

BCB BERHAD (Company No. 172003-W)
(Incorporated In Malaysia)

Summary of the key matters discussed at the Thirtieth Annual General Meeting (“30th AGM” or “the Meeting”) of the Company held at Prime City Hotel, Venus Room, 6th Floor, 20, Jalan Bakawali, 86000 Kluang, Johor Darul Ta’zim on Wednesday, 5 December 2018 at 10.30 a.m.

1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

The Chairman informed that the Audited Financial Statements for the financial year ended 30 June 2018 and the Reports of Directors and Auditors thereon were circulated to all the shareholders of the Company within the statutory period.

The Chairman then proceeded to invite questions from the shareholders and proxies.

Questions raised by Mr. Ong Teik Khoon, a proxy and response of the Board are set out in Appendix I attached hereto.

Upon answering all questions raised, the Chairman declared that the Audited Financial Statements for the financial year ended 30 June 2018 and the Reports of Directors and Auditors thereon, be received.

For the rest of the items on the Agenda stated below, there were no questions raised by the shareholders. All the resolutions tabled at the Meeting and voted upon by polling were duly passed by the shareholders, with the results of the polling announced accordingly to Bursa Malaysia Securities Berhad on 5 December 2018.

**2. ORDINARY RESOLUTION 1
RE-ELECTION OF MS TAN LAY HIANG**

**3. ORDINARY RESOLUTION 2
RE-ELECTION OF MR TAN VIN SERN**

**4. ORDINARY RESOLUTION 3
ELECTION OF MR TAN KOK WEE**

**5. ORDINARY RESOLUTION 4
DIRECTORS’ FEES AND DIRECTORS’ BENEFITS**

**6. ORDINARY RESOLUTION 5
RE-APPOINTMENT OF AUDITORS**

**7. ORDINARY RESOLUTION 6
PROPOSED RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS, TAN SRI DATUK SERI ISMAIL BIN YUSOF**

**8. ORDINARY RESOLUTION 7
PROPOSED RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS, ENCIK ASH’ARI BIN AYUB**

9. **ORDINARY RESOLUTION 8
AUTHORITY TO ISSUE SHARES**
 10. **ORDINARY RESOLUTION 9
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT
RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**
 11. **ORDINARY RESOLUTION 10
PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK**
 12. **SPECIAL RESOLUTION
PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY**
- ANY OTHER BUSINESS**

There were no other matters discussed.

Appendix I

1. Question on the Annual Report (AR) Inventories of RM 109 million. What are these inventories? And what plans to reduce the inventories?

A: These inventories are mainly from our Concerto North Kiara project. They were initially Bumi units which have since being released by DBKL. We have also embarked on an exercise to reduce the Group's inventories. To-date since 30th June 2018, we have reduced inventories by close to RM20mil.

2. BCB reported higher profit but lower tax due to tax incentives. What are these incentives and does it have an expiry period? (RM 9.9 million tax incentives)

A: The lower tax rate is due to our Medini project, Elysia Park Residences obtaining a Tax Exemption status from the government (IRDA). As most of that reporting period's profits were from that project, hence the effective tax rate is lower than the corporate tax rate of 24%. This tax exemption status will lapse in year 2020. Nevertheless, we intend to have it renewed/extended next year.

3. AR: Land for Development have increased from RM 119 million to RM 254 million, an increase of about RM 135 million. What is this?

A: This is mainly our new phases at our Kota Kemuning project called Home Tree which we intend to launch in the coming year.

4. This is from the AR: Sustainability Statement Page 8 : Quote" Investors Relations and Shareholders' value creation a) the Group has in place a **policy** to regularly interact with stakeholders – shareholders, bankers, business analysts etc...- Q. What is this policy? And how many times have you interact with shareholders/ analysts/ media apart from your regulatory compliance via the quarterly results? Have you conducted any proactive interactions with shareholders and how many times have you given media and analysts' briefing?

A: We regularly interact with all stakeholders via our regular announcements to Bursa and occasional press conference with the Media. In addition, our website also host these details.

5. Do you agree that the 4th quarter 2018 and 1st quarter 2019 results are good? Answer...Then why is it that that there is no coverage in the business media? I know you cannot dictate what the media will cover, but I believe it is the lack of Investor Relations that result in the Group remaining under the radar of the business media OR is it the intention of the Group to remain under the radar? Kindly give your comment.

A: Yes, the results are good. We have actually informed The Star but they did not report it for whatever reasons.

6. Regarding regular interaction with shareholders. I like to bring up my email to Mr Low on some questions re quarterly results for quarter ended 31/3/18. After a delay of 2 weeks and a reminder, Mr Low replied : Quote” It is not the norm for us to answer questions from shareholders on a daily basis. In normal circumstances, all queries are raised only during the yearly AGM. Nevertheless, as a goodwill gesture, I will provide you with an explanation this time.” Unquote. I will read my reply which I did not email but I am highlighting in this AGM:

First of all, we do not pose questions to the company on a daily basis. We only do so after the quarterly results are announced, and only when we feel that the company is not forthcoming and detailed with the explanations on the quarterly results.

I strongly disagree with your statement that it is not the norm to answer questions and that questions are only raised during the AGM. I believe that shareholders have the right to demand for appropriate explanations within reasonable time frame should they find discrepancies or variances or anything significant that warrants immediate explanation instead of waiting until the AGM.

To confirm our believe, we called up the Minority Shareholders Watchdog Group who told us that although it is not laid down in any bylaw or rules, PLCs are obligated to answer or clarify questions on matters that are already announced, such as in the quarterly results. In addition, BCB's own Corporate Governance Overview Statement Page 25 under Principle C emphasizes on meaningful relationship with stakeholders and effective and timely communication. Further, in your Sustainability Statement, page 8, you emphasized that the Group has in place a policy to regularly interact with stakeholders and engaged regularly via financial results updates. To me, all of these as laid down by these statements indicate that communication between the Group and us, in plain English is a 2 way traffic, which means that when you tell us something via your announcements, we should have the right to ask for clarification.

Regardless of your stand, I will still continue to write to seek explanation. As to whether you reply, of course it is entirely up to you.

A: I will answer you. Firstly, we do not want to be misquoted. Also, we can be charged/sued in court by Bursa for insider trading. For information about the Group's finances, I suggest you follow our regular Bursa announcements or our website as we do conduct regular/occasional press interviews with the Media.

7. This question is on the Share Buy-Back Circular Page 14. As stated in the Circular, quote” The Proposed Share Buy-Back is likely to benefit BCB and its shareholders in the following manner: If necessary in future, BCB may be able to stabilise the supply and demand of BCB shares in the open market, thereby **supporting the fundamental values** of BCB shares.

Unquote. Q. What is the fundamental value of BCB shares? Q. Under what circumstances will you do more aggressive and concerted share buy-back?

A: BCB's share price is worth RM1.26 on paper. A share buy-back is only undertaken during share price volatility. Before we undertake such exercise, the management has to consider things like the Group's cashflow, its capex or plans to buy lands etc.

8. A question on BCB stock market performance. Last year, your answer to my question as to whether the controlling shareholders are interested at all on the stock market performance of BCB Berhad on Bursa Malaysia and to quote you: "The share price is hovering at around RM 0.47 while the Net Asset backing is around RM 1.12. **It is clearly under-valued**" Unquote. Now your prevailing share price hovers around 31 sen with the NTA at RM 1.17. The market price has dropped further by about 34% from last year although you have made much more profits than last year. Now the share is much more deeper in value compared to last year.

What are your comments now? Why are you not embarking on a more aggressive share buy back?

The major shareholders should buy and made the necessary announcements. This will send a very clear and strong message to the market that the major shareholders view the stock to be undervalued.

Your answer last year, quote: We have also from time to time done limited amount of share buy-backs. Unquote. **This is not correct as you had bought only 1,000 shares and this is for the purpose of retaining the share buy-back mandate. Kindly comment.**

A: As mentioned, a share buy-back is only done when there is share price volatility. Furthermore, we need to consider other aspects like cashflow, capital requirements of the Group etc. The weak economy is one reason why the share price has fallen in relation to its actual worth.

- 9.. This is a quote from BCB's stated policy : "... to build and maintain a sustainable business based on delivering value to its shareholders, create long term value for stakeholders and optimise value creation for shareholders" Unquote. These are lofty ambitions and commitment which ought to be commended, but as to whether the Group has been practising this or have achieved anything is still debatable. To minority shareholders like us, value creation comes mainly from dividends and increase in value of the share price.: I summarise here the Market Capitalization of BCB ie the total number of shares multiply by the market price as at the respective date of the Annual Report:

FY 2014 RM 239 million / FY 2015 dropped to RM 219 million / FY 2016 dropped to RM198 million / FY 2017 dropped to RM 188 million and now FY 2018 dropped to RM159 million

The Market Capitalization is on a decreasing trend: what is the Management's plan and strategy to reverse the decreasing trend? **How has the Group create value for shareholders thus far?**

A: It is the intention of the management to reward its shareholders by paying them regular dividends. However, before we can pay out dividends, we have to look into areas like the Group's cashflow, its indebtedness, capital expenditure plans etc. We are leaving it to market forces.

10. These questions are posed to the Independent Directors. Having served for more than 12 years, the independent directors ought to know the ins and outs of the Group. Q i. What do the independent directors think of the **zero dividend policy** of the Group although profits have been at a record high ii. Under what conditions should the Group reward its minority shareholders? iii. Kindly comment on the justification of the doubling of directors' remuneration in FY 2016? iv. Kindly comment as to how the minority shareholders have been rewarded over the 12 years of your board membership? v. Kindly comment as to how you think shareholders ought to be rewarded.

A:

- 1) The Group need to conserve cash in view of the slow economy.
- 2) The doubling of directors' remuneration in FY 2016 is a one off occasion.
- 3) Since the listing of the Company in 1995 till today, there have been 2 dividend pay-outs.
- 4) When the time is right, the shareholders will be rewarded.

11. This question is on the AR: Corporate Governance: Remuneration policies and procedures : Page 22 Quote " The components of Directors' remuneration are structured so as to link rewards to corporate and individual performance in the case of Executive Directors. Unquote. What is the policy linking the remuneration of the Executive Directors and Managing Director to corporate performance?

A: The directors got only 1 month bonus despite the good results as they are aware of the tight cash position of the Group and the need to conserve cash.

12. This question is on the AR: Transactions with related parties Page 92. Interest payables to Ju-Ichi of RM 1,008,693. What is this? What is the principal amount? What is the interest rate?

A: These are related party loans to the Group. The interest rate charged is within arm's-length and as per market rate.

13. Question on Trade and Other Payables – Interest bearing payables due to related parties RM 21 million, what are these and who are these due to? Non-interest bearing payables due to related parties RM 43 million, what are these and who are these due to? What type of related party payables attract interest?

A: These are inter-companies transactions and under the new accounting standards, we are required to charge interest at market rates.

14. Question on AR Page 92. Progress billings to Ultimate Holding company RM 2.8 million, related parties RM 6.2 million and Directors RM 10.6 million. What are these?

A: This mainly relates to some condominium units in our medina project (Elysia Park Residence) which some directors have purchased in order to support the company's project. Currently, most banks are not extending financing to properties within Medini, Johor Bahru; hence the owings.

15. This question is from the Circular on Related Party Transactions. Page 4. Why is the estimated value of transactions with Marvel Plus Development Sdn Bhd of which the controlling shareholders have interest be stated at a high amount of RM 20 million when the actual value is only RM 3.5 m? And what is the expected transaction amount for the next 1 year? Is it not prudent for the Group to reduce it to say RM 5 million and to seek shareholders's approval next year rather than having a blanket high amount for Related Party Transactions?

A: The reason we have set the amounts at the present levels is for contingency purposes in case the market recovers and projects are jump started.

16. Another question from Circular on Related Party Transactions. Page 5. What is the property that the Group paid RM 300K to Ju-Ichi Enterprise Sdn Bhd of which the controlling shareholders have interest? And are there any unsold properties of the Group that could be used for this purpose instead of renting from Ju-Ichi? What is the prevailing market rental for this type of property?

A: This RM300k related to the yearly rental (monthly RM25k) of the Group's corporate office in Kluang Parade. The Group is currently occupying 2 floors and the rental is within market value.

We do not have unsold properties of a similar size as our current corporate office.

17. Question from Circular on Related Party Transactions. Page 7. Who are the counter parties that owe RM 9.2 million to the Group, with RM 5 million exceeding the credit term within 1 year and RM 4.2 million between 1 year to 3 years? What debt restructuring are you referring to in the Circular?

A: These sums relate to the purchase of some units in our Elysia Park Residence project in Medini, JB by some directors in order to support the project. The owings arose from the inabilities of the directors to secure bank loans as most banks in the country have blacklisted all projects in Medini.

18. A question on Capital management Page 93. What are the prescribed gearing ratio and tangible net worth of the Group that are imposed by financial institutions?

A: Only BCB Construction Sdn Bhd has gearing ratios imposed by its lenders. The rest of the Group does not have any imposition of gearing ratios.

19. Question on the AR Inventories of RM 109 million. What are these inventories? And what plans to reduce the inventories?

A: Repetition.

20. AR You reported higher profit but lower tax due to tax incentives. What are these incentives and does it have an expiry period? (RM 9.9million tax incentives)

A: Repetition.

21. AR Land for Development have increased from RM 119 million to RM 254 million, an increase of about RM 135 million. What is this?

A: Repetition.

22. AR Internal Audit : What is the most significant and material findings of the internal and external audit for the past 2 years?

A: Nothing major. Just normal findings.

23. AR Trade Receivables past due but not impaired between 61 to 120 days, increased by about RM 12 million, from RM 5.8 million to RM 17.6 million. Who are these debtors? Over 120 days is now RM 17.7 million, who are these debtors? How is the process to settle these?

A: Most of these debts relate to our Elysia Park Residence project whereby the cash purchasers from China are paying on instalment basis.

24. AR Borrowings: The Group have RM 127 million in Term Loan and RM 11 million in bridging loan that is due on demand and within 1 year. What is the plan for the repayment?

A: So far we are paying these loans via sales redemptions. We do not foresee any problems repaying our bank loans. In fact our loans repayments are all prompt. The loans due within 1 year are indeed big. This is one of the reasons why we are not paying out dividends.