17	10.58

EXPERT REPORT BY MALACCA SECURITIES ON THE FAIRNESS OF THE PURCHASE CONSIDERATION OF THE PROPOSED ACQUISITION (Cont'd)

Name of company	Principal activities	Percentage of revenue contribution from construction and related activities ⁽ⁱ⁾	Market Capitalisation ⁽ⁱⁱ⁾	PAT/ (Loss after taxation) ⁽ⁱ⁾	PE Multiple ⁽ⁱⁱⁱ⁾
		(%)	(RM' million)	(RM' million)	(times)
	structural works through its subsidiaries.				
TRC Synergy Berhad [#]	Principally involved in the provision of construction services and property development through its subsidiaries.	79.02	169.66	27.26	6.22*
Vizione Holdings Berhad [#]	Principally involved in investment holding. Through its subsidiaries, the group is engaged in property development, subcontractor of the electrical building and civil works for construction projects, general contractor in building construction, providing related construction management and consultancy services.	84.63	163.65	(8.72)	N/A
		Average (excluding outliers)			11.24
		Maximum (excluding outliers)			13.61
		Minimum (excluding outliers)			7.90

Notes: -

(i) Based on the available financial information of the Comparable Companies announced on Bursa Securities as at the Valuation Date.

(ii) Extracted from Bloomberg as at the Valuation Date.

(iii) Computed based on the market capitalisation divided by PAT.

[#] Listed on the Main Market of Bursa Securities.

@ Listed on the ACE Market of Bursa Securities.

* Outliers (which is determined based on the extreme deviation from the average).

N/A Not applicable as the Comparable Companies registered loss after taxation.

In deriving the value for the entire equity interest of Southern Score, we have computed the value of Southern Score based on the PE Multiple of between 7.90 times to 13.61 times to the PAT of Southern Score for FYE 2020 of RM19.20 million as follows: -

	PE Multiple (times)	Value (RM' million)
Average	11.24	215.81
Maximum	13.61	261.31
Minimum	7.90	151.68
Purchase Consideration of Southern Score	13.13	252.00

Based on the above, it is noted that the implied PE Multiple of Southern Score of 13.13 times is within the range of the Comparable Companies of 7.90 times to 13.61 times.

We also noted that the Purchase Consideration of Southern Score is within the range of the Comparable Companies of RM151.68 million to RM261.31 million.

EXPERT REPORT BY MALACCA SECURITIES ON THE FAIRNESS OF THE PURCHASE CONSIDERATION OF THE PROPOSED ACQUISITION (*Cont'd*)

7. VALUATION RESULTS

Premised on the valuation approach and methodology set out in Section 6.2, the fair value of the entire equity interest in Southern Score as at the Valuation Date based on the DCF is between RM258.27 million and RM275.54 million.

Based on the Relative Valuation, we also noted that the implied ratio is within the range of the Comparable Companies which supports that the Purchase Consideration for the Proposed Acquisition is fair.

8. RESTRICTIONS

This valuation report is prepared strictly for the exclusive used of GNB for inclusion in the Circular. It is not intended for general circulation or publication and is not to be reproduced, quoted or referred to, in whole or in part, in any public document or announcement or to be included in any submission to any regulatory bodies without our prior written consent.

Save for the purpose stated herein, this valuation report should not be relied upon by any party other than GNB. Accordingly, we are not responsible or liable for any form of losses however occasioned to any third party as a result of the circulation, publication, reproduction or use of, or reliance on this valuation report, in whole or in part.

Neither Malacca Securities nor any of its directors or employees will assume any responsibility to any person arising from any losses in any way whatsoever and however caused from the use of this valuation report. We are under no obligation to update our valuation report in respect of material events or information that come to our attention subsequent to our Valuation Date.

Notwithstanding this, we reserve the right, should we consider it necessary, to revise our valuation report in light of any information that existed as at Valuation Date, but which becomes known to us subsequent to the Valuation Date.

Yours faithfully,
For and on behalf of
MALACCA SECURITIES SDN BHD



TAN POH LIN
Senior Vice President
Corporate Finance



FLORENCE KEK
Vice President
Corporate Finance

DIRECTORS' REPORT ON THE SOUTHERN SCORE GROUP



Southern Score Sdn Bhd 201001042073 (926001-X)
 Unit No 21-3, PV7, Jalan Melati Utama 2,
 Taman Melati Utama, Setapak, 53100, Kuala Lumpur
 T. 03 4162 8289 F. 03 4162 2338
www.southernscore.com.my

Registered Office:
 Unit 621, 6th Floor, Block A
 Kelana Centre Point
 No. 3 Jalan SS7/19, Kelana Jaya
 47301 Petaling Jaya
 Selangor Darul Ehsan

Date: **22 AUG 2022**

To: The shareholders of G Neptune Berhad ("GNB")

- (I) PROPOSED SHARE CONSOLIDATION;
- (II) PROPOSED ACQUISITION;
- (III) PROPOSED DEBT SETTLEMENT;
- (IV) PROPOSED PRIVATE PLACEMENT; AND
- (V) PROPOSED EXEMPTION.

(COLLECTIVELY REFERRED TO AS THE "PROPOSED REGULARISATION PLAN")

Dear Sir/Madam,

On behalf of the Board of Directors of Southern Score Sdn. Bhd. ("**Southern Score**") ("**Board**"), I wish to report that, after making due enquiries in relation to Southern Score and its associate company (collectively the "**Southern Score Group**") during the period between 30 April 2022, being the date on which the last audited financial statements of the Southern Score Group have been made up, and up to the date hereof, being a date not earlier than 14 days prior to the date of GNB's circular to its shareholders in respect of the Proposed Regularisation Plan, that:

- (i) the business of the Southern Score Group has, in the opinion of the Board, been satisfactorily maintained;
- (ii) in the opinion of the Board, no circumstances have arisen since the last audited financial statements of the Southern Score Group, which have adversely affected the trading or the value of the assets of the Southern Score Group;
- (iii) the current assets of the Southern Score Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) there are no contingent liabilities which have arisen by reason of any guarantee or indemnity given by the Southern Score Group;
- (v) since the last audited financial statements of the Southern Score Group, there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of the Southern Score Group; and
- (vi) since the last audited financial statements of the Southern Score Group, there has been no material changes in the published reserves or any unusual factors affecting the profits of the Southern Score Group.

Yours faithfully

For and on behalf of the Board of
SOUTHERN SCORE SDN BHD

TAN SRI DATUK SERI GAN YU CHAI
 Managing Director

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board of GNB and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries and to the best of their knowledge, there are no false or misleading statements or information contained in this Circular, and there are no other facts and information the omission of which would make any statement in this Circular misleading.

Information on the Vendor and Southern Score Group were extracted from information and/or documents provided by the board of directors and management of Southern Score Group. This information has been confirmed by the Board of Southern Score and they collectively and individually accept full responsibility for the accuracy of the information relating to the Vendor and Southern Score Group. After having made all reasonable enquiries, and to the best of board of directors of Southern Score's knowledge, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement relating to the Vendor and Southern Score Group in this Document misleading. The responsibility of Board of GNB is to ensure that such information is accurately reproduced in this Circular.

2. CONSENTS AND CONFLICT OF INTEREST

2.1 Principal Adviser

Kenanga IB, being the Principal Adviser and Sponsor for the Proposed Regularisation Plan and the Placement Agent for the Proposed Private Placement, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references in the form and context in which they appear in this Circular.

Kenanga IB has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the Principal Adviser and Sponsor for the Proposed Regularisation Plan and the Placement Agent for the Proposed Private Placement.

2.2 Legal Adviser

Chooi & Company + Cheang & Ariff, being the solicitors for the Proposed Regularisation Plan, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references in the form and context in which they appear in this Circular.

Chooi & Company + Cheang & Ariff has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the solicitors for the Proposed Regularisation Plan.

2.3 Reporting Accountants

Grant Thornton Malaysia PLT, being the Reporting Accountants for the Proposed Regularisation Plan, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the Accountants' Report of the Southern Score, Pro Forma Consolidated Statements of Financial Information of GNB together with the Reporting Accountants' letter thereon, and all references in the form and context in which they appear in this Circular.

Grant Thornton Malaysia PLT has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the Reporting Accountants for the Proposed Regularisation Plan.

FURTHER INFORMATION (Cont'd)

2.4 Independent Adviser for the Proposed Exemption and Independent Expert for the fairness opinion on the Purchase Consideration for the Proposed Acquisition

Malacca Securities Sdn Bhd, being the Independent Adviser for the Proposed Exemption and Independent Expert for the fairness opinion on the Purchase Consideration for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the fairness opinion report, the IAL and all references in the form and context in which they appear in this Circular.

Malacca Securities Sdn Bhd has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the Independent Adviser for the Proposed Exemption and Independent Expert for the fairness opinion on the Purchase Consideration for the Proposed Acquisition.

2.5 Independent Market Researcher

Providence Strategic Partners Sdn Bhd, being the Independent Market Researcher has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the independent market report and all references in the form and context in which they appear in this Circular.

Providence Strategic Partners Sdn Bhd has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the Independent Market Researcher.

3. MATERIAL CONTRACTS**3.1 GNB**

Save and except for the SSA, First Supplemental SSA, PGA, First Supplemental PGA, Second Supplemental PGA, Debt Settlement Agreement, First Supplemental Debt Settlement Agreement, the Company has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past 2 years immediately preceding the date of this Circular.

3.2 Southern Score Group

Please refer to Section 7.13 of Appendix III(A) of this Circular.

4. MATERIAL LITIGATION, CLAIMS AND ARBITRATION**4.1 GNB**

As at the LPD, GNB is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board of GNB confirms that there is no proceeding, pending or threatened, against GNB or any facts likely to give rise to any proceeding which may materially affect the financial position or business of GNB.

4.2 Southern Score Group

Please refer to Section 4.9 of Appendix III(B) of this Circular.

FURTHER INFORMATION (Cont'd)

5. MATERIAL COMMITMENTS**5.1 GNB**

As at the LPD, the Board of GNB confirms that there is no material commitment incurred or known to be incurred by GNB which may have material impact on the financial position of GNB.

5.2 Southern Score Group

Please refer to Section 4.7 of Appendix III(B) of this Circular.

6. CONTINGENT LIABILITIES**6.1 GNB**

As at the LPD, the Board of GNB confirms that there is no contingent liability incurred or known to be incurred by GNB, which upon becoming enforceable may have material impact on the financial position of the GNB.

6.2 Southern Score Group

Please refer to Section 4.8 of Appendix III(B) of this Circular.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at GNB's Registered Office at Unit 621, 6th Floor, Block A, Kelana Centre Point, No. 3 Jalan SS7/19, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan during normal business hours from 9.00 a.m. to 5.00 p.m. from Mondays to Fridays (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) GNB's and Southern Score's Constitution;
- (ii) Memorandum of understanding and the supplemental letter of extension;
- (iii) SSA and the First Supplemental SSA;
- (iv) PGA, the First Supplemental PGA and the Second Supplemental PGA;
- (v) Debt Settlement Agreement and the First Supplemental Debt Settlement Agreement;
- (vi) the audited consolidated financial statements of GNB for the past FYE 30 June 2019, FYE 30 June 2020, FYE 30 June 2021 and FPE 30 April 2022;
- (vii) the audited financial statements of Southern Score for the past FYE 31 December 2018, FYE 31 December 2019, FYE 31 December 2020 and FYE 31 December 2021;
- (viii) Accountants' Report on Southern Score for the FYE 31 December 2018, FYE 31 December 2019, FYE 31 December 2020, FYE 31 December 2021 and FPE 30 April 2022, as set out in Appendix IV of this Circular;
- (ix) Pro Forma Consolidated Statements of Financial Information of GNB together with the Reporting Accountants' letter, as set out in Appendix V of this Circular;
- (x) IMR Report prepared by Providence Strategic Partners Sdn Bhd, as set out in Appendix VI of this Circular;

FURTHER INFORMATION (Cont'd)

- (xi) the expert report by Malacca Securities on the fairness opinion on the Purchase Consideration of the Proposed Acquisition, as set out in Appendix VII of this Circular;
- (xii) Directors' Report on the Southern Score Group, as set out in Appendix VIII of this Circular;
- (xiii) the letters of consent and declaration of conflict of interest as referred to in Section 2 above; and
- (xiv) the material contracts referred to in Section 3 above.

G NEPTUNE BERHAD

(Registration No. 200301019817 (622237-D))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of G Neptune Berhad (“**GNB**” or “**Company**”) will be held at Boardroom 4, Level 3, Eastin Hotel Kuala Lumpur, No. 13, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 13 September 2022 at 11.30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED CONSOLIDATION OF EVERY 10 EXISTING ORDINARY SHARES IN GNB (“GNB SHARE”) INTO 1 GNB SHARE (“CONSOLIDATED SHARE”) (“PROPOSED SHARE CONSOLIDATION”)

“**THAT**, subject to passing of Ordinary Resolutions 2, 3, 4 and 5, upon the approvals being obtained from the relevant authorities, approval be and is hereby given to the Company to give effect to the consolidation of every 10 existing ordinary shares in the Company into 1 new ordinary share in the Company;

THAT the Consolidated Shares shall rank equally in all respects with one another;

THAT the fractional entitlements arising from the Proposed Share Consolidation shall be disregarded and/or dealt with by the Board of Directors of the Company (“**Board**”) in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company;

AND THAT the Board of the Company be and is hereby authorised to sign and execute all documents to give effect to the Proposed Share Consolidation with full power to assent to any condition, modification, variation and/or amendment in any manner as may be required or imposed by the relevant authorities and to take all steps and do all acts and things in the manner as the Board may consider necessary or expedient in order to implement, finalise and give full effect to the Proposed Share Consolidation.”

ORDINARY RESOLUTION 2

PROPOSED ACQUISITION OF 100% EQUITY INTEREST IN SOUTHERN SCORE SDN BHD FOR A PURCHASE CONSIDERATION OF RM252,000,000 (“PURCHASE CONSIDERATION”) TO BE SATISFIED VIA THE ISSUANCE OF 1,680,000,000 NEW GNB SHARES AT AN ISSUE PRICE OF RM0.15 PER GNB SHARE (“CONSIDERATION SHARES”) (“PROPOSED ACQUISITION”)

“**THAT**, subject to passing of Ordinary Resolutions 1, 3, 4 and 5, approval be and is hereby given to the Company to acquire from Super Advantage Property Sdn Bhd (“**Super Advantage**”), 100% equity interest in Southern Score Sdn Bhd for a Purchase Consideration of RM252,000,000 to be satisfied via the issuance of 1,680,000,000 Consideration Shares at an issue price of RM0.15 per Consideration Share in accordance with the terms and conditions of the conditional share sale agreement dated 9 July 2021 entered into between GNB and Super Advantage (“**SSA**”).

A supplemental SSA dated 18 May 2022 has been entered into by GNB and Super Advantage to amend and vary certain terms and conditions of the SSA.

THAT such Consideration Shares shall, upon allotment and issue, rank equally in all respects with the existing issued GNB Shares. However, such Consideration Shares will not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to GNB's shareholders unless such Consideration Shares were allotted and issued on or before the entitlement date of such rights, allotments and/or other distributions.

AND THAT the Board of the Company be and is hereby empowered and authorised to take all such steps and do all acts, deeds and things to enter in to any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of the Company, all such documents as they may deem necessary, expedient and/or appropriate to implement and give full effect to and complete the Proposed Acquisition with full powers to assent to any conditions, modifications, variations and/or amendments as the Board of the Company may in absolute discretion deem fit and/or as may be imposed or permitted by any other relevant authorities in connection with the Proposed Acquisition.”

ORDINARY RESOLUTION 3

PROPOSED SETTLEMENT OF DEBT OWING TO A DIRECTOR OF GNB OF RM3,100,000 VIA THE ISSUANCE OF 20,666,667 NEW GNB SHARES AT AN ISSUE PRICE OF RM0.15 PER GNB SHARE (“SETTLEMENT SHARES”) (“PROPOSED DEBT SETTLEMENT”)

“**THAT** subject to passing of Ordinary Resolutions 1, 2, 4 and 5, the Proposed Debt Settlement, which will be implemented through the following, be and is hereby approved:

The debt settlement agreement dated 9 July 2021 has been entered into between the Company and Chai Tham Poh (“CTP”) (“**Debt Settlement Agreement**”), a Director of GNB, to settle the balance amount owing by GNB to CTP in accordance with the terms and conditions of the Debt Settlement Agreement.

A supplemental Debt Settlement Agreement dated 18 May 2022 has been entered into by GNB and CTP to amend and vary certain terms and conditions of the Debt Settlement Agreement (“**First Supplemental Debt Settlement Agreement**”).

Pursuant to the Debt Settlement Agreement and the First Supplemental Debt Settlement Agreement, the debt owing to CTP of RM3,100,000 shall be paid by GNB to CTP via the issuance of 20,666,667 Settlement Shares at an issue price of RM0.15 per Settlement Share to CTP.

THAT such Settlement Shares shall, upon allotment and issue, rank equally in all respects with the existing issued GNB Shares. However, such Settlement Shares will not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to GNB’s shareholders unless such Settlement Shares were allotted and issued on or before the entitlement date of such rights, allotments and/or other distributions.

AND THAT the Board of the Company be and are hereby authorised to give full effect to the Proposed Debt Settlement with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required in the best interest of the Company and to take all steps or do all acts as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Debt Settlement.”

ORDINARY RESOLUTION 4

PROPOSED PRIVATE PLACEMENT OF 543,047,900 GNB SHARES AT AN ISSUE PRICE TO BE DETERMINED LATER, WHICH SHALL NOT BE LESS THAN RM0.20 PER NEW GNB SHARE (“PLACEMENT SHARES”), TO ELIGIBLE INVESTORS TO BE IDENTIFIED LATER (“PROPOSED PRIVATE PLACEMENT”)

“**THAT** subject to passing of Ordinary Resolutions 1, 2, 3 and 5, approval be and is hereby given to the Company to issue 543,047,900 Placement Shares after the Proposed Acquisition and Proposed Debt Settlement to independent third party investors to be identified and at an issue price to be determined later, which shall not be less than RM0.20 per Placement Share.

THAT such Placement Shares shall, upon allotment and issue, rank equally in all respects with the existing issued GNB Shares. However, such Placement Shares will not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to GNB’s shareholders unless such Placement Shares were allotted and issued on or before the entitlement date of such rights, allotments and/or other distributions.

THAT the proceeds of the Proposed Private Placement will be utilised for the purposes as set out in Section 7 of Part A of the Company's circular to shareholders dated 22 August 2022 ("**Circular**") and the Directors of the Company be and are hereby authorised to revise the manner and purpose of the utilisation of proceeds as they deem fit and expedient in the best interest of the Company subject (where required) to the approval of the relevant authorities.

AND THAT the Board of the Company be and are hereby authorised to give full effect to the Proposed Private Placement with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required in the best interest of the Company and to take all steps or do all acts as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Private Placement."

ORDINARY RESOLUTION 5

PROPOSED EXEMPTION UNDER PARAGRAPH 4.08(1)(A) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS ("RULES") FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER FOR THE REMAINING GNB SHARES NOT ALREADY HELD BY SUPER ADVANTAGE AND THE PERSONS ACTING IN CONCERT WITH IT PURSUANT TO THE PROPOSED ACQUISITION ("PROPOSED EXEMPTION")

"THAT subject to passing of Ordinary Resolutions 1, 2, 3 and 4, and compliance with such conditions as may be imposed by the Securities Commission Malaysia, approval be and is hereby given to exempt Super Advantage and the persons acting in concert under Paragraph 4.08(1)(a) of the Rules from the obligation to undertake a mandatory take-over offer for the remaining GNB Shares not already held by Super Advantage and the persons acting in concert with it pursuant to the Proposed Acquisition.

AND THAT the Board of the Company be and are hereby authorised to give full effect to the Proposed Exemption with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required in the best interest of the Company and to take all steps or do all acts as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Exemption."

SPECIAL RESOLUTION 1

PROPOSED CHANGE OF NAME OF THE COMPANY FROM G NEPTUNE BERHAD TO SOUTHERN SCORE BUILDERS BERHAD ("PROPOSED CHANGE OF NAME")

"THAT the name of the Company be and is hereby changed from "G Neptune Berhad" to "Southern Score Builders Berhad" effective from the date of issuance of the Notice of Registration of New Name by the Companies Commission of Malaysia ("**CCM**") to the Company and that the Constitution shall be hereby amended by replacing all references to "G Neptune Berhad" with "Southern Score Builders Berhad" subject to and upon issuance of the Notice of Registration of New Name by the CCM.

AND THAT the Directors and/or the Company Secretaries of the Company be and are hereby authorised and empowered to carry out all the necessary steps and formalities in effecting the Proposed Change of Name."

BY ORDER OF THE BOARD

CYNTHIA GLORIA LOUIS (MAICSA 7008306) (SSM PC No. 201908003061)
CHEW MEI LING (MAICSA 7019175) (SSM PC No. 201908003178)

Company Secretaries

Petaling Jaya
Selangor Darul Ehsan
22 August 2022

Notes:

- (1) In respect of deposited securities, only Members whose names appear in the Record of Depositors on 7 September 2022 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the meeting.
- (2) A member entitled to attend and to vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
- (3) Where a member appoints two (2) proxies to attend and vote at the meeting, such appointment shall be invalid unless he/she specifies the proportions of his/her shareholding to be represented by each proxy.
- (4) There shall be no restriction as to the qualification of the proxy and a proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.
- (5) A member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (6) Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account known as an omnibus account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds. The appointment of two (2) or more proxies in respect of any particular omnibus account shall be invalid unless the Exempt Authorised Nominee specifies the proportion of its shareholding to be represented by each proxy.
- (7) The Form of Proxy, in the case of an individual, shall be signed by the appointor or his attorney duly authorized in writing or, in case of corporation, shall be given either under its common seal or under the hand of an officer or attorney duly authorized.
- (8) The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Mega Corporate Services Sdn. Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan, not less than 48 hours before the time for holding the meeting or any adjournment thereof.
- (9) The proxy appointment may also be submitted electronically via mega-sharereg@megacorp.com.my, not less than 48 hours before the time for holding the meeting or any adjournment thereof. The Company may request any member to deposit original executed proxy form to its Share Registrar before or on the day of meeting for verification purpose.

G NEPTUNE BERHAD
(Registration No. 200301019817 (622237-D))
(Incorporated in Malaysia)

CDS ACCOUNT	
NO. OF SHARES	

FORM OF PROXY

I/We

NRIC No. (New) _____ (Old) _____ /Registration/Company No. _____

of _____

Email Address _____ Contact No. _____

being a member/members of G Neptune Berhad (Registration No: 200301019817(622237-D)) hereby appoint the following person(s):-

Name	Address	Email Address	Contact No.	NRIC/ Passport No.	Proportion of Shareholdings (%)
*And/or failing him/her (delete as appropriate)					

or failing him/her/them, THE CHAIRMAN OF THE MEETING, as my/our proxy/proxies, to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at Boardroom 4, Level 3, Eastin Hotel Kuala Lumpur, No 13, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 13 September 2022 at 11.30 a.m. and at any adjournment thereof in the manner as indicated below in respect of the following ordinary and special resolution:-

Ordinary Resolution	FOR	AGAINST
1. Proposed Share Consolidation		
2. Proposed Acquisition		
3. Proposed Debt Settlement		
4. Proposed Private Placement		
5. Proposed Exemption		

Special Resolution	FOR	AGAINST
1. Proposed Change of Name		

Please indicate with an "X" in the appropriate space how you wish your votes to be cast. If you do not indicate how you wish your proxy to vote on any Resolution, the proxy will vote or abstain from voting at his/her/their discretion.

Date: _____

Signature/ Common Seal of Shareholder(s)

Notes:

- (1) In respect of deposited securities, only Members whose names appear in the Record of Depositors on 7 September 2022 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the meeting.
- (2) A member entitled to attend and to vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
- (3) Where a member appoints two (2) proxies to attend and vote at the meeting, such appointment shall be invalid unless he/she specifies the proportions of his/her shareholding to be represented by each proxy.
- (4) There shall be no restriction as to the qualification of the proxy and a proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.
- (5) A member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (6) Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account known as an omnibus account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds. The appointment of two (2) or more proxies in respect of any particular omnibus account shall be invalid unless the Exempt Authorised Nominee specifies the proportion of its shareholding to be represented by each proxy.



- (8) The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Mega Corporate Services Sdn. Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan, not less than 48 hours before the time for holding the meeting or any adjournment thereof.
- (9) The proxy appointment may also be submitted electronically via mega-sharereg@megacorp.com.my, not less than 48 hours before the time for holding the meeting or any adjournment thereof. The Company may request any member to deposit original executed proxy form to its Share Registrar before or on the day of meeting for verification purpose.

PERSONAL DATA NOTICE

By submitting the form of proxy, the shareholder or proxy accepts and agrees to the collection, use and disclosure of their personal data by the Company (or its agents or service providers) for the purpose of preparation and compilation of documents relating to the EGM (including any adjournment thereof).

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AFFIX
STAMP

G NEPTUNE BERHAD
(Registration No.: 200301019817 (622237-D))

The Share Registrar
Mega Corporate Services Sdn. Bhd,
Level 15-2, Bangunan Faber Imperial Court,
Jalan Sultan Ismail, 50250 Kuala Lumpur,
Wilayah Persekutuan

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Fold This Flap For Sealing