

2020



ANNUAL REPORT



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CHAIRMAN'S STATEMENT



Dear Shareholders,

On behalf of the Board of Directors of BCB Berhad, I am pleased to present this Annual Report and Financial Statements of BCB Berhad for the financial year ended 30 June 2020.

OVERVIEW

In year 2019, Malaysia has registered GDP growth of 4.30%. During the year 2020, the Covid 19 virus outbreak and Movement Control Order (MCO) have halted the global and domestic economic activities. Bank Negara Malaysia has projected growth in 2020 to contract to a range of -3.5% to -5.5% as the result of the output loss from Covid-19, the implementation of MCO and disruption to commodity supplies.

Despite the impact from the Covid-19 outbreak has yet to be fully financial materialized, it is expected to bring significant impact to the property market in the short term due to concerns over business sustainability, unemployment, and stringent approvals. The property market will still be struggling with the supply dwarfing demand going forwards and the new properties launched is expected to increase pressure on the high inventories' levels of unsold completed properties.

As regards to the economy, the government on the other hand has taken necessary measurement under Pelan Jaya Semula Ekonomi Negara (PENJANA) program in introducing government incentives to boost the property market. With the incentives, it is expected to improve the take up rate for the properties within affordable range.

Although Malaysia has successfully contained the pandemic and the economy is slowly picking up thus far, the extent of an economic recovery would depend on when this pandemic can be controlled, given its current resurgence in certain major countries. For that, Malaysia remain vigilant over future waves of the disease.

Chairman's Statement

(cont'd)

Amidst the weak economic conditions, Financial Year 2020 was indeed a challenging year for the Group. The Group performance had been affected since beginning Jan 2020 and the imposition of MCO, border travel restrictions and consumer sentiments. Nonetheless, we are expecting that we will resume on our growth path by adopting a more cautious approach in launching new product and continuing to enhance property quality to be more competitive.

FINANCIAL REVIEW

During the financial year, the Group posted a turnover of RM253.98 million compared with RM425.39 million achieved in the previous year. Group profit before tax decreased from RM74.20 million to RM34.88 million and profit after tax decreased from RM56.98 million to RM22.95 million.

Review of Operations

During the Financial Year 2020, the Group had successfully delivered 1,345 vacant possession for projects in Johor region namely Elysia Park Residence @ Medini Iskandar, Lot 375@ Versis, Bandar Putera Indah and Evergreen Heights.

In the Klang Valley, the Group' high-end landed property, Home Tree @ Kota Kemuning officially launched its Phase 2C with a combined GDV of RM 97million comprising 46 units of 3 storey semi-Ds during the financial year.

The Group also targeted to launch its flagship development Bandar Putera Indah, Phase 6B with GDV RM27 million in second half of year 2020. This project comprising of 59 units single storey terrace house is located at the vicinity of Tongkang Pecah, about 11km north- east of Batu Pahat town Centre.

The above projects are strategically sited close to public amenities and they continue to provide value to homebuyers in terms of better / attractive design, quality finishes, superb landscaping, excellent infrastructures, and competitive pricing.

In responses to the current challenging market, the Group has ensured the marketability of its product by exploring digital platforms and social media to reach out prospective buyers. With these, the Group expects the above newly launched projects in addition to existing projects will contribute generously to its earnings in the near term.

Corporate Developments

Proposed Dividend

For the financial year ended 30 June 2020, the Group does not recommend any dividend in view of the current challenging time.

Prospects

Property market is going through a challenging time, the situation is compounded by the overall slowdown in the global economy and the emergence of the Covid -19 pandemic. The government's declining expenditure as well as lower public and private investments had reduced gross domestic product ("GDP") growth. Sluggish economic conditions had dampened consumer and investor sentiment with the effects being felt across most sectors.

The property sector will continue to face various issues such as high loan rejection rates, lower margins of financing offered by banks to property buyers, rising material and labor costs and other issues,

Against this dim backdrop, the Group believes that good location, competitive pricing, attractive and practical designs, superior layouts, and quality finishing will see it through this tough time. The Group will also continue its efforts in enhancing operational efficiency and effectiveness by putting in place stronger cost control measures.

Nevertheless, going forward, the Group is cautiously optimistic of a better performance in the second half of year 2020.

Appreciation

On behalf of the Board of Directors, I would like to express our gratitude and appreciation to all our employees for their dedicated service and contribution to the success of the Group. To our shareholders, valued customers, business associates and Governmental authorities, I would like to convey our sincere thanks for their continued support and confidence in the Group.

Last but not least, my special thanks to my fellow Board members for their counsel, invaluable contributions and understanding in the past year and I look forward to their support in the future.

ASH'ARI BIN AYUB

Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

During the year, the unprecedented negative impacts spreads from novel coronavirus disease (Covid-19) around the world prompting the World Health Organization (WHO) to declare Covid-19 a pandemic. Malaysia responded to this by closing our borders and implementing the Movement Control Order ("MCO") on 18 March 2020, the lockdown that aimed at preventing the spread of COVID-19. Such restriction has a significant impact on the property sector and the economy as the demand and supply of goods and services were severely affected.

Against this backdrop, the planned marketing activities were forced to shift from traditional platform to digital and social media platform to reach a larger pool of audience and gather feedbacks from new sales launches. Also, the progress of the construction work for on-going projects were monitored closely to pick up the delay caused by the MCO. With the above efforts, the Group has successfully completed and handover 1,345 units property at Johor region during the year.

1. Financial Performance

During the financial year 2020 ("FY2020"), the Group registered a decrease of 40% revenue from RM425.39 million in FY 2019 to RM253.98 million this year. The fluctuation on the above was largely due to the impact arose from overall slow progress of construction work. The major revenue contributors to the Group' revenue include projects under construction namely Project Broadleaf @HomeTree at Kota Kemuning, Jasmine @ Versis and Bandar Putera Indah at Batu Pahat. On the back of a marginally lower turnover, profit before tax registered a drop of 53% from RM74.2million to RM34.88 million.

Looking at the financial position, the Group's balance sheet remains sturdy on the back of an increase in net assets, the Group's current ratio remains healthy at 1.40 times as at end of 2020.

Non-current assets have increased by RM32 million to RM480 million this year as compared to last year FY 2019. This was mainly due to the reclassification of development cost incurred for future property development. Total borrowings decreased by 18% to RM369 million from RM447million. In line with the reduction in borrowings, net gearing decreased to 0.77 times against shareholders' funds of RM480 million. Net gearing expected to reduce further via collection from ongoing projects in the coming financial year and sales of inventories. The Group's net assets per share attributable to owners of the Company amounted to RM 1.32 per share.

The Group's cash and cash equivalent for FY 2020 has improved to RM30.56 million since FY 2019, mainly contributed from the sales of completed stocks and collection received from on-going projects progress.

2. Business Operation

a) Klang Valley

In the Klang Valley, the Group has sold more than RM 800 million worth of properties from its 2 high-end projects namely Home Tree @ Kota Kemuning and Concerto Condominium @ North Kiara, Kuala Lumpur over the past 7 years. Concerto Condominium was completed in 2015 with 90% sales achievement.

[HomeTree at Kota Kemuning, Shah Alam, Selangor](#)

HomeTree development, high-end gated and guarded community is a joint venture project between BCB Berhad (holding a 70% stake) and LandShine Limited, an affiliate of a reputable property developer in Xiamen, China.

The Project sited on 151 acres of land located along the Klang river and comprising about 200 units of high-end bungalows plus various other categories of houses and commercial properties.

The Project is designed to harmonize the community with its nature theme fronting the 3.5km waterfront of the Klang Rivers. It consists of club houses, jogging tracks, and esplanade and observation decks along the Klang Rivers.

The Project was officially launched on June 22, 2013 with an estimated GDV of about RM1.8 billion and is targeted for completion in the next 5 years.

Management Discussion and Analysis

(cont'd)

Phase 1 is a unique development offering “cul-de-sac” bungalow – American style and without front gates with total GDV of RM 272 million. It consists of 101 units of 3 storey bungalows is almost fully sold. Phase 2 consists of 5 sub-phases. Phase 2A and 2B were launched in August 27, 2017 with estimated GDV of RM 570 million. In April 2019, the Group has successfully launched Phase 2C with estimated GDV of RM 97 million consists of 46 units of 3 storey Semi-Detached. Remaining of the sub-phases will be launched in the near future.

As of to-date, the sales achieved for phase 2 is about RM 210 million.

b) Johor

In Johor region, the Group has 3 main township projects garnering about 60% share of the development market located in Batu Pahat and a commercial shop development. Current ongoing township projects are Bandar Putera Indah and Evergreen Heights comprised of residential and commercial development. In Johor Bahru, the current projects consist of a high rise residential and a commercial shop development namely Elysia @ Medini and Versis @ Medini.

Bandar Putera Indah, Batu Pahat, Johor

This is a 370-acre township development and an up-coming satellite suburb of Batu Pahat town. It is the first fully integrated township in Batu Pahat and it is strategically located just 7km away from Batu Pahat town center and 15km from Yong Peng. This mix development project with estimated GDV of RM 1.1 billion comprising mixture of residential and commercial units. The township comes with comprehensive amenities which include mini-markets, shops and an auto service centre, which provide convenience for residents. Additional facilities surrounding the development include schools, petrol station, eateries, clinics, and post office.

To-date more than RM400 million worth of properties have been sold. For FY 2021, the Group is targeted to launch the 59 units single storey with total GDV RM 27 million.

Evergreen Heights, Batu Pahat, Johor

Evergreen Heights is a self-contained mixed development township, which occupies 432 acres of land strategically located next to Bukit Banang Golf & Country Club, the one and only golf club with 18 holes in Batu Pahat town. It is accessible via a four-lane dual-carriage way called Jalan Tanjong Labuh 10 minutes from Batu Pahat town. It is also linked with Pontian via the coastal road and Second Link causeway to Singapore.

This development is set amidst natural surroundings with beautifully landscaped terrain. A 12 acres park complimented with a lake is set aside for family recreational purposes. It offers all the trappings of a quality lifestyle with gated residential precincts, business and commercial areas, schools, and community centre and other basic facilities.

As of to-date, over 3,000 units have been sold for a total sales value of about RM 1.0 billion. This township is currently 85% developed with another 80 acres of undeveloped land to be launched in near term.

Versis Batu Pahat, Johor

The Group embarks on the development of Versis @ Batu Pahat, a 10-acres mixed development in-view that the area will be the upcoming trendy and vibrant town at the Batu Pahat. The proposed development consists of shophouses and a commercial complex with gross development value of RM 600 million. The propose development is facing the main road, Jalan Baku Condong and Jalan Mohd Akil, which is an eye-catching spot for business opportunity.

Phase 1 was launched in year 2018 and completed during the financial year. it consists of 70 units three to five-storey shophouses with GDV of RM108 million. Phase 2 commercial complex is expecting to be launched in near future.

Management Discussion and Analysis

(cont'd)

Elysia Park Residence Medini, Iskandar Malaysia

This 7.81 acres high-rise development is a joint venture between BCB Berhad (holding a 60% equity stake) and a developer from Hong Kong, China called United Harvest Group Company Limited.

This is a 129 years leasehold project is splitting into 2 phases consisting of 6 44-storey tower blocks sitting on a 9 storey car park podium with GDV of about RM1.3 billion and will be developed over 5 years. Phase 1 consists of 981 units sited in 3 tower blocks comes with eight types of unit layouts and various design to cater the market needs.

This project is expected to generate considerable interest from locals as well as foreigners simply because Medini is a special economic zone; whereby foreigners are exempted from the buying and selling restrictions imposed elsewhere in the country.

Total sales recorded to-date is about RM435 million.

Versis Medini, Johor

Versis Medini is a mixed development that infuses an optimal balance between residential and commercial spaces amidst a dynamic retail environment. It is strategically located in the heart of Medini surrounded by prestigious high-rise residential development. It enjoys proximity to modern convenience such as Legoland, Gleneagles Hospital, Educity and Iskandar Puteri City Council (MBIP), which was announced as the region's new administration office in Medini.

The project is sub-phases into 3 phases which comprises of shop lot and apartment with GDV of about RM 500 million. Phase 1 and 2 consists of 122 units and 130 units of shop-lot and apartment respectively with total GDC RM 430 million. The Group has completed phase 3 consists of 54 units of commercial shops during the financial year.

3. Risk and Management

Risk and management forms an important part of the integral process of achieving the Group's business objectives. Key risks for the Group and the Group's risk management approach are provided in more details in the Statement of Risk Management and Internal Control on page 27 to 29 of this Annual Report.

4. Prospects and Outlook

Moving into FY 2020 and beyond, the Group will continue to be supported by its sizeable land bank of 533 acres across the central and southern region expected to be developed within next 10 years. Current domestic macroeconomic conditions are anticipated to remain resilient together with the increase concerns on recessionary threats, with the existing property market conditions, the Group will remain vigilant by taking cautious approach in launching new properties in the years to come. Meantime, the Group will be continuing to enhance property quality to be more competitive and implement a strict cost control measures to contain the operation cost.



SUSTAINABILITY STATEMENT

BCB Berhad ("BCB") recognises sustainability as a fundamental component in the preserving the future and it has always been entrenched in the core business of the Group. We are pleased to present its Sustainability Statement ("This Statement") that highlights the Company's sustainability strategies as well as for its subsidiaries ("the Group") for the financial year reporting period of 1 July 2019 to 30 June 2020.

This Statement is prepared in accordance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa") and has considered the Sustainability Reporting Guide – 2nd Edition and its accompanying Toolkits issued by Bursa.

Review of Operations

The full details of the Group's review of operations can be found under the Management Discussion and Analysis of this Annual Report.

Highlight FY 2020 – Covid-19

In responding to the Covid -19 pandemic, the Group acted comprehensively and with an inclusive approach to ensure the safety and security of all employees and stakeholders. Our business operation are guided by the applicable and relevant instruction from federal and state governments. These include the imposition of Movement Control Order ("MCO") at various stages and standards operating procedures to detect Covid-19 symptoms in visitors and employees as well as to practice social distancing measures to minimize the risk of spreading of disease.

Governance

The sustainability governance structure is headed by the Board of Directors ("The Board"). Reporting to the Board will be the Sustainability Steering Committee ("SSC") which is represented by the Executive Directors and chaired by Group Managing Director. SSC has a supervisory role over the Sustainability Working Committee ("SWC") which is headed by senior management. The SWC plays a vital role in the operationalization and execution of sustainability strategies and initiatives and reporting of progress to the SSC.



Roles

i)	Board of Directors Oversees the Group's overall sustainability performance
ii)	Sustainability Steering Committee Presents approved sustainability policies/initiatives to Board Review mitigation plans for identified EES risk and other areas
iii)	Sustainability Working Committee Identify, monitor and manage EES risks in respective divisions Look into Safety, Health, Environmental and Quality issues

Ethics and Integrity

BCB has in place a Remuneration Framework and Policy ("Remuneration Policy") to provide an appropriate level of transparency to ensure the policy underlying Directors' and Senior Management's remuneration is understood by investors and shareholders. The Remuneration Policy consists of detailed remuneration components including fixed salary and fee, bonus and other benefits and allowances.

Legal and Regulatory Compliances

BCB's governance entails the Group to adhere to various national regulations and standards to maintain our license to operate, retain trust from stakeholders, and avoid adverse consequences. We abide by the rules, guidelines and parameters set in the Real Estate and Housing Development Laws which include the National Land Code (Act 56) 1965, Malaysian Construction Industry Development Board Act 1994, Housing Development (Control and Licensing) Act 1966, Strata Titles Act 1985 and Strata Management Act 2013. We follow the regulations to a number of environmental compliances including Environmental Quality Act 1974 (and its Amendments) and social compliances like Employment Act 1955 and Occupational Safety and Health Act 1994. In FY2020, the Group recorded zero non-compliances.



Sustainability Statement

(cont'd)

Environment

Waste Management

The Group manages the waste from operation to create as little negative impact to the environment as possible – through monitoring of on-site waste management, and Group-wide recycling. At construction site, all contractors and suppliers are reminded to be mindful of their waste management. Not only that, the Group also ensures the compliances to the Environmental Quality Act 1974. The Group has maintained the reputation as a law-abiding organization thus far and will continue strive to always be aware of our responsibilities to safeguard the environment.

Water Management

As a way to use water efficiently and reduce wastage, the Group has successfully implemented the water harvesting system for its project namely Versis in Batu Pahat. With this system, waters are collected and recycled for irrigation purpose as well as for landscape usage.

Above that, the Group also designs its properties with Duo-way sanitary flushing systems for its project Phase 2 Broadleaf in Kota Kemuning that helps to reduce excessive water usage. The systems not only conserve water but also reduce the amount that house owners need to pay for their water bills.

Economy

Corporate Governance and Code of Ethics and Conduct

Adhering the laws and regulations outlined by the government, the Group has been adopting the Malaysia Code of Corporate Governance 2017 ("MCCG") to maintain our corporate accountability and ethical practices sustainably. The Board of Directors has approved the Anti-Bribery and Corruption Policy in its efforts to maintain high standard of code of conduct and business ethics among its directors and employees.

Besides the above, Whistleblowing Policy is also available to stakeholders via corporate websites when there is cause to report any business misconduct. This Policy was created to provide a level of transparency along with accessibility to our stakeholders to report any business wrong doings by the Group.

Stakeholder Relations

In the course of its business, the Group has to interact and engage with various stakeholders. The Group values all its stakeholders and believes in partnership and collaboration with them to achieve sustainability growth. The Group categorizes its stakeholders in the following manner:

- 1) Customers
- 2) Employees
- 3) Shareholders
- 4) Suppliers, Consultants and Contractors
- 5) Regulators

Stakeholder Group	Areas Of Concern	Engagement Method
Customers	Quality Issues	Feedback Sessions
Employees	Remuneration And Benefits	Staff Appraisals And Training
	Employee Satisfaction	Management Meetings And Interaction
	Work Environment	
Shareholders	Group Financial Performance	Annual General Meeting
	Corporate Governance	Annual Report
		Corporate Website
Media Interviews		
Suppliers, Consultants And Contractors	Payment Schedule	Negotiation / Re-Negotiation
	Pricing Of Products / Services	Open Tenders
	Transparency In Award	
Regulators	Various Statutory Compliance	Regular Meetings And Inspections

During the financial year, the Group has moved towards digitalizing business operation in light of the current technology trend by introducing social platforms, such as Facebook and Youtube. Virtual sales galleries were also developed to aid the potential customer's experience. These initiatives have helped the Group in widen the market to a younger generation. Not only that, this also enables the Group to reach out to more people, as compared with engagement through traditional platforms, like newspapers, billboards, and brochures.

Sustainability Statement

(cont'd)

Social

Health and Safety

During the MCO, all the contractors and employees of the Group are required to adhere to government instructions and implement applicable standard operating procedures at the construction side. Temperature checks are conducted on daily basis at the entrances before entering the construction site and office. The Group also provides face mask to all the employees and sanitize the office and construction site to ensure the BCB's environment is germ-free.

Not only that, Information Technology ("IT") and Human Resources Department also worked in synergy to enact any required changes to enhance the work-from-home experience and data security. The free installation of Virtual Private Networks for employees to working from home, has ensured that confidential data was protected.

Employee Management

The Group believes its employees are the main driving force of its business.

Employment Diversity in Term of Level

Term of level:	Pax.	%
Top	8	0.1
Senior	12	0.2
Middle	21	0.3
Others	29	0.4
	70	1.0

Employment Diversity in Term of Race

Race:	Pax.	%
Chinese	43	0.6
Malay	25	0.4
Indian	2	0.0
	70	1.0

Employment Diversity in Term of Age

Age:	Pax.	%
Under 30	10	0.1
Between 30-50	50	0.7
Over 50	10	0.1
	70	1.0

Employment Diversity in Term of Gender

Gender:	Pax.	%
Male	23	0.3
Female	47	0.7
	70	1.0

Community Relations

The Group believes in giving back to the community and employees are the main driving force of its business. During the year,

- The Group looks after the welfare of its home buyers by ensuring all its projects such as its flagship townships of Evergreen Heights and Bandar Putera Indah have safety features, adequate greens, proper landscaping and spacious recreational parks with facilities for family recreation, interaction and relaxation.
- The Group also ensures that its employees' health, welfare and safety are not compromised at the workplace. For the whole of financial year 2020, there was no reported mishap at the Group's various project sites.
- During the year, the group made donations totaling about RM408,990 to various schools and charitable causes for sports, cultural and social welfare activities.

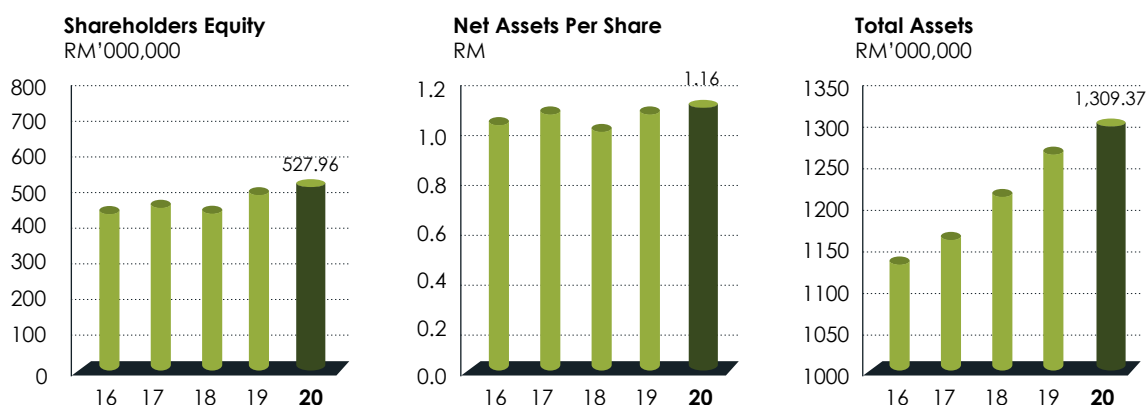


FIVE YEARS' FINANCIAL HIGHLIGHTS

Consolidated Statement of Financial Position as at 30 June for the financial year

	2016 RM '000	2017 RM '000	2018 RM '000	2019 RM '000	2020 RM '000
Share Capital	206,250	206,250	206,250	206,250	206,250
Treasury Shares	(3,121)	(3,167)	(3,168)	(3,371)	(3,373)
Non-Distributable Shares	6,788	6,788	6,788	6,788	6,788
Retained Earnings	227,931	237,728	213,940	252,950	270,261
Non-Controlling Interests	11,789	13,034	24,429	42,394	48,029
Shareholders' Equity	449,637	460,633	448,239	505,011	527,955
Represented by:					
Property, Plant and Equipment	62,797	60,987	57,633	50,361	55,989
Investment Properties	61,693	60,580	57,859	57,775	54,647
Land Held for Development	142,620	119,375	254,188	337,664	366,633
Other Non-Current Assets	1,447	2,961	8,206	2,225	3,215
Current Assets	876,899	925,005	845,108	825,637	828,885
Current Liabilities	(384,385)	(444,425)	(540,636)	(529,748)	(592,543)
	492,514	480,580	304,472	295,889	236,342
Non Current Liabilities	(311,434)	(263,850)	(234,119)	(238,903)	(188,871)
	449,637	460,633	448,239	505,011	527,955
Total Assets	1,145,456	1,168,908	1,222,994	1,273,662	1,309,369
Number of Ordinary Shares of RM 0.50 in Issue ('000)	412,500	412,500	412,500	412,500	412,500
Net Assets Per Share (RM) *	1.09	1.12	1.03	1.12	1.16

* The Net Assets Per Share of the Group is calculated based on the net assets value at the balance sheet date divided by the number of ordinary shares in issue at the balance sheet date. The comparatives have been restated to account for subdivision of every one (1) ordinary share of RM1.00 each into two (2) ordinary shares of RM0.50 each (Share Split Exercise) which was completed on 7 January 2016. Upon completion of the Share Split Exercise, the initial 206,250,000 ordinary shares of RM1.00 each were subdivided into 412,500,000 ordinary shares of RM0.50 each



Five Years' Financial Highlights

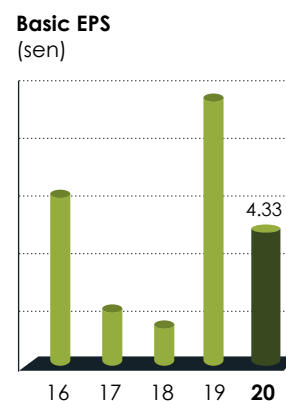
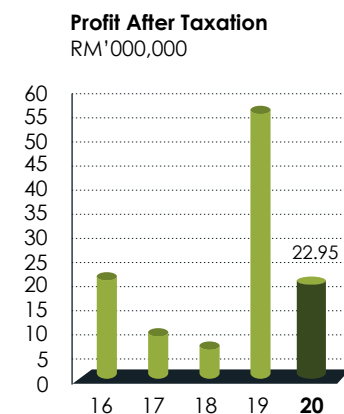
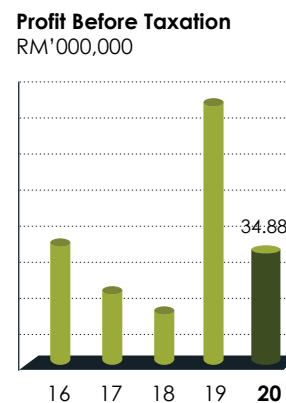
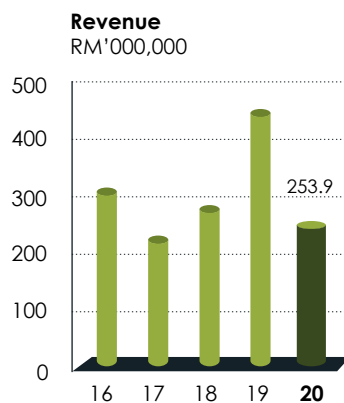
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Consolidated Statements of Comprehensive Income as at 30 June for the financial year

	2016 RM '000	2017 RM '000	2018 RM '000	2019 RM '000	2020 RM '000
Revenue	301,084	222,154	292,254	425,394	253,980
Profit Before Charging Depreciation and Interest Expenses	60,759	39,003	31,081	89,987	46,720
Depreciation	(3,457)	(3,428)	(3,250)	(2,923)	(3,089)
Interest Expenses	(19,381)	(14,525)	(14,019)	(12,866)	(8,755)
Profit Before Taxation	37,921	21,050	13,812	74,198	34,876
Taxation	(13,523)	(10,009)	(5,512)	(17,223)	(11,931)
Profit After taxation	24,398	11,041	8,300	56,975	22,945
Adjusted Weighted Average Number of Shares in Issue **	400,462	400,361	400,359	399,631	399,621
Basic EPS (sen) ***	6.41	2.45	1.72	9.76	4.33

** The comparatives have been restated to account for the subdivision of every one (1) ordinary share of RM1.00 each into two (2) ordinary shares of RM0.50 each (share split) which was completed on 7 January 2016.

*** The Basic Earning Per Share is arrived by dividing the Group's profit attributable to shareholders by the weighted average number of ordinary shares (Share Split Exercise) in issue during the financial year. The comparatives have been restated to account for the subdivision of every one (1) ordinary share of RM1.00 into two (2) ordinary share of RM0.50 each, which was completed on 7 January 2016.



CORPORATE INFORMATION

Board of Directors

Ash'ari Bin Ayub

Chairman

Independent Non-Executive Director

Tan Sri Dato' Tan Seng Leong

Group Managing Director

Tan Sri Datuk Seri Ismail Bin Yusof

Independent Non-Executive Director

Tan Lay Hiang

Executive Director

Tan Lindy

Executive Director

Tan Vin Sern

Executive Director

Tan Kok Wee

Independent Non-Executive Director

Audit Committee

Tan Sri Datuk Seri Ismail Bin Yusof

Chairman

Ash'ari Bin Ayub

Member

Tan Kok Wee

Member

Nomination & Remuneration Committee

Tan Sri Datuk Seri Ismail Bin Yusof

Chairman

Ash'ari Bin Ayub

Member

Tan Kok Wee

Member

Company Secretaries

Ng Heng Hooi

(MAICSA No. 7048492)(PC No. 202008002923)

Wong Mee Kiat

(MAICSA No. 7058813)(PC No. 202008001958)

Auditors

BDO PLT (LLP0018825-LCA & AF 0206)

Chartered Accountants

Level 8, BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur

Tel: 03-2616 2888

Fax: 03-2616 2970

Registered Office

No. 4B, 2nd & 3rd Floor, Jalan Sentol
South Wing - Kluang Parade
86000 Kluang, Johor Darul Ta'zim

Tel: 07-776 0089 (5 lines)

Fax: 07-772 0089

Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No.8, Jalan Kerinchi
59200 Kuala Lumpur

Tel: 03-2783 9299

Fax: 03-2783 9222

Principal Bankers

Malayan Banking Berhad

United Overseas Bank (Malaysia) Berhad

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

Stock Number: BCB 6602

Corporate Website

www.bccbhd.com.my

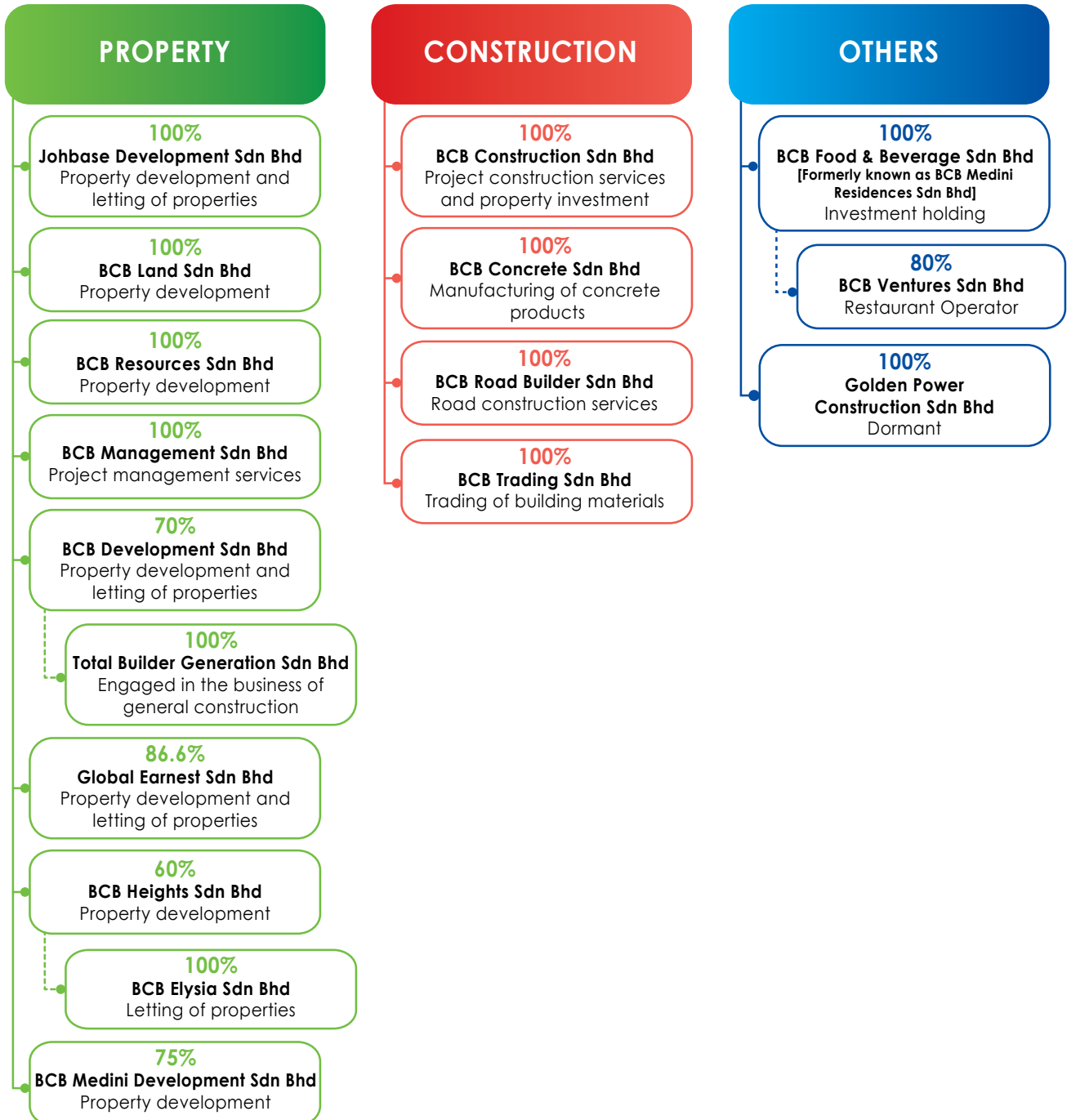
CORPORATE STRUCTURE



Building Communities & Beyond

BCB BERHAD 198801004645 (172003-W)

Investment holding, property development and hotel operations



BOARD OF DIRECTORS' PROFILE

ASH'ARI BIN AYUB

*Chairman / Independent Non-Executive Director
Member of Audit Committee
Member of Nomination and Remuneration Committee*

Ash'ari Bin Ayub, male, aged 78, a Malaysian, was appointed to the Board on 16 May 2001. He passed the professional examination of the Malaysian Association of Certified Public Accountants on 24 June 1967. He is a member of the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA). He started his career with Coopers Brothers & Co in 1961 and served until 1970. Thereafter, he joined various organizations in government and private sector. He was a Senior Partner of Coopers & Lybrand, Kuala Lumpur (now known as PricewaterhouseCoopers) from 1974 to 1994. He also holds non-executive directorships in Globaltec Formation Berhad and Metrod Holdings Berhad.

He attended five (5) of five (5) Board Meetings held in the financial year ended 30 June 2020.

TAN SRI DATUK SERI ISMAIL BIN YUSOF

*Independent Non-Executive Director
Chairman of Audit Committee
Chairman of Nomination and Remuneration Committee*

Tan Sri Datuk Seri Ismail Bin Yusof, male, aged 76, a Malaysian, was appointed to the Board on 14 July 1998. He holds a Bachelor of Arts (Hons) from University of Malaya in 1967 and served in various capacities with the Government from 1967 to 1991. He was previously the Secretary of The Federal Territory Development Division in the Prime Minister's Department. Currently, he is a member of the Board of Trustees and the Executive Vice-Chairman of the Albukhary Foundation. He also holds non-executive directorships in Minho (M) Berhad and South Malaysia Industries Berhad.

He attended five (5) of five (5) Board Meetings held in the financial year ended 30 June 2020.

TAN SRI DATO' TAN SENG LEONG

*Group Managing Director
Key Senior Management*

Tan Sri Dato' Tan Seng Leong, male, aged 64, a Malaysian, was appointed to the Board on 9 November 1988. He is the founder of BCB as well as the Group Managing Director. He oversees the Group's operation and is hands on. He is an entrepreneur with considerable experience in the property development industry. He obtained his Diploma in Building Construction and Management (London) and Master of Business Administration in 1981 and 1992 respectively. In 1995, he obtained his Fellowship of International Institute of Business Management and Member of Institute of Management (United Kingdom). He was conferred a PhD in Property Development and Management (U.S.A.) in 1996.

He is also a director of BCB's subsidiaries and several private companies. He is deemed in conflict of interest with the Company by virtue of his interests and directorships in certain privately-owned companies which are also involved in property development and related activities. However, these privately-owned companies are not in direct competition with the business of the Company due to the different market segment and / or locality of developments.

He attended five (5) of five (5) Board Meetings held in the financial year ended 30 June 2020.

TAN LAY HIANG

*Executive Director
Key Senior Management*

Tan Lay Hiang, female, aged 53, a Malaysian, was appointed to the Board on 16 July 1994. She manages the sales and marketing aspects of BCB's property development projects. Prior to joining BCB in 1989, she was attached to several other property development firms in Kluang. She also holds directorships in BCB's subsidiaries.

She attended three (3) of five (5) Board Meetings held in the financial year ended 30 June 2020.

Board of Directors' Profile

(cont'd)

TAN LINDY

Executive Director
Key Senior Management

Tan Lindy, female, aged 36, a Malaysian, was appointed to the Board on 22 May 2008 and is responsible for the Group's property development projects. She holds a Bachelor of Commerce from University of Melbourne, Australia. She also holds directorships in BCB's subsidiaries.

She is deemed in conflict of interest with the Company by virtue of her interests and directorships in certain privately-owned companies which are also involved in property development and related activities. However, these privately-owned companies are not in direct competition with the business of the Company due to the different market segment and / or locality of developments.

She attended five (5) of five (5) Board Meetings held in the financial year ended 30 June 2020.

TAN KOK WEE

Independent Non-Executive Director
Member of Audit Committee
Member of Nomination and Remuneration Committee

Tan Kok Wee, male, aged 44, a Malaysian, was appointed to the Board on 18 October 2018. He graduated from LaTrobe University, Australia with a Bachelor of Economics (Banking & Finance). He has also obtained a Postgraduate Diploma in Finance from University of Melbourne, Australia and Masters of Business (Banking & Finance) from Monash University, Australia.

He started his career with Fu Tai Umbrella Industries Sdn Bhd from 2000 to 2002 as a Financial Analyst. Thereafter, he joined OSK Securities Berhad as Business Development Executive until 2003, where he was exposed to various corporate finance assignments. Between 2003 to 2007, he was a Business Analyst at YanFull (Shanghai) Co. Ltd., a subsidiary of Golden Plus Holdings Berhad where he was involved in project management related to real estate housing development. He became director of Venture Consulting Pte. Ltd., a consulting firm providing accounting, corporate secretarial and tax services since 2007 until todate. He is also a Director of Singflux Technology Pte Ltd since 2014, a company that deals in waste recycling.

He attended five (5) of five (5) Board Meetings held in the financial year ended 30 June 2020.

TAN VIN SERN

Executive Director
Key Senior Management

Tan Vin Sern, male, aged 37, a Malaysian, was appointed to the Board on 25 May 2010 and is responsible for the Group's property development projects. He holds a Bachelor of Commerce (Accounting & Finance) from University of Melbourne, Australia. He is a member of the Malaysian Institute of Accountants (MIA) and CPA, Australia. He also holds directorships in BCB's subsidiaries.

He is deemed in conflict of interest with the Company by virtue of his interests and directorships in certain privately-owned companies which are also involved in property development and related activities. However, these privately-owned companies are not in direct competition with the business of the Company due to the different market segment and / or locality of developments.

He attended three (3) of five (5) Board Meetings held in the financial year ended 30 June 2020.

Notes:-

1. Tan Sri Dato' Tan Seng Leong and Tan Lay Hiang are siblings.
2. Tan Lindy and Tan Vin Sern are children of Tan Sri Dato' Tan Seng Leong.
3. Except as disclosed above, none of the other Directors has any family relationship with any Directors and / or major shareholders of the Company.
4. Except as disclosed above, none of the Directors hold any directorships in other public companies.
5. None of the Directors have any conflict of interest with the Company.
6. None of the Directors have been convicted for offences within the past 5 years other than traffic offences.
7. None of the Directors have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT PROFILE

TAN KIAN WHOO

Group Chief Financial Officer

Tan Kian Whoo, male, aged 44, a Malaysian, was appointed by the Company as Group Chief Financial Officer on 21 October 2019. He graduated from the University of Technology Sydney, Australia with a Bachelor Degree in Accounting and Finance. He holds a professional qualification as a Certified Practising Accountant (CPA), Australia and is also a member of the Malaysian Institute of Accountants (MIA).

He began his career with Ernst & Young as an external auditor in year 2000 and subsequently joined the property development industry in year 2006. Prior to his appointment, he has held various senior finance positions in others public listed companies in Malaysia. He has more than 20 years of experience in the finance sector.

He does not hold any directorship in any public companies. He does not have any family relationship with any director and/or major shareholder of the Company. He does not have any conflict of interest with the Company. He has not been convicted for offences within the past 5 years other than traffic offences and does not have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.



AUDIT COMMITTEE REPORT

The Board of Directors ("Board") is pleased to present the report of the Audit Committee ("AC") for the financial year ended 30 June 2020.

MEMBERS

During the financial year 2020, the AC comprised of three (3) members, all of whom are independent non-executive directors. The AC comprised of the following members: -

Chairman : Tan Sri Datuk Seri Ismail Bin Yusof
(Independent Non-Executive Director)

Members : Ash'ari Bin Ayub
(Independent Non-Executive Director)

Tan Kok Wee
(Independent Non-Executive Director)

AUDIT COMMITTEE MEETINGS

The AC held five (5) meetings during the financial year ended 30 June 2020. Details of the attendance of the meeting by the Committee Members are set out in the Corporate Governance Overview Statement.

ACTIVITIES UNDERTAKEN BY THE AUDIT COMMITTEE

During the financial year, the activities of the AC included:

- (i.) reviewed the internal auditors' audit plan and programme for the year;
- (ii.) reviewed the internal audit plan, internal audit report and follow up report on the Group operations;
- (iii.) reviewed the external auditors' scope of work and audit plan for the financial year ended 30 June 2020;
- (iv.) reviewed the external auditors' reports, management letter and management's response;
- (v.) considered the re-appointment of the external auditors and make recommendation to the Board for approval;
- (vi.) reviewed the unaudited quarterly financial statements and the audited financial statements of the Company and the Group, upon being satisfied that inter alia, the financial reporting and the disclosure requirements of the relevant authorities had been complied with;
- (vii.) reviewed the related party transactions of a revenue or trading nature, and conflict of interest situation that may arise within the Group;
- (viii.) reviewed the proposal on renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature;
- (ix.) reviewed the Company's compliance, in particular the quarterly and year end financial statements with the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board;
- (x.) reviewed the Audit Committee Report for inclusion in the Annual Report; and
- (xi.) reviewed the report on the Statement on Risk Management and Internal Control for inclusion in the Annual Report.

Audit Committee Report

(cont'd)

INTERNAL AUDIT FUNCTION

The Board has outsourced its internal audit function to Tricor Axcelasia Sdn Bhd (f.k.a Axcelasia Columbus Sdn Bhd) ("TA"). Its principal responsibility is to provide independent assurance to, and assist, the Board in discharging its duties and responsibilities.

The annual internal audit plan is reviewed and approved by the Committee at the beginning of each financial year prior to their execution. TA performs routine audit on and reviews all operating business units within the Group, with emphasis on principal risk areas. The audit adopts a risk-based approach towards planning and conduct of audits, guided by the risk management framework adopted.

The Committee is to:

- review the adequacy of the scope, functions, and resources of internal audit department and that it has the necessary authority to carry out its work;
- review internal audit programmes; and
- consider major findings of internal audit investigations and management's response and ensure that appropriate actions are taken on the recommendations of the internal audit functions.

Two (2) internal audit assignments were completed during the financial year on two (2) areas of the Group; namely

- i. Construction Division (Bandar Putera Indah & Taman Saujana Kluang) – Construction Management
- ii. Property Division (Broadleaf, Evergreen Heights & Elysia Park Residence) – Project Management & Project Tender

In addition to that, the Internal Audit will also be reviewing procedures for the recurrent related party transactions.

Internal audit reports were issued to the AC and the Board and tabled at the AC's meetings. The audit reports incorporated TA's findings, recommendations for improvements and follow-up on the implementation of the recommendations and Management's improvement actions.

During the year, the costs incurred for the internal audit function was RM40,000.00 (exclude out of pocket expenses and services tax).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of BCB Berhad ("Board") is committed to the implementation and maintenance of good corporate governance practices and procedures throughout the Group.

This statement sets out the principles of good corporate governance practiced by the Group and the extent to which the Group applied with the principles and standards of governance and behavior recommended in the Malaysia Code on Corporate Governance ("Code") throughout the financial year ended 30 June 2020.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Functions reserved for the Board and those delegated to Management

The Board has full and effective control over the business undertakings of the Company subject to the powers reserved for shareholders under the Company's Constitution, the Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and other applicable laws. This includes responsibility for determining the Company's overall strategic direction as well as the approval of annual and interim results, specific items of investments and divestments, as well as the risk management framework and internal control policies and procedures for the Company.

The Managing Director is responsible for matters which are not specifically reserved for the Board or delegated to the Board committees such as the day-to-day management of the operations of the Company.

Roles and responsibilities

The Board's role and responsibilities are set out in the Company's Board Charter. The Board is led by the Chairman/ Group Managing Director and is supported by its Board Members with experience in a wide range of expertise and they collectively play an important role in the stewardship of the direction and operations of the Group.

The Board, in discharging its fiduciary and leadership functions, has overall responsibility for the Group strategic planning and direction, corporate policies formulation, as well as overseeing the Company's business conduct and ethics, corporate governance, investor relations, risk management and internal controls.

In carrying out its responsibilities, the Board has established dedicated Board Committees and functions, and conducts respective reviews. The Board ensures the senior management is of sufficient calibre to implement Board's strategies and corporate objectives, promote sustainability and safeguard the interest of the stakeholders of the Group.

While the day-to-day management of the operations of the Company is delegated to the Managing Director, the Board retains effective control over important policies and processes covering areas such as internal controls, risk management and the remuneration of executives and employees of the Company.

The Board has also delegated certain responsibilities to other Board committees, which operate within clearly defined terms of reference. Standing committees of the Board include the Audit Committee ("AC") and Nomination & Remuneration Committee ("NRC"). The terms of reference of Board Committees detailing the responsibilities of each Committee and how they exercise their authority.

There is a clear division of responsibility between the Chairman and Managing Director to ensure a balance of power and authority. The principal duties of the Chairman are to conduct the meetings of the Board and shareholders and to facilitate constructive discussions at these meetings. The Managing Director is responsible for the day-to-day running of the businesses of the Group and to develop and implement strategies.

Roles of the Company Secretaries

The Company Secretaries play an advisory role to the Board in relation to the Company's compliances to relevant regulatory requirements, guidelines and legislation and are capable of carrying out their duties efficiently to ensure the effective functioning of the Board.

Corporate Governance Overview Statement

(cont'd)

The Company Secretaries circulate relevant guidelines and updates on statutory and regulatory requirements from time to time for the Directors' reference. They also ensure that all Board and Board Committee meetings are properly convened and that deliberations, proceedings and resolutions are properly minuted and documented.

Access to information and advice

Each Board member receives quarterly operating results, including a comprehensive review and analysis. Prior to each Board meeting, Directors are sent an agenda and a full set of Board papers for each agenda item to be discussed at the meeting. This is issued in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be sufficiently briefed before the meeting.

Directors have access to all information within the Company whether as full Board or in their individual capacity, in furtherance of their duties. Directors also have direct access to the advice and the services of internal and external legal advisers and the Company Secretaries who are responsible for ensuring that Board procedures are followed.

Formalise and review Board Charter

The Board has adopted a Board Charter which sets out the functions that are reserved for the Board. The Board Charter is available on the Company's website. The Board Charter is subject to an annual review and more frequently, if required, due to a change of law or of company policy that affects the Board Charter.

Code of Conduct

The Group's Codes of Conduct and Ethics govern the standards of conduct and behaviour expected from the Directors and the employees in all aspects of the Group's operations. To ensure its compliance with the Code of Conduct and Ethics, the Board and the Senior Management will ensure all level of officers are properly communicated and informed through emails, notice board or corporate website.

Whistle Blowing Policy

The Group has in place a Whistle Blowing Policy that sets out avenues where legitimate concerns can be objectively investigated and addressed. Employees of the Group are able to raise concerns about illegal, unethical or questionable practices in confidence and without the risk of reprisal.

Composition of the Board

The Board currently comprises seven (7) members, of whom three (3) are Independent Non-Executive Directors. The Board has within its members drawn from varied backgrounds, bringing in-depth and diversity in experience and perspectives to the Group's business operations. The Directors' profiles are set out under the section of Profile of Directors contained in this Annual Report.

One-third of the Board comprises Independent Directors as required by the Listing Requirements. The Company recognises the contribution of Independent Directors as vital to the development of the Company's strategies, the importance of representing the interest of public shareholders and providing a balanced and independent view to the Board. All Independent Directors are independent of management and free from any relationship that could interfere with their independent judgement.

Tenure of Independent Directors

The Company has implemented a cumulative nine (9) years term limit for Independent Directors. The Board has adopted Practice 4.2 of the Code to seek shareholders' approval in the event the Board desires to retain as an independent director, a person who has served in that capacity for more than nine (9) years. If the Board continues to retain the Independent Director after the twelfth (12th) year, the Board shall seek shareholders' approval annually through a two (2) tier voting process.

Corporate Governance Overview Statement

(cont'd)

Following an assessment by the NRC and the Board, Tan Sri Datuk Seri Ismail Bin Yusof and En. Ash'ari Bin Ayub who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than twelve (12) years as at the end of the financial year under review, have been recommended by the Board to continue to act as Independent Non-Executive Directors, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company, based on the following justifications:-

- They fulfil the criteria under definition on independent director as stated in the Listing Requirements; and hence, they would be able to provide an element of objectivity, independent judgment and balance to the Board;
- Their experiences in the financial and other relevant sections enable them to provide the Board and Board Committees with pertinent expertise, skills and competence; and
- They have been with the Company for more than 12 years and therefore understand the Company's business operations which enable them to contribute actively and effectively during deliberations or discussions at Board and Board Committee meetings.

Appointments to the Board

Candidates for appointment to the Board and Senior Management are selected after taking into consideration the mix of skills, experience and strength that would be relevant for the effective discharge of the Board's responsibilities. For appointment as Director, potential candidates are first evaluated by the NRC and, if recommended by the NRC, subsequently, by the Board based on their respective profiles as well as their character, integrity, professionalism, independence and their ability to commit sufficient time and energy to the Company's matters. Selection of candidates to be considered for appointment as Directors is facilitated through recommendations from the existing Directors, management, major shareholders or independent sources.

Gender Diversity Policy

The Board acknowledges the recommendations of the Code on the establishment of a gender diversity policy. There is no plan by the Board to implement a gender diversity policy or target, as the Board adheres to the practice of non-discrimination of any form, whether based on age, race, religion or gender, throughout the Group. This includes the selection of Board members. The Company believes in, and provides equal opportunity to candidates with merit.

The Board is of the view that the suitability of a candidate for the Board is dependent on the candidate's competency, skills, experience, expertise, character, time commitment, integrity and other qualities in meeting the needs of the Company, regardless of gender.

Currently, there are two (2) female Directors which represents 28% of the Board composition.

Annual Assessment

The NRC annually reviews the size and composition of the Board and the Board Committees in order to ensure the Board and the Board Committees have the requisite competencies and capacity to effectively oversee the overall business and carry out their respective responsibilities. The NRC uses the Board and Board Committee Evaluation Form comprising questionnaires for the assessment. The effectiveness of the Board is assessed in the areas of the Board's responsibilities and composition, administration and conduct of meetings, communication and interaction with management and stakeholders and board engagement.

To assess the independence of the Independent Directors, each of the Independent Directors annually provides the NRC with their Self-Assessment Independence Checklist.

Corporate Governance Overview Statement

(cont'd)

During the financial year, the NRC convened one (1) meeting with full attendance of its members and carried out the following activities: -

- (i) Reviewed and recommended the re-election of Members of the Board who are retiring at the AGM for shareholders' approval, pursuant to the Constitution of the Company.
- (ii) Assessed the annual effectiveness of the Board as a whole, the committees of the Board, the contribution of each individual director, including independent non-executive directors.
- (iii) Assessed the independence of independent directors and recommended their retention; and
- (iv) Reviewed the remuneration package of the Executive Directors.

Meetings and Time Commitment

The Board usually meets at least four (4) times a year at quarterly intervals with additional meetings convened when necessary. During the financial year, the Board met on five (5) occasions; where it deliberated on matters such as the Group's financial results, strategic decisions, business plan, and strategic direction of the Group among others. Board meetings for each year are scheduled in advance before the end of the preceding year in order for Directors to plan their schedules. The Board is satisfied with the level of time commitment of the Directors from their attendance at the Meetings.

The record of the Directors' attendance at Board Meeting for the financial year ended 30 June 2020 is contained in the table below:-

Name of Director	Board Meeting	AC Meeting	NRC Meeting
Ash'ari Bin Ayub	5/5	5/5	1/1
Tan Sri Dato' Tan Seng Leong	5/5	-	-
Tan Sri Datuk Seri Ismail Bin Yusof	5/5	5/5	1/1
Tan Lay Hiang	3/5	-	-
Tan Vin Sern	3/5	-	-
Tan Lindy	5/5	-	-
Low Kok Yung *	3/3	-	-
Tan Kok Wee	5/5	5/5	1/1

* resigned as Director on 31 December 2019

Directors' Training

The Directors also made time to attend appropriate external training programs to equip themselves further with the knowledge to discharge their duties more effectively and to keep abreast of developments on a continuous basis in compliance with Paragraph 15.08 of the Listing Requirements, the details of which are set out below:

Director	Course Name	Date	Organizer
Ash'ari Bin Ayub	MIA International Accountants Conference 2019	22 & 23.10.2019	MIA
	Corporate Liability Provision Under the MACC Act – Mitigating a New Risk for Your Company	25.02.2020	MAICSA
Tan Sri Dato' Tan Seng Leong	Corporate Liability Provision Under the MACC Act – Mitigating a New Risk for Your Company	25.02.2020	MAICSA
Tan Sri Datuk Seri Ismail Bin Yusof	Corporate Liability Provision Under the MACC Act – Mitigating a New Risk for Your Company	25.02.2020	MAICSA
Tan Lay Hiang	Corporate Liability Provision Under the MACC Act – Mitigating a New Risk for Your Company	25.02.2020	MAICSA

Corporate Governance Overview Statement

(cont'd)

Director	Course Name	Date	Organizer
Tan Vin Sern	Corporate Liability Provision Under the MACC Act – Mitigating a New Risk for Your Company	25.02.2020	MAICSA
Tan Lindy	Corporate Liability Provision Under the MACC Act – Mitigating a New Risk for Your Company	25.02.2020	MAICSA
Tan Kok Wee	Corporate Liability Provision Under the MACC Act – Mitigating a New Risk for Your Company	25.02.2020	MAICSA

Remuneration policy

The Company has established a formal Remuneration Policy and Procedures for Directors and Senior Management.

Remuneration policies and procedures

The NRC is responsible for implementing remuneration policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Directors so as to ensure that the Company is able to attract and retain its Directors needed to run the Group successfully. The components of Directors' remuneration are structured so as to link rewards to corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director concerned.

In setting the basic salary for each Executive Director, the NRC takes into account the compensation practices of other companies and the performance of each individual director. Salaries are reviewed (although not necessarily increased) annually depending on the category of employment. Salaries are increased only where the Committee believes that adjustments are appropriate to reflect performance, increased responsibilities and/or market practice.

The Board determines fees payable to all Directors subject to the approval of shareholders at each Annual General Meeting. The non-executive members of the Board receive a fixed base fee as consideration for their Board duties.

The remuneration of the Board is determined on the basis of standards in the market and reflects demands to the expected competencies and efforts in light of the scope of their work and the number of board and board committee meetings.

Remuneration of Directors and Senior Management

The details of the Directors' remuneration of the Company for the financial year ended 30 June 2020 is as follows:

Company

	Salaries (RM)	Bonus (RM)	Fees (RM)	Other Benefits ¹ (RM)	Total (RM)
<u>Executive Directors</u>					
Tan Sri Dato' Tan Seng Leong	651,000	54,250	-	-	705,250
Tan Lay Hiang	164,995	13,500	-	-	178,495
Tan Vin Sern	126,000	10,500	-	-	136,500
Tan Lindy	360,000	30,000	-	-	390,000
Low Kok Yung	69,663	10,500	-	-	80,163
<u>Non-Executive Directors</u>					
Ash'ari Bin Ayub	-	-	76,000	5,500	81,500
Tan Sri Datuk Seri Ismail Bin Yusof	-	-	48,000	5,500	53,500
Tan Kok Wee	-	-	48,000	5,500	53,500

Corporate Governance Overview Statement

(cont'd)

Group

	Salaries (RM)	Bonus (RM)	Fees (RM)	Other Benefits ¹ (RM)	Total (RM)
<u>Executive Directors</u>					
Tan Sri Dato' Tan Seng Leong	3,000,000	392,500	-	-	3,392,500
Tan Lay Hiang	366,655	30,000	-	-	396,655
Tan Vin Sern	660,000	92,500	-	-	752,500
Tan Lindy	600,000	75,000	-	-	675,000
Low Kok Yung	199,038	30,000	-	-	229,038
<u>Non-Executive Directors</u>					
Ash'ari Bin Ayub	-	-	76,000	5,500	81,500
Tan Sri Datuk Seri Ismail Bin Yusof	-	-	48,000	5,500	53,500
Tan Kok Wee	-	-	48,000	5,500	53,500

¹Other benefits include meeting allowance, car and driver allowances and medical insurance coverage.

The Board has chosen to disclose the remuneration of the top five (5) senior management personnel in bands instead of named basis as the Board is of the opinion that disclosure of the senior management personnel names and the various remuneration component would not be in the best interest of the Group due to confidentiality and sensitivity of each remuneration package.

The number of top five (5) senior management's remuneration for the financial year ended 30 June 2020 is as follows:-

Range of Remuneration	Number of Senior Management Staff
RM50,000 – RM500,000	2
RM500,001 – RM1,000,000	2
RM1,000,001 – RM3,500,000	1

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee Composition and Chairman

The AC consist of three (3) Independent Non-Executive Directors. The Chairman of the AC is Tan Sri Datuk Seri Ismail Bin Yusof whilst the Chairman of the Board is En. Ash'ari Bin Ayub. Having the position of Board Chairman and AC Chairman assumed by different individuals allows the Board to objectively review the AC's findings and recommendations.

Policy on appointment of a former key audit partner as AC member

The Company has incorporated a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the AC. The policy is codified in the AC's terms of reference.

Corporate Governance Overview Statement

(cont'd)

Suitability, Objectivity and Independence of External Auditors

The Board through the AC, maintains a formal and transparent professional relationship with the External Auditors, Messrs. BDO PLT. The appointment of External Auditors is recommended by the AC which determines the remuneration of the External Auditors. The AC reviews the performance, suitability, independence and objectivity of the External Auditors annually before recommending them for re-appointment at the Annual General Meeting.

The AC also reviews the nature and fees of non-audit services provided by the External Auditors in assessing their independence. In accordance with the MIA By-Laws, BDO PLT rotates its engaging partner once every 5 years to ensure objectivity, independence and integrity of the audit opinions.

The External Auditors also gave their assurance confirming their independence and objectivity throughout the conduct of the audit engagement and the internal processes undertaken by them to determine their independence.

All AC members are financially literate

All members of the AC are financially literate and are able to understand matters under the purview of the AC including financial reporting process. The Committee members possess the necessary qualification, knowledge, experience, expertise and skills which contributed to the overall effectiveness of the AC.

Risk Management and Internal Control Framework

The Board has established policies and procedures for the oversight and management of material business and financial risks as well as the monitoring of the internal controls that are in place.

The risk management policy sets out procedures which are designed to identify, assess, monitor and manage risk at each of the businesses of the Group. The risks covered in the procedures and reviewed by the internal audit group include operational, market (both business and finance risks), legal and credit risks. The Management and the Board also carry out a regular review of political, regulatory and economic risks in line with the Board's oversight of the strategic direction and position of the Group within the marketplace it operates.

Internal Audit Function

The Group's internal audit function is outsourced to a professional service firm, Tricor Axcelasia Sdn. Bhd. (f.k.a Axcelasia Columbus Sdn. Bhd.). The internal auditors perform its functions with impartiality, proficiency and due professional care. It undertakes regular monitoring of the Group's key controls and procedures, which is an integral part of the Group's system of internal control.

The internal audit reports are presented to the AC for its review and deliberation. The AC will be briefed on the progress made in respect of each recommendation, and of each corrective measure taken as recommended by the audit findings. The internal auditors report directly to the AC to ensure independency.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Company recognises the importance of effective and timely communication with shareholders and investors to keep them informed of the Group's latest financial performance and material business/corporate matters affecting the Company. Such information is available to shareholders and investors through the Annual Reports, the various disclosures and announcements made to Bursa Securities and the Company's website.

Corporate Governance Overview Statement

(cont'd)

Conduct of General Meeting

The AGM provides the principal platform for dialogue and interactions with the shareholders. At every meeting, the Managing Director sets out the performance of the Group for the financial year then ended. Question and Answer session will then be convened wherein the Directors and the External Auditors will be available to answer to the queries raised by the shareholders.

The Thirty-second (32nd) AGM of the Company will be held on 8 December 2020 while the Notice of Thirty-second AGM of the Company will be issued on 30 October 2020. The Notice of AGM was served more than a month, well in advance of the 21-days requirement under the Companies Act 2016. The Notice of general meeting also provides further explanation for the resolutions proposed along with any background information and reports or recommendation that are relevant, where required and necessary, to enable shareholders to make an informed decision in exercising their voting rights.

Leverage Technology to facilitate voting and remote shareholders participation

Shareholders will be provided with the sufficient notices of general meetings and accompanying explanatory material such as notes, Annual Report and/or Circular to make arrangements to attend the general meetings and exercise their rights. Shareholders are encouraged to appoint proxy/proxies to vote on their behalf if they are unable to attend the meeting.

The Company's Thirty-second AGM will be held at Elysia Park Residence Sales Gallery, Jalan Persiaran Medini Utara 1, Bandar Medini Iskandar Malaysia, 79250 Iskandar Puteri, Johor.

The Company will explore the leverage of technology to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at AGMs of the Company where circumstances permit.

This Corporate Governance Overview Statement was approved by the Board of Directors on 13 October 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance 2017 requires listed Companies to maintain a sound risk management and system of internal controls in its business operations to safeguard shareholders' investments and the Group's assets.

This statement is prepared in accordance with the requirement under Paragraph 15.26 (b) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("Listing Requirements") and is guided by the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers". The Board of Directors of BCB is committed to the continuous improvement of internal controls and risk management practices within the Group to meet its corporate and business objectives.

RESPONSIBILITIES

The Board

The Board has overall responsibility for overseeing the Group's internal control and risk management systems and for reviewing their adequacy and effectiveness. This process lends support to the role of management in implementing the various policies on risk and control, which have been approved by the Board. Due to limitations that are inherent in any system of internal controls, these systems are designed to manage and mitigate, rather than eliminate, the respective inherent risks that exist in achieving the Group's business objectives. Therefore, such systems of internal controls and risk management can only provide reasonable and not absolute assurance against material misstatement or loss.

Management

The Management is responsible in implementing the process to identify, assess, evaluate, monitor and reporting of risk and the effectiveness of the internal control system. Any identified risk which is material will be communicated to the Board together with an action plan to manage the risk.

RISK MANAGEMENT FRAMEWORK

The Group has in place an on-going process for identifying, assessing, evaluating and monitoring and reporting significant risks for the financial year under review and up to the date of approval of the Annual Report and financial statements. The Board has delegated its authority to the Audit Committee to review and determine the levels of different categories of risk; while Management and Heads of Divisions are delegated the responsibility to manage risks related to their respective division units. The process requires the Management and Division Heads to comprehensively identify and assess the relevant types of risks in terms of likelihood and magnitude of impact, as well as to identify and evaluate the adequacy and effectiveness of applying the mechanisms in place to manage and mitigate these risks. Key risks relating to the Group's operations are deliberated at the business units' and Company's monthly meetings attended by key management personnel at their scheduled meetings.

Types of Significant Risks

- i) Poor workmanship
- ii) Non-performing consultants/ contractors
- iii) Slow Sales
- iv) Ineffective Sales and Marketing plans

Risk Management Approach

- The Group has engaged a QLASSIC consultant to do regular quality control audits in all its on-going projects.
- The Group has a structured process to continually monitor them.
- The Group has taken steps to meet customers' needs and for ease of customers end-financing loan applications by re-designing its layout to incorporate more semi-D houses.
- The Group will engage/out-source to reputable marketing agents for certain projects with such issues.

Statement on Risk Management and Internal Control (cont'd)

The Audit Committee also has oversight on ensuring compliance with applicable laws, the Listing Requirements, terms and conditions of contracts to which the Group is a party and the conditions of business licenses held by the Group.

The Management is responsible for creating an awareness culture to ensure greater understanding of the importance of effective internal control and risk management systems and that its principles are embedded in key operational processes. This is undertaken through the Group's Code of Conduct, procedures and policies manuals, staff briefings, leadership by example and the Group's remuneration policies.

INTERNAL AUDIT FUNCTION

The Audit Committee evaluates the effectiveness of the internal auditor in relation to their defined responsibilities. The independent internal audit function is outsourced to a professional internal audit firm which carries out the internal audit reviews based on internal audit plans approved by the Audit Committee and consequentially, the Board of Directors. The internal audit plans are designed using a risk-based approach, based on the risks identified and assessed by the Management. The results of the audits are presented to the Audit Committee at their quarterly meetings.

Follow up reviews are also carried out to assess the status of implementation of management action plans, which are based on internal audit recommendations. The results of these follow up reviews are also highlighted to the Audit Committee at their quarterly meetings. A total of two internal audit reviews were carried out by the independent internal audit firm for the financial year ended 30 June 2020.

OTHER KEY FEATURES OF THE INTERNAL CONTROLS

1. A well- defined organisation structure with clearly defined lines of responsibility, authority and accountability.
2. There is a comprehensive budgeting system in place that is governed by the policies and guidelines of the Group. The financial results of the various business lines of the Group are reported quarterly in the management reports where variances are analysed against respective budget and acted on in a timely manner. Where necessary, budgets are revised, taking into account any changes in business conditions.
3. The Group's Internal Auditors, reporting to the Audit Committee, performs reviews according to approved internal audit plan of business processes against documented and approved policies to assess the overall continuing effectiveness of internal controls and highlight any significant deviation from these policies that might enhance risks faced by the Group. The Audit Committee conducts annual reviews on the adequacy of the internal audit function's scope of work and resources.
4. The Audit Committee, on behalf of the Board, reviews and holds discussions with management according to approved internal audit plan on the action taken on internal control issues identified in reports prepared by the Internal Auditors, the External Auditors and the Management.
5. Policies and standard operating procedures and policies manuals are available physically and in soft copy to all employees and these also include the Group's reporting hierarchy.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in the Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on The Statement of Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants. The external auditors have also reported to the Board that nothing has come to their attention to cause them to believe that this statement is factually inaccurate and has not complied with disclosure provisions under paragraphs 41 and 42 of the Guideline.

Statement on Risk Management and Internal Control (cont'd)

CONCLUSION

Pursuant to paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report for the financial year ended 30 June 2020. Their review is performed in accordance with Audit Assurance and Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants. The external auditors' procedures have been conducted to assess whether the Statement on Risk Management and Internal Control is supported by the documentation prepared by or for the Directors and that it is an appropriate reflection of the process adopted by the Directors in reviewing the adequacy and integrity of the risk management and internal control system of the Group.

AAPG 3 does not require the external auditors to consider whether this statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures. Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention which causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

The Board has received assurance from the Group Managing Director and Group Chief Finance Officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects based on the risk management and internal control system of the Group.

The Board is of the view that the risk management and internal control system are operating satisfactorily and has not resulted in any significant breakdown or weaknesses that would cause any material loss to the Group for the financial year ended 30 June 2020.

This statement was made in accordance with a resolution of the Board of directors passed on 13 October 2020.

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, property development and hotel operations. The principal activities and the details of the subsidiaries are set out in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities for the Group and the Company during the financial year.

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year	22,945,717	(10,680,513)
Attributable to:		
Owners of the parent	17,306,095	(10,680,513)
Non-controlling interests	5,639,622	-
	22,945,717	(10,680,513)

DIVIDEND

No dividend has been proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

There were no new shares or debentures issued during the financial year.

TREASURY SHARES

During the financial year, the Company repurchased 10,000 (2019: 728,000) of its issued share capital from the open market on Bursa Malaysia Securities Berhad for RM2,350 (2019: RM203,320). The average price paid for the shares repurchased was RM0.23 (2019: RM0.28) per share. Details of the treasury shares are set out in Note 13 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

Directors' Report (cont'd)

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Tan Sri Dato' Tan Seng Leong*
 Tan Lay Hiang*
 Tan Lindy*
 Ash'ari Bin Ayub
 Tan Sri Datuk Seri Ismail Bin Yusof
 Tan Vin Sern*
 Tan Kok Wee
 Low Kok Yung* (Resigned on 31 December 2019)

* *Directors of the Company and its subsidiaries*

The Directors of the subsidiaries of the Company who have held office during the financial year and up to the date of this report, excluding those who are listed above are as follows:

Puan Sri Datin Lim Sui Yong
 Tan Vin Shyan
 Shi Zhongming
 Miao Weiwei
 He Jie
 Chan Wai Keung Barry
 Chan Wai Chung
 Kong Lee Kuan
 Lai Lucai

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows.

	← Number of ordinary shares →			
	Balance as at 1.7.2019	Bought	Sold	
Shares in the Company				
Indirect interest:				
Tan Sri Dato' Tan Seng Leong^	234,577,400	160,000	-	234,737,400

Directors' Report (cont'd)

DIRECTORS' INTERESTS (cont'd)

	← Number of ordinary shares →			
	Balance as at 1.7.2019	Bought	Sold	
Shares in ultimate holding company, Evergreen Ratio Sdn. Bhd.				
Direct interests:				
Tan Sri Dato' Tan Seng Leong	700,000	-	-	700,000
Tan Lindy	50,000	-	-	50,000
Tan Vin Sern	100,000	-	-	100,000
Indirect interest:				
Tan Sri Dato' Tan Seng Leong [#]	150,000	-	-	150,000

[^] Deemed interest by virtue of his substantial shareholdings in the ultimate holding company, pursuant to Section 8(4) of the Companies Act 2016 in Malaysia.

[#] Deemed interest of virtue of shareholdings held by spouse, pursuant to Section 59(11)(c) of the Companies Act 2016 in Malaysia.

By virtue of Tan Sri Dato' Tan Seng Leong's substantial interest in the ordinary shares of the ultimate holding company, he is deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interests in ordinary shares or debentures of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than certain Directors who received remunerations from the subsidiaries as Directors of the subsidiaries and the transactions entered into in the ordinary course of business with companies in which the Directors of the Company have substantial financial interests as disclosed in Note 27 to the financial statements.

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Report

(cont'd)

DIRECTORS' REMUNERATION

Fees and other benefits of the Directors who held office during the financial year ended 30 June 2020 are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-executive Directors:				
- fees	172,000	166,000	172,000	166,000
Executive Directors:				
- fees	90,000	137,000	-	-
- salaries and bonus	5,413,693	5,774,107	1,490,408	1,653,648
- defined contribution plan	876,770	977,536	283,179	314,193
- others	68,437	50,017	46,070	25,435
	6,358,900	6,801,660	1,819,657	1,993,276
	6,620,900	7,104,660	1,991,657	2,159,276

The estimated monetary value of benefits-in-kind paid to the Directors of the Group and of the Company during the financial year amounted to RM95,150 (2019: RM95,150) respectively.

INDEMNITY AND INSURANCE

There were no indemnity given to or insurance effected for the Directors, auditors or officers of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, except for the impact arising from the COVID-19 pandemic as disclosed in Note 30 to the financial statements.

Directors' Report (cont'd)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (cont'd)

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amount written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 30 to the financial statements.

HOLDING COMPANY

The Directors regard Evergreen Ratio Sdn. Bhd., a company incorporated in Malaysia as the holding company and ultimate holding company.

Directors' Report

(cont'd)

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Company and its subsidiaries for the financial year ended 30 June 2020 amounted to RM100,550 and RM147,800 respectively.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Tan Sri Dato' Tan Seng Leong
Group Managing Director

Tan Vin Sern
Director

Kluang, Johor Darul Ta'zim
13 October 2020

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 42 to 116 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Tan Sri Dato' Tan Seng Leong
Group Managing Director

Tan Vin Sern
Director

Kluang, Johor Darul Ta'zim
13 October 2020

STATUTORY DECLARATION

I, Tan Kian Whoo, being the officer primarily responsible for the financial management of BCB Berhad, do solemnly and sincerely declare that the financial statements set out on pages 42 to 116 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed)
at Kluang, Johor Darul Ta'zim)
this 13 October 2020)

Tan Kian Whoo
CA 21539

Before me:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BCB BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BCB Berhad, which comprise the statements of financial position as at 30 June 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 42 to 116.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Revenue recognition for property development and construction contracts

Revenue from property development of the Group and of the Company for the financial year ended 30 June 2020 amounted to RM201.8 million and RM12.9 million respectively as disclosed in Note 19 to the financial statements. Revenue from construction contracts of the Group for the financial year ended 30 June 2020 amounted to RM10.0 million as disclosed in Note 19 to the financial statements.

We determined these to be a key audit matter because it requires management to exercise significant judgement in determining the satisfaction of performance obligations as stated in the contracts with customers, transaction price allocation and costs in applying the input method to recognise revenue over time.

The Group and the Company identify performance obligations that are distinct and material, which are judgmental in the context of the contracts. Transaction prices are determined based on estimated profit margins prior to its allocation to the identified performance obligations. The Group and the Company also estimate total contract costs in applying the input method to recognise revenue over time. In estimating the total costs to complete, the Group and the Company consider the completeness and accuracy of its cost estimation, including its obligations to contract variation, claims and cost contingencies.

Independent Auditors' Report To the Members of BCB Berhad (cont'd)

Key Audit Matters (cont'd)

(a) Revenue recognition for property development and construction contracts (cont'd)

Audit response

Our audit procedures included the following:

- (i) Reviewed contracts with customers to identify distinct and material performance obligations, and compared our findings to the findings of the Group and of the Company;
- (ii) Recomputed transaction prices based on contract prices, performance obligations and profit margins of the Group and of the Company;
- (iii) Assessed estimated total costs to complete through inquiries with operational and financial personnel of the Group and of the Company;
- (iv) Inspected documentation to support cost estimates made including contract variations and cost contingencies; and
- (v) Compared prior contract budgets to actual outcomes to assess reliability of management's budgeting process.

(b) Recoverability of trade receivables

As at 30 June 2020, trade receivables of the Group and of the Company net of impairment losses amounted to RM111.5 million and RM6.0 million respectively. The details of trade receivables have been disclosed in Note 10 to the financial statements.

We determined this to be key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables, appropriate forward looking information and estimated loss given default in worst-case scenarios arising from the impact of the COVID-19 pandemic.

Audit response

Our audit procedures included the following:

- (i) Recomputed the probability of default using historical data and forward looking information factors, incorporating the impact of the COVID-19 pandemic, applied by the Group and the Company;
- (ii) Inquired of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses;
- (iii) Inquired of management and inspected relevant correspondences that property buyers have secured financing; and
- (iv) Assessed recoverability of debts that were past due with reference to the past historical repayment trends, cash received subsequent to year end and discussion with management to enquire the status of attempts by management to recoup the amounts outstanding.

Independent Auditors' Report

To the Members of BCB Berhad (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company 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 Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISAs 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 statements.

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and 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.
- (b) 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 internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Independent Auditors' Report To the Members of BCB Berhad (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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

- (d) 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 ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and 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 auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate 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 identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Koo Swee Lin
03281/08/2022 J
Chartered Accountant

13 October 2020
Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	55,989,217	50,360,723	44,259,265	45,056,633
Investment properties	6	54,646,914	57,774,914	7,300,000	7,300,000
Inventories	7	366,632,960	337,664,101	32,337,088	22,581,535
Investment in subsidiaries	8	-	-	199,300,006	168,300,106
Deferred tax assets	9	3,214,662	2,225,032	1,820,330	1,851,237
		480,483,753	448,024,770	285,016,689	245,089,511
CURRENT ASSETS					
Inventories	7	649,366,623	649,035,565	146,874,677	158,912,985
Trade and other receivables	10	123,195,847	122,663,741	10,571,033	23,245,912
Contract assets	11	17,488,618	20,591,128	-	1,036,794
Current tax assets		8,276,877	10,323,738	5,965,712	4,310,730
Cash and bank balances	12	30,556,717	23,023,428	6,028,413	5,148,033
		828,884,682	825,637,600	169,439,835	192,654,454
TOTAL ASSETS		1,309,368,435	1,273,662,370	454,456,524	437,743,965
EQUITY AND LIABILITIES					
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share capital	13	206,250,000	206,250,000	206,250,000	206,250,000
Treasury shares	13	(3,373,365)	(3,371,015)	(3,373,365)	(3,371,015)
Revaluation reserve	14	6,788,088	6,788,088	6,788,088	6,788,088
Retained earnings		270,260,538	252,950,259	72,654,759	83,335,272
		479,925,261	462,617,332	282,319,482	293,002,345
Non-controlling interests	8(h)	48,029,513	42,394,055	-	-
TOTAL EQUITY		527,954,774	505,011,387	282,319,482	293,002,345

Statements of Financial Position

As at 30 June 2020 (cont'd)

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
LIABILITIES					
NON-CURRENT LIABILITIES					
Borrowings	15	185,196,474	235,395,543	3,717,190	22,942,498
Lease liabilities	17	3,660,502	-	671,128	-
Deferred tax liabilities	9	13,621	3,507,174	-	-
		188,870,597	238,902,717	4,388,318	22,942,498
CURRENT LIABILITIES					
Borrowings	15	183,555,162	211,711,927	63,330,901	58,409,209
Lease liabilities	17	1,427,237	-	450,337	-
Trade and other payables	18	263,542,532	257,653,401	91,689,788	58,154,267
Contract liabilities	11	136,242,034	59,346,921	12,277,698	5,235,646
Current tax liabilities		7,776,099	1,036,017	-	-
		592,543,064	529,748,266	167,748,724	121,799,122
TOTAL LIABILITIES		781,413,661	768,650,983	172,137,042	144,741,620
TOTAL EQUITY AND LIABILITIES		1,309,368,435	1,273,662,370	454,456,524	437,743,965

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Revenue	19	253,979,999	425,393,897	29,042,430	77,016,030
Cost of sales	20	(149,843,927)	(275,158,536)	(23,116,097)	(47,511,177)
Gross profit		104,136,072	150,235,361	5,926,333	29,504,853
Other operating income		4,673,564	9,925,498	4,555,051	4,977,138
Administrative expenses		(31,461,886)	(35,248,090)	(12,253,494)	(17,005,491)
Marketing and selling expenses		(20,875,962)	(27,733,737)	(1,930,904)	(2,095,130)
Other operating expenses		(13,072,588)	(10,358,471)	(1,704,115)	(1,530,065)
Finance income	21	231,884	243,301	49,244	83,549
Finance costs	21	(8,754,643)	(12,866,058)	(5,628,600)	(8,311,608)
Profit/(Loss) before tax	23	34,876,441	74,197,804	(10,986,485)	5,623,246
Taxation	24	(11,930,724)	(17,222,619)	305,972	(4,192,852)
Profit/(Loss) for the financial year		22,945,717	56,975,185	(10,680,513)	1,430,394
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income/(loss)		22,945,717	56,975,185	(10,680,513)	1,430,394
Profit/(Loss) attributable to:					
Owners of the parent		17,306,095	39,012,759	(10,680,513)	1,430,394
Non-controlling interests	8(h)	5,639,622	17,962,426	-	-
		22,945,717	56,975,185	(10,680,513)	1,430,394
Total comprehensive income/(loss) attributable to:					
Owners of the parent		17,306,095	39,012,759	(10,680,513)	1,430,394
Non-controlling interests		5,639,622	17,962,426	-	-
		22,945,717	56,975,185	(10,680,513)	1,430,394
Earnings per share attributable to owners of the parent (sen)					
- Basic and diluted	25	4.33	9.76		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Group	Note	← Non-distributable →				Distributable		Total attributable to owners of the parent RM	Non- controlling interests RM	Total equity RM
		Share capital RM	Treasury shares RM	Revaluation reserve RM	Retained earnings RM	Retained earnings RM	Non- controlling interests RM			
Balance as at 1 July 2018		206,250,000	(3,167,695)	6,788,088	213,939,987	423,810,380	24,429,167	448,239,547		
Profit for the financial year		-	-	-	39,012,759	39,012,759	17,962,426	56,975,185		
Other comprehensive income, net of tax		-	-	-	-	-	-	-		
Total comprehensive income		-	-	-	39,012,759	39,012,759	17,962,426	56,975,185		
Transactions with owners										
Acquisition of non-controlling interest	8(g)	-	-	-	(2,487)	(2,487)	2,462	(25)		
Purchase of treasury shares	13	-	(203,320)	-	-	(203,320)	-	(203,320)		
Total transactions with owners		-	(203,320)	-	(2,487)	(205,807)	2,462	(203,345)		
Balance as at 30 June 2019		206,250,000	(3,371,015)	6,788,088	252,950,259	462,617,332	42,394,055	505,011,387		
Balance as at 1 July 2019		206,250,000	(3,371,015)	6,788,088	252,950,259	462,617,332	42,394,055	505,011,387		
Profit for the financial year		-	-	-	17,306,095	17,306,095	5,639,622	22,945,717		
Other comprehensive income, net of tax		-	-	-	-	-	-	-		
Total comprehensive income		-	-	-	17,306,095	17,306,095	5,639,622	22,945,717		
Transactions with owners										
Dilution of interest	8(e)	-	-	-	4,184	4,184	(4,164)	20		
Purchase of treasury shares	13	-	(2,350)	-	-	(2,350)	-	(2,350)		
Total transactions with owners		-	(2,350)	-	4,184	1,834	(4,164)	(2,330)		
Balance as at 30 June 2020		206,250,000	(3,373,365)	6,788,088	270,260,538	479,925,261	48,029,513	527,954,774		

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Company	Note	Non-distributable			Distributable	Total equity RM
		Share capital RM	Treasury shares RM	Revaluation reserve RM	Retained earnings RM	
Balance as at 1 July 2018		206,250,000	(3,167,695)	6,788,088	81,904,878	291,775,271
Profit for the financial year		-	-	-	1,430,394	1,430,394
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	1,430,394	1,430,394
Transaction with owners						
Purchase of treasury shares	13	-	(203,320)	-	-	(203,320)
Total transaction with owners		-	(203,320)	-	-	(203,320)
Balance as at 30 June 2019		206,250,000	(3,371,015)	6,788,088	83,335,272	293,002,345
Balance as at 1 July 2019		206,250,000	(3,371,015)	6,788,088	83,335,272	293,002,345
Loss for the financial year		-	-	-	(10,680,513)	(10,680,513)
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive loss		-	-	-	(10,680,513)	(10,680,513)
Transaction with owners						
Purchase of treasury shares	13	-	(2,350)	-	-	(2,350)
Total transaction with owners		-	(2,350)	-	-	(2,350)
Balance as at 30 June 2020		206,250,000	(3,373,365)	6,788,088	72,654,759	282,319,482

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		34,876,441	74,197,804	(10,986,485)	5,623,246
Adjustments:					
Bad debts written off	10(e)	158,876	77,558	158,876	22,001
Deposits written off	10(f)	-	478,464	-	474,964
Depreciation of property, plant and equipment	5	3,089,275	2,923,383	1,952,827	1,941,769
Dividend income	23	-	-	(3,180,000)	-
Fair value adjustment on investment properties	6	2,657,000	-	-	-
Finance income	21	(231,884)	(243,301)	(49,244)	(83,549)
Finance costs	21	8,754,643	12,866,058	5,628,600	8,311,608
(Gain)/Loss on disposals of:					
- property, plant and equipment	23	(1,973,901)	(2,992,863)	(923,410)	(2,487,961)
- investment properties	23	13,000	(55,000)	-	-
Impairment losses on:					
- contract assets	11(d)	1,373,425	-	-	-
- trade receivables	10(g)	2,799,435	2,766,695	1,155,797	177,794
- other receivables	10(g)	296,642	372,269	169,051	83
Inventories written off	7(c)(iii)	300	134,382	-	134,382
Inventories written down	7(c)(iv)	216,671	-	216,671	-
Loss on strike off of subsidiaries		-	-	-	6
Property, plant and equipment written off	5	259,083	542	-	542
Reversal of impairment loss on:					
- contract assets	11(d)	(555,943)	(227,134)	(47,692)	(19,444)
- trade receivables	10(g)	(422,789)	(111,605)	(86,601)	-
- other receivables	10(g)	(79,985)	(1,723,997)	(327)	(63,783)
- amounts due from subsidiaries	10(g)	-	-	(128,416)	(893,207)
Write back of other payables	23	-	(1,017,538)	-	(1,017,538)
Operating profit/(loss) before working capital changes		51,230,289	87,445,717	(6,120,353)	12,120,913
Working capital changes:					
Property development costs		(48,375,714)	(61,177,565)	5,867,986	(4,120,768)
Inventories		22,471,614	42,274,405	(3,801,082)	32,353,694
Trade and other receivables		(3,284,285)	(44,745,844)	7,334,667	(4,038,872)
Contract assets		2,285,028	6,306,333	1,084,486	203,297
Trade and other payables		5,889,131	29,889,467	8,516,972	(9,133,067)
Contract liabilities		76,895,113	(8,055,193)	7,042,052	(2,115,126)
Cash generated from operations		107,111,176	51,937,320	19,924,728	25,270,071
Tax paid		(7,877,053)	(9,907,133)	(1,318,103)	(1,276,011)
Tax refunded		250,089	2,603,258	-	-
Net cash from operating activities		99,484,212	44,633,445	18,606,625	23,994,060

Statements of Cash Flows

For the Financial Year Ended 30 June 2020 (cont'd)

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to land held for property development	7(a)	(3,612,788)	(8,092,792)	(820)	(16,746)
Acquisition of additional proportionate interest in subsidiaries	8(g)	-	(25)	-	(25)
Dividend received	23	-	-	3,180,000	-
Interest received	21	231,884	243,301	49,244	83,549
Net advances to subsidiaries		-	-	(1,909,619)	(6,793,906)
Proceeds from disposals of:					
- a subsidiary	8(e)	20	-	100	-
- property, plant and equipment		2,371,220	7,631,808	1,263,000	6,268,880
- investment properties		458,000	139,000	-	-
Purchase of property, plant and equipment	5(h)	(3,911,087)	(175,762)	(127,833)	(70,832)
Net cash (used in)/from investing activities		(4,462,751)	(254,470)	2,454,072	(529,080)
CASH FLOWS FROM FINANCING ACTIVITIES					
(Placement)/Withdrawal of fixed deposits pledged to licensed banks		(475,177)	200,000	-	200,000
Interest paid on borrowings		(8,544,166)	(12,866,058)	(5,567,957)	(8,311,608)
Interest paid on lease liabilities		(210,477)	-	(60,643)	-
Purchase of treasury shares	13	(2,350)	(203,320)	(2,350)	(203,320)
Repayments of borrowings		(74,660,621)	(23,860,459)	(11,153,355)	(6,161,402)
Repayments of hire purchase creditors		-	(627,714)	-	(238,137)
Repayments of lease liabilities		(1,358,224)	-	(520,207)	-
Net cash used in financing activities		(85,251,015)	(37,357,551)	(17,304,512)	(14,714,467)
Net increase in cash and cash equivalents		9,770,446	7,021,424	3,756,185	8,750,513
Cash and cash equivalents at beginning of financial year		(27,222,468)	(34,243,892)	(33,007,485)	(41,757,998)
Cash and cash equivalents at end of financial year	12(d)	(17,452,022)	(27,222,468)	(29,251,300)	(33,007,485)

Statements of Cash Flows

For the Financial Year Ended 30 June 2020 (cont'd)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Note	Borrowings*		Hire purchase		Lease liabilities	
		Group RM	Company RM	Group RM	Company RM	Group RM	Company RM
At 1 July 2018		419,904,154	49,083,135	1,495,593	397,593	-	-
Cash flows		(23,860,459)	(6,161,402)	(627,714)	(238,137)	-	-
Non-cash flows:							
- Purchase of property, plant and equipment	5(h)	-	-	115,000	115,000	-	-
At 30 June 2019		396,043,695	42,921,733	982,879	274,456	-	-
At 1 July 2019, as previously reported		396,043,695	42,921,733	982,879	274,456	-	-
Effects of adoption of MFRS 16		-	-	(982,879)	(274,456)	2,454,423	937,672
At 1 July 2019, as restated		396,043,695	42,921,733	-	-	2,454,423	937,672
Cash flows		(74,660,621)	(11,153,355)	-	-	(1,568,701)	(580,850)
Non-cash flows:							
- Purchase of property, plant and equipment	5(h)	-	-	-	-	3,991,540	704,000
- Unwinding of interest		-	-	-	-	210,477	60,643
At 30 June 2020		321,383,074	31,768,378	-	-	5,087,739	1,121,465

* Net of bank overdrafts and hire purchase creditors

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal place of business and the registered office of the Company are located at No. 4B, 2nd & 3rd Floor, Jalan Sentol, South Wing - Kluang Parade, 86000, Kluang, Johor.

The ultimate holding company of the Company is Evergreen Ratio Sdn. Bhd., a company incorporated and domiciled in Malaysia.

The consolidated financial statements for the financial year ended 30 June 2020 comprise the financial statements of the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution of the Directors on 13 October 2020.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, property development and hotel operations. The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities for the Group and the Company during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRS during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 31 (a) to the financial statements.

The Group and the Company applied MFRS 16 Leases for the first time during the current financial year, using the cumulative effect method as at 1 July 2019. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

The Group has also early adopted Amendment to MFRS 16 Covid-19-Related Rent Concessions during the financial year and elected to apply the practical expedient to all rent concession relating to leases with similar characteristics and similar circumstances.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

Notes to the Financial Statements

30 June 2020 (cont'd)

4. OPERATING SEGMENTS

BCB Berhad and its subsidiaries are principally engaged in investment holding, property development and management activities, construction and related activities and hotel operations.

BCB Berhad has arrived at two (2) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(a) Property development and management services

Development and property management of residential and commercial properties.

(b) Construction and related activities

Securing and carrying out construction contracts.

(c) Others

Hotel operations and dormant companies.

Segment performance is evaluated based on operating profit, excluding non-recurring losses.

Inter-segment revenue is priced along the same lines as sales to external customers and conditions and is eliminated on the consolidated financial statements. These policies have been applied constantly throughout the current and previous financial years.

The Group does not have significant reliance on a single major customer, with whom the Group transacted ten (10) percent or more of its revenue during the financial year.

No geographical segment information is presented as the operations of the Group and the location of the customers are principally in Malaysia.

Segment assets exclude tax assets. Segment liabilities exclude tax liabilities.

Notes to the Financial Statements

30 June 2020 (cont'd)

4. OPERATING SEGMENTS (continued)

The following table provides an analysis of the revenue, results, assets, liabilities and other information by business segment of the Group:

2020	Property development and management activities RM	Construction and related activities RM	Others RM	Total RM
Revenue				
Total revenue	242,391,142	50,059,360	1,514,425	293,964,927
Inter-segment revenue	-	(39,984,928)	-	(39,984,928)
Revenue from external customers	242,391,142	10,074,432	1,514,425	253,979,999
Results				
Finance income	230,080	1,804	-	231,884
Finance costs	(7,988,172)	(762,567)	(3,904)	(8,754,643)
Net finance costs	(7,758,092)	(760,763)	(3,904)	(8,522,759)
Depreciation of property, plant and equipment	1,842,300	246,338	1,000,637	3,089,275
Segment profit/(loss) before income tax	32,659,925	3,057,617	(841,101)	34,876,441
Tax expense	(10,673,520)	(1,238,215)	(18,989)	(11,930,724)
Other non-cash items:				
Additions to non-current assets other than financial instruments and deferred tax assets	6,853,563	4,621,092	40,760	11,515,415
Bad debts written off	-	-	158,876	158,876
Loss/(Gain) on disposal of:				
- investment properties	-	13,000	-	13,000
- property, plant and equipment	(1,418,743)	(382,408)	(172,750)	(1,973,901)
Impairment losses on:				
- contract assets	632,584	740,841	-	1,373,425
- trade receivables	2,646,326	138,644	14,465	2,799,435
- other receivables	196,413	100,229	-	296,642
Inventories written off	-	300	-	300
Inventories written down	216,671	-	-	216,671
Property, plant and equipment written off	259,081	2	-	259,083
Reversal of impairment losses on:				
- contract assets	(452,214)	(103,729)	-	(555,943)
- trade receivables	(375,119)	-	(47,670)	(422,789)
- other receivables	(75,348)	(4,637)	-	(79,985)
Segment assets	1,236,174,743	34,558,720	27,143,433	1,297,876,896
Segment liabilities	713,552,940	59,469,579	601,422	773,623,941

Notes to the Financial Statements

30 June 2020 (cont'd)

4. OPERATING SEGMENTS (continued)

The following table provides an analysis of the revenue, results, assets, liabilities and other information by business segment of the Group: (continued)

2019	Property development and management activities RM	Construction and related activities RM	Hotel operations RM	Others RM	Total RM
Revenue					
Total revenue	409,222,662	55,036,464	2,108,652	-	466,367,778
Inter-segment revenue	-	(40,973,881)	-	-	(40,973,881)
Revenue from external customers	409,222,662	14,062,583	2,108,652	-	425,393,897
Results					
Finance income	242,967	-	334	-	243,301
Finance costs	(11,591,788)	(1,270,238)	(4,032)	-	(12,866,058)
Net finance costs	(11,348,821)	(1,270,238)	(3,698)	-	(12,622,757)
Depreciation of property, plant and equipment	1,465,402	348,829	1,104,888	4,264	2,923,383
Segment profit/(loss) before income tax	75,570,950	(129,995)	(1,233,229)	(9,922)	74,197,804
Tax expense	16,136,052	1,086,567	-	-	17,222,619
Other non-cash items:					
Additions to non-current assets other than financial instruments and deferred tax assets	8,320,416	22,378	40,760	-	8,383,554
Bad debts written off	75,668	1,890	-	-	77,558
(Gain)/Loss on disposal of:					
- investment properties	(55,000)	-	-	-	(55,000)
- property, plant and equipment	(2,487,761)	(505,102)	-	-	(2,992,863)
Impairment losses on:					
- trade receivables	2,466,303	285,927	14,465	-	2,766,695
- other receivables	37,899	334,370	-	-	372,269
Inventories written off	134,382	-	-	-	134,382
Property, plant and equipment written off	542	-	-	-	542
Reversal of impairment losses:					
- contract assets	(121,749)	(105,385)	-	-	(227,134)
- trade receivables	(63,935)	-	(47,670)	-	(111,605)
- other receivables	(1,397,705)	(326,292)	-	-	(1,723,997)
Write back of trade payables	(1,017,538)	-	-	-	(1,017,538)
Segment assets	1,205,080,919	26,360,692	29,271,349	400,640	1,261,113,600
Segment liabilities	704,326,386	58,579,713	1,199,093	2,600	764,107,792

Notes to the Financial Statements

30 June 2020 (cont'd)

4. OPERATING SEGMENTS (continued)

Reconciliations of reportable segment assets and liabilities to the corresponding amounts of the Group are as follows:

	2020 RM	2019 RM
Assets		
Total assets for reportable segments	1,297,876,896	1,261,113,600
Tax assets	11,491,539	12,548,770
	<hr/>	<hr/>
Assets of the Group per consolidated statement of financial position	1,309,368,435	1,273,662,370
	<hr/>	<hr/>
Liabilities		
Total liabilities for reportable segments	773,623,941	764,107,792
Tax liabilities	7,789,720	4,543,191
	<hr/>	<hr/>
Liabilities of the Group per consolidated statement of financial position	781,413,661	768,650,983
	<hr/>	<hr/>

Notes to the Financial Statements

30 June 2020 (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.7.2019 RM	Effects of adoption of MFRS 16 (Note 31(a)) RM	Additions RM	Disposals RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 30.6.2020 RM
2020							
Carrying amount							
Freehold land	3,438,784	-	-	(394,978)	-	-	3,043,806
Leasehold land							
- Owned	2,691,647	(2,691,647)	-	-	-	(36,374)	2,655,273
- Right-of-use assets	-	2,691,647	-	-	-	(558,315)	34,785,125
Hotel properties, at valuation	35,343,440	-	-	-	-	-	
Buildings							
- Owned	3,412,714	-	4,136,886	(2,339)	-	(130,637)	7,416,624
- Right-of-use assets	-	1,471,544	1,716,256	-	-	(590,272)	2,597,528
Plant and machinery	32,962	-	11,245	-	(2)	(14,445)	29,760
Motor vehicles							
- Owned	1,129,433	(962,162)	11,850	(2)	-	(92,247)	86,872
- Right-of-use assets	-	962,162	1,496,375	-	(259,081)	(546,218)	1,653,238
Renovation	1,729,034	-	30,000	-	-	(416,534)	1,342,500
Furniture, fittings and office equipment	2,582,709	-	500,015	-	-	(704,233)	2,378,491
	50,360,723	1,471,544	7,902,627	(397,319)	(259,083)	(3,089,275)	55,989,217

Notes to the Financial Statements

30 June 2020 (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	← At 30.6.2020 →			
	Cost RM	Valuation RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	3,043,806	-	-	3,043,806
Leasehold land				
- Right-of-use assets	3,164,506	-	(509,233)	2,655,273
Hotel properties, at valuation	-	40,997,058	(6,211,933)	34,785,125
Buildings				
- Owned	9,489,694	-	(2,073,070)	7,416,624
- Right-of-use assets	3,187,800	-	(590,272)	2,597,528
Plant and machinery	1,720,576	-	(1,690,816)	29,760
Motor vehicles				
- Owned	4,335,799	-	(4,248,927)	86,872
- Right-of-use assets	4,328,645	-	(2,675,407)	1,653,238
Renovation	9,957,296	-	(8,614,796)	1,342,500
Furniture, fittings and office equipment	19,950,846	-	(17,572,355)	2,378,491
	59,178,968	40,997,058	(44,186,809)	55,989,217

Group 2019	Balance as at 1.7.2018		Depreciation charge for the financial year			Balance as at 30.6.2019
	RM	RM	Additions RM	Disposals RM	Written off RM	
Carrying amount						
Freehold land	4,602,125	-	(1,163,341)	-	-	3,438,784
Leasehold land	2,728,021	-	-	-	(36,374)	2,691,647
Hotel properties, at valuation	35,954,287	-	-	-	(610,847)	35,343,440
Buildings	6,945,380	-	(3,304,247)	-	(228,419)	3,412,714
Plant and machinery	75,800	5,935	-	-	(48,773)	32,962
Motor vehicles	1,752,642	130,839	(1)	-	(754,047)	1,129,433
Renovation	2,150,340	-	-	-	(421,306)	1,729,034
Furniture, fittings and office equipment	3,424,236	153,988	(171,356)	(542)	(823,617)	2,582,709
	57,632,831	290,762	(4,638,945)	(542)	(2,923,383)	50,360,723

Notes to the Financial Statements

30 June 2020 (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	At 30.6.2019			Carrying amount RM
	Cost RM	Valuation RM	Accumulated depreciation RM	
Freehold land	3,438,784	-	-	3,438,784
Leasehold land	3,164,506	-	(472,859)	2,691,647
Hotel properties, at valuation	-	40,997,058	(5,653,618)	35,343,440
Buildings	5,645,854	-	(2,233,140)	3,412,714
Plant and machinery	1,715,531	-	(1,682,569)	32,962
Motor vehicles	8,030,386	-	(6,900,953)	1,129,433
Renovation	9,927,296	-	(8,198,262)	1,729,034
Furniture, fittings and office equipment	19,456,231	-	(16,873,522)	2,582,709
	51,378,588	40,997,058	(42,014,923)	50,360,723

Company 2020	Balance as at 1.7.2019 RM	Effects of adoption of MFRS 16 (Note 31(a)) RM	Additions RM	Disposals RM	Depreciation charge for the financial year RM	Balance as at 30.6.2020 RM
Carrying amount						
Freehold land	1,087,658	-	-	(141,490)	-	946,168
Leasehold land						
- Owned	2,691,647	(2,691,647)	-	-	-	-
- Right-of-use assets	-	2,691,647	-	-	(36,374)	2,655,273
Hotel properties, at valuation	35,343,440	-	-	-	(558,315)	34,785,125
Buildings						
- Owned	2,882,624	-	-	(198,100)	(86,106)	2,598,418
- Right-of-use assets	-	663,216	-	-	(274,434)	388,782
Motor vehicles						
- Owned	289,609	(280,341)	-	-	(9,267)	1
- Right-of-use assets	-	280,341	809,518	-	(263,163)	826,696
Renovation	1,283,033	-	-	-	(304,939)	978,094
Furniture, fittings and office equipment	1,478,622	-	22,315	-	(420,229)	1,080,708
	45,056,633	663,216	831,833	(339,590)	(1,952,827)	44,259,265

Notes to the Financial Statements

30 June 2020 (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	← At 30.6.2020 →			
	Cost RM	Valuation RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	946,168	-	-	946,168
Leasehold land				
- Right-of-use assets	3,164,506	-	(509,233)	2,655,273
Hotel properties, at valuation	-	40,997,058	(6,211,933)	34,785,125
Buildings				
- Owned	4,115,913	-	(1,517,495)	2,598,418
- Right-of-use assets	663,216	-	(274,434)	388,782
Plant and machinery	1,172,082	-	(1,172,082)	-
Motor vehicles				
- Owned	2,032,552	-	(2,032,551)	1
- Right-of-use assets	2,289,509	-	(1,462,813)	826,696
Renovation	8,487,038	-	(7,508,944)	978,094
Furniture, fittings and office equipment	15,489,719	-	(14,409,011)	1,080,708
	38,360,703	40,997,058	(35,098,496)	44,259,265

Company 2019	Balance as at 1.7.2018 RM	Additions RM	Disposals RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 30.6.2019 RM
Carrying amount						
Freehold land	1,920,056	-	(832,398)	-	-	1,087,658
Leasehold land	2,728,021	-	-	-	(36,374)	2,691,647
Hotel properties, at valuation	35,954,287	-	-	-	(610,847)	35,343,440
Buildings	5,995,456	-	(2,948,381)	-	(164,451)	2,882,624
Motor vehicles	435,543	130,839	-	-	(276,773)	289,609
Renovation	1,589,046	-	-	-	(306,013)	1,283,033
Furniture, fittings and office equipment	1,971,622	54,993	(140)	(542)	(547,311)	1,478,622
	50,594,031	185,832	(3,780,919)	(542)	(1,941,769)	45,056,633

Notes to the Financial Statements

30 June 2020 (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	← At 30.6.2019 →			
	Cost RM	Valuation RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	1,087,658	-	-	1,087,658
Leasehold land	3,164,506	-	(472,859)	2,691,647
Hotel properties, at valuation	-	40,997,058	(5,653,618)	35,343,440
Buildings	4,534,592	-	(1,651,968)	2,882,624
Plant and machinery	1,172,082	-	(1,172,082)	-
Motor vehicles	3,803,553	-	(3,513,944)	289,609
Renovation	8,487,038	-	(7,204,005)	1,283,033
Furniture, fittings and office equipment	15,472,804	-	(13,994,182)	1,478,622
	37,722,233	40,997,058	(33,662,658)	45,056,633

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment, except for freehold land and hotel properties, are stated at cost less accumulated depreciation and any accumulated impairment losses.

Hotel properties are stated at valuation, which is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Hotel properties are revalued yearly which would be determined using fair value at the end of each reporting period. The surplus arising from such revaluations is credited to shareholders' equity as a revaluation reserve, net of deferred tax, if any, and any subsequent deficit is offset against such surplus to the extent of a previous increase for the same property. In all other cases, the deficit would be charged to profit or loss. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to revaluation reserve.

- (b) Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates. The estimated useful periods and principal annual depreciation rates are as follows:

Leasehold land	87 years
Hotel properties	50 - 87 years
Buildings	50 years
Plant and machinery	20%
Motor vehicles	20%
Renovation	15%
Furniture, fittings and office equipment	10% to 20%

Freehold land has unlimited useful life and is not depreciated.

Hotel properties of the Group and of the Company were revalued by the Directors based on a valuation exercise carried out in August 2020 by an independent professional valuer using the open market value basis.

Notes to the Financial Statements

30 June 2020 (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

- (c) Had the revalued assets been carried at cost less accumulated depreciation, the carrying amount would have been:

	Group and Company	
	2020	2019
	RM	RM
Hotel properties	17,432,343	17,667,915

- (d) The fair value of hotel properties (at valuation) of the Group and of the Company are categorised as follows:

Hotel properties	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
Group and Company				
2020	-	-	34,785,125	34,785,125
2019	-	-	35,343,440	35,343,440

- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 30 June 2020 and 30 June 2019.
- (ii) Level 3 fair value of hotel properties (at valuation) was determined by an independent qualified valuer using the comparison method that makes reference to recent market value of a similar property in the vicinity on a price per square feet basis.
- (iii) The fair value measurements of the hotel properties (at valuation) were based on the highest and best use which did not differ from their actual use.
- (e) Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3:

Property category	Valuation technique	Significant unobservable inputs
Hotel properties	Comparison method	Adjusted property values

- (f) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Leasehold land	87 years
Buildings	1.5 to 10 years
Motor vehicles	5 years

Notes to the Financial Statements

30 June 2020 (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

- (g) In the previous financial year, the Group and the Company had assessed and classified leasehold land of the Group and of the Company as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group and the Company arising from the lease term. Consequently, the Group and the Company had classified leasehold land as finance leases in accordance with MFRS 117 Leases.
- (h) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Purchase of property, plant and equipment	7,902,627	290,762	831,833	185,832
Financed by hire purchase and lease arrangements	(3,991,540)	(115,000)	(704,000)	(115,000)
Cash payments on purchase of property, plant and equipment	3,911,087	175,762	127,833	70,832

- (i) In the previous financial year, included in property, plant and equipment of the Group and of the Company were assets acquired under hire purchase agreements with carrying amounts of RM1,051,531 and RM289,341 respectively.
- (j) The carrying amount of property, plant and equipment that were charged to financial institutions as securities for bank borrowings granted to the Group and the Company as disclosed in Note 15 to the financial statements are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Carrying amounts				
Freehold land	946,168	2,183,658	946,168	1,087,658
Buildings	6,306,565	3,051,861	2,331,979	2,610,393
Hotel properties including leasehold land	37,440,398	38,035,087	37,440,398	38,035,087
	44,693,131	43,270,606	40,718,545	41,733,138

Notes to the Financial Statements

30 June 2020 (cont'd)

6. INVESTMENT PROPERTIES

(a) The details of the investment properties are as follows:

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
At beginning of financial year		57,774,914	57,858,914	7,300,000	7,300,000
Fair value adjustments		(2,657,000)	-	-	-
Disposals		(471,000)	(84,000)	-	-
At end of financial year		54,646,914	57,774,914	7,300,000	7,300,000
Investment properties pledged as security for borrowings	15	35,628,914	35,628,914	7,300,000	7,300,000

(b) The investment properties consist of freehold land, leasehold land and buildings which earn rental income from current leases.

(c) Investment properties are initially measured at costs, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the end of the reporting period and changes in fair value are included in profit or loss.

(d) The fair value of investment properties of the Group and of the Company are categorised as follows:

Land and buildings	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
2020	-	-	54,646,914	54,646,914
2019	-	-	57,774,914	57,774,914
Company				
2020	-	-	7,300,000	7,300,000
2019	-	-	7,300,000	7,300,000

(i) There were no transfers between Level 1, Level 2, and Level 3 fair value measurements during the financial year ended 30 June 2020 and 30 June 2019.

(ii) Investment properties at Level 3 fair value measurements are based on the comparison method which refers to recent market transactions of similar properties within the vicinities and the income method that makes reference to rental income expected to be generated from the investment properties.

(iii) The fair value measurement of the investment properties are based on the highest and best use which does not differ from its actual use.

Notes to the Financial Statements

30 June 2020 (cont'd)

6. INVESTMENT PROPERTIES (continued)

- (e) Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3:

Property category	Valuation technique	Significant unobservable inputs
Hotel properties	Comparison method	Adjusted property values
Commercial (shoplots)	Comparison method	Adjusted property values
Shopping mall	Income based method	Estimated net income Term rate Reversion rate Commercial yield
Commercial and residential (shophouse and semi detached house)	Comparison method	Adjusted property values

- (f) The leasehold land and buildings have remaining lease periods of 83 years and 73 years (2019: 84 years and 74 years) respectively.

- (g) Income and direct operating expenses arising from investment properties generating rental income during the financial year are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Rental income	3,241,584	2,341,911	369,968	969,331
Repair and maintenance	(1,850,896)	(2,009,477)	-	-
Quit rent and assessment	(397,622)	(477,869)	(34,025)	(151,018)

7. INVENTORIES

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Non-current					
Land held for property development	7(a)	366,632,960	337,664,101	32,337,088	22,581,535
Current					
Property development cost	7(b)	544,105,804	553,652,139	83,848,009	99,470,728
Inventories held for sale	7(c)	105,260,819	95,383,426	63,026,668	59,442,257
		649,366,623	649,035,565	146,874,677	158,912,985

Notes to the Financial Statements

30 June 2020 (cont'd)

7. INVENTORIES (continued)

(a) Land held for property development

Group 2020	Note	Freehold land RM	Long term leasehold land RM	Development costs RM	Total RM
At cost					
At beginning of financial year		102,006,346	165,732,944	69,924,811	337,664,101
Additions/(Reversal)		106,728	(287,914)	3,793,974	3,612,788
Transfer to property development costs	7(b)	-	-	(913,967)	(913,967)
Transfer from property development costs	7(b)	12,994,462	-	13,275,576	26,270,038
At end of financial year		115,107,536	165,445,030	86,080,394	366,632,960
2019					
At cost					
At beginning of financial year		96,411,925	116,451,669	41,324,418	254,188,012
Additions		-	4,604,849	3,487,943	8,092,792
Transfer to property development costs	7(b)	(741,862)	-	(249,268)	(991,130)
Transfer from property development costs	7(b)	6,336,283	44,676,426	25,361,718	76,374,427
At end of financial year		102,006,346	165,732,944	69,924,811	337,664,101
Company					
2020					
At cost					
At beginning of financial year		14,685,143	-	7,896,392	22,581,535
Additions		-	-	820	820
Transfer from property development costs	7(b)	5,279,474	-	4,475,259	9,754,733
At end of financial year		19,964,617	-	12,372,471	32,337,088
2019					
At cost					
At beginning of financial year		14,068,493	-	6,216,546	20,285,039
Additions		-	-	16,746	16,746
Transfer from property development costs	7(b)	616,650	-	1,663,100	2,279,750
At end of financial year		14,685,143	-	7,896,392	22,581,535

Notes to the Financial Statements

30 June 2020 (cont'd)

7. INVENTORIES (continued)

(a) Land held for property development (continued)

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Carrying amount of land held for property development pledged as security for borrowings	15	228,997,896	223,385,748	462,932	462,932

- (i) Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current. The carrying amount of such land classified as inventory under non-current assets is carried at the lower of cost and net realisable value.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, conversion fees and other relevant levies.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

- (ii) Borrowing costs capitalised during the financial year for land held for property development of the Group amounted to RM2,057,588 (2019: RM3,340,077) at interest rates ranging from 4.2% to 6.1% (2019: 5.3% to 6.1%) per annum.
- (iii) Right-of-use assets that meet the definition of land held for property development in accordance with MFRS 102 *Inventories* is presented in the statements of financial position as inventories. Subsequent measurement of the right-of-use assets is consistent with those land held for property development owned by the Group.

Notes to the Financial Statements

30 June 2020 (cont'd)

7. INVENTORIES (continued)

(b) Property development costs

Group 2020	Note	Freehold land RM	Long term leasehold land RM	Development costs RM	Accumulated cost charged to profit or loss RM	Total RM
At cost						
At beginning of financial year						
		79,470,978	126,396,904	765,176,668	(417,392,411)	553,652,139
Cost incurred during the financial year		-	(63,247)	167,321,095	-	167,257,848
Transfer from land held for property development	7(a)	-	-	913,967	-	913,967
Transfer to land held for property development	7(a)	(12,994,462)	-	(13,275,576)	-	(26,270,038)
Transfer to completed development properties		(3,961,603)	-	(28,604,375)	-	(32,565,978)
Reversal of completed projects		(14,773,093)	-	(148,686,056)	163,459,149	-
Cost recognised in profit or loss during the financial year	20	-	-	-	(118,882,134)	(118,882,134)
At end of financial year		47,741,820	126,333,657	742,845,723	(372,815,396)	544,105,804
2019						
At cost						
At beginning of financial year						
		99,102,736	185,702,675	877,773,780	(567,532,799)	595,046,392
Cost incurred during the financial year		1,115,874	1,281,263	266,939,895	-	269,337,032
Transfer from land held for property development	7(a)	741,862	-	249,268	-	991,130
Transfer to land held for property development	7(a)	(6,336,283)	(44,676,426)	(25,361,718)	-	(76,374,427)
Transfer to completed development properties		(1,980,528)	(1,220,537)	(23,987,456)	-	(27,188,521)
Reversal of completed projects		(13,172,683)	(14,690,071)	(330,437,101)	358,299,855	-
Cost recognised in profit or loss during the financial year	20	-	-	-	(208,159,467)	(208,159,467)
At end of financial year		79,470,978	126,396,904	765,176,668	(417,392,411)	553,652,139

Notes to the Financial Statements

30 June 2020 (cont'd)

7. INVENTORIES (continued)

(b) Property development costs (continued)

Company 2020	Note	Freehold land RM	Development costs RM	Accumulated cost charged to profit or loss RM	Total RM
At cost					
At beginning of financial year		46,137,071	113,421,898	(60,088,241)	99,470,728
Cost incurred during the financial year		-	21,049,193	-	21,049,193
Transfer to land held for property development	7(a)	(5,279,474)	(4,475,259)	-	(9,754,733)
Transfer to completed development properties		(2,627,929)	(9,878,158)	-	(12,506,087)
Reversal of completed projects		(4,368,518)	(46,756,045)	51,124,563	-
Cost recognised in profit or loss during the financial year	20	-	-	(14,411,092)	(14,411,092)
At end of financial year		33,861,150	73,361,629	(23,374,770)	83,848,009
2019					
At cost					
At beginning of financial year		45,740,065	96,838,736	(44,949,091)	97,629,710
Cost incurred during the financial year		1,013,656	18,246,262	-	19,259,918
Transfer to land held for property development	7(a)	(616,650)	(1,663,100)	-	(2,279,750)
Cost recognised in profit or loss during the financial year	20	-	-	(15,139,150)	(15,139,150)
At end of financial year		46,137,071	113,421,898	(60,088,241)	99,470,728

Notes to the Financial Statements

30 June 2020 (cont'd)

7. INVENTORIES (continued)

(b) Property development costs (continued)

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
At cost					
Carrying amount of property development costs pledged as security for borrowings	15	163,593,087	188,157,927	33,606,317	39,021,443

- (i) The portion of property development costs where significant development work has been undertaken and which is expected to be completed within the normal operating cycle is considered as a current asset. Property development costs are stated at the lower of costs and net realisable value.

The cost of land, related development costs common to whole projects and direct building costs less cumulative amounts recognised as expense in the profit or loss for property under development are carried in the statements of financial position as property development costs. The property development cost is subsequently recognised as an expense in profit or loss as and when the control of the inventory is transferred to the customer.

Property development cost of unsold unit is transferred to completed development unit once the development is completed.

- (ii) Borrowing costs capitalised during the financial year for property development activities of the Group and of the Company amounted to RM14,034,193 (2019: RM14,961,587) and RM785,347 (2019: RM1,105,081) respectively at interest rates ranging from 4.2% to 8.1% (2019: 5.3% to 6.4%) per annum.
- (iii) Right-of-use assets that meet the definition of property development costs in accordance with MFRS 102 *Inventories* is presented in the statements of financial position as inventories. Subsequent measurement of the right-of-use assets is consistent with those property development costs owned by the Group.

Notes to the Financial Statements

30 June 2020 (cont'd)

7. INVENTORIES (continued)

(c) Inventories held for sale

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
At cost					
Completed development properties		104,589,874	94,717,949	62,626,668	59,442,257
Consumable stocks		270,945	665,477	-	-
At net realisable value					
Completed development properties		400,000	-	400,000	-
		105,260,819	95,383,426	63,026,668	59,442,257
Inventories held for sale pledged as security for borrowings	15	51,991,050	54,395,045	41,405,682	42,092,486

- (i) Inventories held for sale are stated at the lower of cost and net realisable value. Costs of completed development properties comprise costs of acquisition of land including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, related development costs to projects and direct building costs. Costs of consumable stocks are determined on a first-in, first-out basis.
- (ii) During the financial year, the completed development properties of the Group and of the Company recognised as cost of sales amounted to RM22,077,382 (2019: RM42,239,873) and RM8,705,005 (2019: RM32,339,892) respectively.
- (iii) During the financial year, the consumable stocks of the Group amounted to RM300 have been written off. In the previous financial year, the consumable stocks of the Group and of the Company amounted to RM134,382 had been written off.
- (iv) A write down of inventories of RM216,671 (2019: Nil) of the Group and of the Company was made during the financial year due to decline in net realisable values of completed properties.

Notes to the Financial Statements

30 June 2020 (cont'd)

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM	2019 RM
Unquoted shares, at cost	82,300,006	82,300,106
Equity loan	117,000,000	86,000,000
	199,300,006	168,300,106

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any. Non-controlling interests are measured at their proportionate share of the net assets of subsidiaries, unless another measurement basis is required by MFRSs.
- (b) The advances to subsidiaries are deemed by the Company as a capital contribution as it is considered as a long term investment which are unsecured, interest free and settlement is neither planned nor likely to occur in the foreseeable future.
- (c) Details of subsidiaries, which are all incorporated in Malaysia, are as follows:

Name of company	Interest in equity held by				Principal activities
	Company		Subsidiaries		
	2020 %	2019 %	2020 %	2019 %	
Subsidiaries					
BCB Concrete Sdn. Bhd.	100%	100%	-	-	Manufacturing of concrete products
BCB Construction Sdn. Bhd.	100%	100%	-	-	Provision of project construction services and property investment
BCB Land Sdn. Bhd.	100%	100%	-	-	Property development
BCB Management Sdn. Bhd.	100%	100%	-	-	Provision of project management services
BCB Food & Beverage Sdn, Bhd. (f.k.a. BCB Medini Residences Sdn. Bhd.)	100%	100%	-	-	Investment holding
BCB Resources Sdn. Bhd.	100%	100%	-	-	Property development
BCB Road Builder Sdn. Bhd.	100%	100%	-	-	Provision of road construction services
BCB Trading Sdn. Bhd.	100%	100%	-	-	Trading of building materials
BCB Ventures Sdn. Bhd.	-	100%	-	-	Restaurant operator
Golden Power Construction Sdn. Bhd.	100%	100%	-	-	Dormant
Johbase Development Sdn. Bhd.	100%	100%	-	-	Property development and letting of properties
Global Earnest Sdn. Bhd.	86.6%	86.6%	-	-	Property development and letting of properties
BCB Medini Development Sdn. Bhd.	75%	75%	-	-	Property development
BCB Development Sdn. Bhd.	70%	70%	-	-	Property development and letting of properties
BCB Heights Sdn. Bhd.	60%	60%	-	-	Property development
Subsidiary of BCB Development Sdn. Bhd.					
Total Builder Generation	-	-	100%	100%	Engaged in the business of general construction

Notes to the Financial Statements

30 June 2020 (cont'd)

8. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Details of subsidiaries, which are all incorporated in Malaysia, are as follows: (continued)

Name of company	Interest in equity held by				Principal activities
	Company		Subsidiaries		
	2020	2019	2020	2019	
	%	%	%	%	
Subsidiary of BCB Food & Beverage Sdn. Bhd.					
BCB Ventures Sdn. Bhd.	-	-	80%	-	Restaurant operator
Subsidiary of BCB Heights Sdn. Bhd.					
BCB Elysia Sdn. Bhd.	-	-	100%	-	Letting of properties

All subsidiaries are audited by BDO PLT.

(d) On 21 November 2019, a non-wholly owned subsidiary of the Company, BCB Heights Sdn. Bhd. incorporated a 100% owned subsidiary, BCB Elysia Sdn. Bhd., a private limited company with paid-up capital of RM1 represented by one (1) ordinary share.

(e) On 22 November 2019, the Company disposed the entire equity interest in BCB Venture Sdn. Bhd. to a wholly-owned subsidiary, BCB Food & Beverage Sdn. Bhd. (f.k.a. BCB Medini Residences Sdn. Bhd.) for a cash consideration of RM100.

Subsequently, on 17 December 2019, BCB Food & Beverage Sdn. Bhd. disposed 20% of the equity interest in BCB Venture Sdn. Bhd., representing 20 ordinary shares to a non-controlling interest for a cash consideration of RM20. The disposal resulted in a decrease in the equity interest from 100% to 80%. The dilution has no material financial effect to the Group.

(f) In the previous financial year, the following wholly-owned subsidiaries of the Company had been struck off from the register of Companies Commission of Malaysia upon the application by the Company:

- (i) BCB Furniture Sdn. Bhd.
- (ii) BCB Technologies Sdn. Bhd.
- (iii) Laser Lagun Sdn. Bhd.
- (iv) Luna Starcity Sdn. Bhd.

The striking off of the subsidiaries had no material impact to the Group and the Company.

(g) In the previous financial year, the Company acquired the remaining 25% equity interest in BCB Ventures Sdn. Bhd., representing 25 ordinary shares for a consideration of RM25. BCB Ventures Sdn. Bhd. become a wholly-owned subsidiary of the Company. The difference of RM2,487 between the purchase consideration and the fair value of net liabilities was recognised in retained earnings as transaction with owners.

Notes to the Financial Statements

30 June 2020 (cont'd)

8. INVESTMENTS IN SUBSIDIARIES (continued)

(h) The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:

	BCB Development Sdn. Bhd.	BCB Elysia Sdn. Bhd.	BCB Heights Sdn. Bhd.	BCB Medini Development Sdn. Bhd.	BCB Ventures Sdn. Bhd.	Global Earnest Sdn. Bhd.	Total Builder Generation Sdn. Bhd.	Total
2020								
NCI percentage of ownership and voting interest	30.00%	40.00%	40.00%	25.00%	20.00%	13.40%	30.00%	
Carrying amount of NCI (RM)	14,665,174	(318,835)	18,370,710	4,751,974	(5,203)	8,694,246	1,871,447	48,029,513
Profit/(Loss) allocated to NCI (RM)	2,847,206	(318,835)	564,145	905,765	(1,039)	590,766	1,051,614	5,639,622
Total comprehensive income/ (loss) allocated to NCI (RM)	2,847,206	(318,835)	564,145	905,765	(1,039)	590,766	1,051,614	5,639,622
2019								
NCI percentage of ownership and voting interest	30.00%	-	40.00%	25.00%	-	13.40%	30.00%	
Carrying amount of NCI (RM)	11,817,968	-	17,806,565	3,846,209	-	8,103,480	819,833	42,394,055
Profit allocated to NCI (RM)	3,076,587	-	12,011,931	1,294,470	-	821,276	758,162	17,962,426
Total comprehensive income allocated to NCI (RM)	3,076,587	-	12,011,931	1,294,470	-	821,276	758,162	17,962,426

Notes to the Financial Statements

30 June 2020 (cont'd)

8. INVESTMENTS IN SUBSIDIARIES (continued)

- (i) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

2020	BCB Development Sdn. Bhd. RM	BCB Elysia Sdn. Bhd. RM	BCB Heights Sdn. Bhd. RM	BCB Medini Development Sdn. Bhd. RM	BCB Ventures Sdn. Bhd. RM	Global Earnest Sdn. Bhd. RM	Total Builder Generation Sdn. Bhd. RM
Assets and liabilities							
Non-current assets	76,562,557	2,537,681	76,295,098	63,814,749	-	39,908,185	770,236
Current assets	143,914,065	241,955	349,170,158	40,226,708	-	35,272,202	11,622,391
Non-current liabilities	(28,951,480)	(1,983,743)	(107,133,366)	(14,402,158)	-	-	(98,300)
Current liabilities	(109,601,835)	(1,592,980)	(248,405,115)	(35,635,514)	(26,014)	(10,297,955)	(6,056,169)
Net assets/(liabilities)	81,923,307	(797,087)	69,926,775	54,003,785	(26,014)	64,882,432	6,238,158
Results							
Revenue	90,879,067	5,682	39,922,568	9,312,912	-	12,229,031	9,176,063
Profit/(Loss) for the financial year	9,490,687	(797,088)	1,925,592	5,044,863	(10,388)	4,408,702	3,505,382
Total comprehensive income/(loss)	9,490,687	(797,088)	1,925,592	5,044,863	(10,388)	4,408,702	3,505,382
Cash flows from/(used in)							
- operating activities	35,614,878	(641,534)	22,444,839	(11,692,077)	-	9,632,792	635,701
- investing activities	(3,333,420)	924,033	9,304,697	17,478,918	-	(8,759,268)	(657,094)
- financing activities	(32,698,181)	(219,183)	(30,177,692)	(7,216,634)	-	(30,539)	(17,816)
Net (decrease)/increase in cash and cash equivalents	(416,723)	63,316	1,571,844	(1,429,793)	-	842,985	(39,209)

Notes to the Financial Statements

30 June 2020 (cont'd)

8. INVESTMENTS IN SUBSIDIARIES (continued)

(i) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows: (continued)

2019	BCB Development Sdn. Bhd. RM	BCB Heights Sdn. Bhd. RM	BCB Medini Development Sdn. Bhd. RM	BCB Ventures Sdn. Bhd. RM	Global Earnest Sdn. Bhd. RM	Total Builder Generation Sdn. Bhd. RM
Assets and liabilities						
Non-current assets	68,341,474	77,516,429	62,959,887	-	36,888,947	439,296
Current assets	177,153,220	278,793,921	38,224,862	-	32,030,127	8,708,169
Non-current liabilities	(36,254,600)	(131,919,353)	(22,204,353)	-	-	-
Current liabilities	(169,846,867)	(179,874,584)	(63,595,561)	(15,626)	(8,445,344)	(6,414,689)
Net assets/(liabilities)	39,393,227	44,516,413	15,384,835	(15,626)	60,473,730	2,732,776
Results						
Revenue	62,660,714	166,276,232	8,800,131	-	8,790,952	-
Profit/(Loss) for the financial year	10,255,289	30,029,828	5,177,880	(15,726)	6,128,928	2,527,209
Total comprehensive income/(loss)	10,255,289	30,029,828	5,177,880	(15,726)	6,128,928	2,527,209
Cash flows (used in)/from						
- operating activities	(3,019,735)	(9,187,891)	(4,115,578)	(25)	5,667,491	288,004
- investing activities	868,134	(7,085,452)	4,403,094	-	36,953	(237,877)
- financing activities	3,213,190	11,782,071	(613,861)	-	(5,342,583)	-
Net increase/(decrease) in cash and cash equivalents	1,061,589	(4,491,272)	(326,345)	(25)	361,861	50,127

Notes to the Financial Statements

30 June 2020 (cont'd)

9. DEFERRED TAX

(a) The deferred tax assets and liabilities are made up of the following:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Balance as at 1 July	(1,282,142)	8,206,179	1,851,237	3,429,769
Recognised in profit or loss (Note 24)	4,483,183	(9,488,321)	(30,907)	(1,578,532)
Balance as at 30 June	3,201,041	(1,282,142)	1,820,330	1,851,237
Presented after appropriate offsetting:				
Deferred tax assets	6,615,704	6,598,343	5,532,816	5,490,962
Offset against deferred tax liabilities	(3,401,042)	(4,373,311)	(3,712,486)	(3,639,725)
Net deferred tax assets	3,214,662	2,225,032	1,820,330	1,851,237
Deferred tax liabilities	(3,414,663)	(7,880,485)	(3,712,486)	(3,639,725)
Offset against deferred tax assets	3,401,042	4,373,311	3,712,486	3,639,725
Net deferred tax liabilities	(13,621)	(3,507,174)	-	-

(b) The components of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets

Group	Unutilised tax losses RM	Unabsorbed capital allowances RM	Other deductible temporary differences RM	Total RM
At 1 July 2019	-	5,778,885	819,458	6,598,343
Recognised in profit or loss	399,208	(840,986)	459,139	17,361
At 30 June 2020	399,208	4,937,899	1,278,597	6,615,704
At 1 July 2018	-	4,912,896	5,868,983	10,781,879
Recognised in profit or loss	-	865,989	(5,049,525)	(4,183,536)
At 30 June 2019	-	5,778,885	819,458	6,598,343

Notes to the Financial Statements

30 June 2020 (cont'd)

9. DEFERRED TAX (continued)

- (b) The components of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (continued)

Deferred tax assets (continued)

Company	Unutilised tax losses RM	Unabsorbed capital allowances RM	Other deductible temporary differences RM	Total RM
At 1 July 2019	-	4,671,504	819,458	5,490,962
Recognised in profit or loss	399,208	266,395	(623,749)	41,854
At 30 June 2020	399,208	4,937,899	195,709	5,532,816
At 1 July 2018	-	4,873,021	1,488,987	6,362,008
Recognised in profit or loss	-	(201,517)	(669,529)	(871,046)
At 30 June 2019	-	4,671,504	819,458	5,490,962

Deferred tax liabilities

	Group		Company
	Property, plant and equipment RM	Other taxable temporary differences RM	Property, plant and equipment RM
			Total RM
At 1 July 2019	(3,319,132)	(4,561,353)	(7,880,485)
Recognised in profit or loss	(95,531)	4,561,353	4,465,822
At 30 June 2020	(3,414,663)	-	(3,414,663)
At 1 July 2018	(2,575,700)	-	(2,575,700)
Recognised in profit or loss	(743,432)	(4,561,353)	(5,304,785)
At 30 June 2019	(3,319,132)	(4,561,353)	(7,880,485)

Deferred tax assets are recognised for unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences could be utilised. Management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies.

Notes to the Financial Statements

30 June 2020 (cont'd)

9. DEFERRED TAX (continued)

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2020 RM	2019 RM
Unutilised tax losses		
- Expires by 30 June 2025	18,574,296	18,574,296
- Expires by 30 June 2026	11,102,284	11,102,284
- Expires by 30 June 2027	2,100,574	-
Unabsorbed capital allowances	403,240	245,890
Other deductible temporary differences	(22,996)	-
	32,157,398	29,922,470

In accordance with the provision in Finance Act 2018, the unutilised tax losses are available for utilisation in the next seven years, for which, any excess at the end of the seventh year, would be disregarded. Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that future taxable profits of certain subsidiaries would be available against which the deductible temporary differences could be utilised.

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade receivables				
Third parties	104,289,352	106,152,686	7,334,196	11,014,287
Related parties	15,415,906	8,480,942	1,765	7,607
Amount due from ultimate holding company	415,729	131,229	-	-
	120,120,987	114,764,857	7,335,961	11,021,894
Less: Impairment losses	(8,665,544)	(6,359,147)	(1,364,213)	(357,366)
Total trade receivables	111,455,443	108,405,710	5,971,748	10,664,528
Other receivables				
Third parties	7,490,227	10,501,008	1,957,044	6,510,532
Deposits	5,892,268	4,409,705	1,719,243	1,411,292
Amount due from subsidiaries	-	-	2,443,990	6,515,822
	13,382,495	14,910,713	6,120,277	14,437,646
Less: Impairment losses on:-				
- third parties	(3,019,266)	(3,312,552)	(1,245,812)	(1,462,982)
- amounts due from subsidiaries	-	-	(356,596)	(485,012)
Total other receivables	10,363,229	11,598,161	4,517,869	12,489,652
Total receivables	121,818,672	120,003,871	10,489,617	23,154,180
Prepayments	1,377,175	2,659,870	81,416	91,732
	123,195,847	122,663,741	10,571,033	23,245,912

Notes to the Financial Statements

30 June 2020 (cont'd)

10. TRADE AND OTHER RECEIVABLES (continued)

- (a) Total receivables are classified as financial assets measured at amortised costs.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group and the Company range from 14 to 90 days (2019: 14 to 90 days). They are recognised at their original invoiced amounts, which represent their fair value on initial recognition.
- (c) Non-trade balances due from subsidiaries represent advances and payments on behalf, which are unsecured and repayable within next twelve (12) months in cash and cash equivalents. The amounts are interest free except for an amount of RM2,873,720 (2019: RM3,748,487), which bears interest ranging from 7.41% (2019: 7.52%) per annum.
- (d) Included in trade receivables of the Group are retention sums for contract works. The retention sums are unsecured, interest free and are expected to be collected as follows:

	Group	
	2020	2019
	RM	RM
Repayable as follows:		
Within one (1) year	-	3,082,678
More than one (1) year	2,303,408	1,093,065
	2,303,408	4,175,743

- (e) During the financial year, the Group and the Company had written off bad debts of RM158,876 (2019: RM77,558) and RM158,876 (2019: RM22,001) respectively against trade and other receivables and amounts due from subsidiaries.
- (f) In the previous financial year, the Group and the Company had written off deposits of RM478,464 and RM474,964 respectively.
- (g) Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses ("ECL").

The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables is determined using historical data and forward looking in estimating future cash flows and the lifetime expected credit loss for the trade receivables is assessed individually. Lifetime expected credit losses represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows for the Group and the Company expect to receive over the lifetime of financial instrument. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within other operating expenses in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Notes to the Financial Statements

30 June 2020 (cont'd)

10. TRADE AND OTHER RECEIVABLES (continued)

(g) (continued)

Impairment for other receivables and amount due from subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. A significant increase in credit risk is presumed if a debt is more than 365 days past due. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

It requires management to exercise significant judgement in determining the probability of default by trade and other receivables, appropriate forward looking information and significant increase in credit risk.

The reconciliation of movements in the impairment losses of trade receivables is as follows:

Group 2020	ECL allowance RM	Fully credit impaired RM	Total RM
At beginning of financial year	4,441,210	1,917,937	6,359,147
Charge for the financial year	1,026,231	1,773,204	2,799,435
Reversal during the financial year	(422,429)	(360)	(422,789)
Written off during the financial year	(60,447)	(9,802)	(70,249)
At end of financial year	4,984,565	3,680,979	8,665,544
2019			
At beginning of financial year	2,189,991	1,772,859	3,962,850
Charge for the financial year	2,362,824	403,871	2,766,695
Reversal during the financial year	(111,605)	-	(111,605)
Written off during the financial year	-	(258,793)	(258,793)
At end of financial year	4,441,210	1,917,937	6,359,147

Notes to the Financial Statements

30 June 2020 (cont'd)

10. TRADE AND OTHER RECEIVABLES (continued)

(g) (continued)

The reconciliation of movements in the impairment losses of trade receivables is as follows: (continued)

Company 2020	ECL allowance RM	Fully credit impaired RM	Total RM
At beginning of financial year	249,726	107,640	357,366
Charge for the financial year	23,237	1,132,560	1,155,797
Reversal during the financial year	(86,241)	(360)	(86,601)
Written off during the financial year	(60,447)	(1,902)	(62,349)
At end of financial year	126,275	1,237,938	1,364,213
2019			
At beginning of financial year	179,572	208,939	388,511
Charge for the financial year	70,154	107,640	177,794
Reversal during the financial year	-	(208,939)	(208,939)
At end of financial year	249,726	107,640	357,366

The reconciliation of movements in the impairment losses of other receivables is as follows:

Group 2020	ECL allowance RM	Fully credit impaired RM	Total RM
At beginning of financial year	99,572	3,212,980	3,312,552
Charge for the financial year	2,765	293,877	296,642
Reversal during the financial year	(4,964)	(75,021)	(79,985)
Written off during the financial year	-	(509,943)	(509,943)
At end of financial year	97,373	2,921,893	3,019,266
2019			
At beginning of financial year	85,551	5,188,435	5,273,986
Charge for the financial year	37,899	334,370	372,269
Reversal during the financial year	(23,878)	(1,700,119)	(1,723,997)
Written off during the financial year	-	(609,706)	(609,706)
At end of financial year	99,572	3,212,980	3,312,552

Notes to the Financial Statements

30 June 2020 (cont'd)

10. TRADE AND OTHER RECEIVABLES (continued)

(g) (continued)

The reconciliation of movements in the impairment losses of other receivables is as follows: (continued)

Company 2020	ECL allowance RM	Fully credit impaired RM	Total RM
At beginning of financial year	327	1,462,655	1,462,982
Charge for the financial year	-	169,051	169,051
Reversal during the financial year	(327)	-	(327)
Written off during the financial year	-	(385,894)	(385,894)
At end of financial year	-	1,245,812	1,245,812
2019			
At beginning of financial year	244	1,842,754	1,842,998
Charge for the financial year	83	-	83
Reversal during the financial year	-	(63,783)	(63,783)
Written off during the financial year	-	(316,316)	(316,316)
At end of financial year	327	1,462,655	1,462,982

The reconciliation of movements in the impairment losses of amounts due from subsidiaries is as follows:

Company 2020	ECL allowance RM	Fully credit impaired RM	Total RM
At beginning of financial year	185,238	299,774	485,012
Reversal during the financial year	(128,416)	-	(128,416)
At end of financial year	56,822	299,774	356,596
2019			
At beginning of financial year	1,078,445	299,774	1,378,219
Reversal during the financial year	(893,207)	-	(893,207)
At end of financial year	185,238	299,774	485,012

Fully credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

Notes to the Financial Statements

30 June 2020 (cont'd)

10. TRADE AND OTHER RECEIVABLES (continued)

(h) Lifetime expected loss provision for trade receivables of the Group and of the Company are as follows:

Group 2020	RM	Gross RM	Impaired RM	Total
Current		21,337,060	(764,247)	20,572,813
1 to 30 days past due		3,669,401	(134,032)	3,535,369
31 to 60 days past due		875,996	(21,689)	854,307
61 to 120 days past due		3,530,210	(192,886)	3,337,324
More than 120 days past due		90,708,320	(7,552,690)	83,155,630
		98,783,927	(7,901,297)	90,882,630
		120,120,987	(8,665,544)	111,455,443
2019				
Current		42,192,387	(1,288,270)	40,904,117
1 to 30 days past due		8,098,517	(241,144)	7,857,373
31 to 60 days past due		7,631,612	(154,594)	7,477,018
61 to 120 days past due		17,184,785	(858,189)	16,326,596
More than 120 days past due		39,657,556	(3,816,950)	35,840,606
		72,572,470	(5,070,877)	67,501,593
		114,764,857	(6,359,147)	108,405,710
Company 2020				
Current		1,806,338	(11,608)	1,794,730
1 to 30 days past due		-	-	-
31 to 60 days past due		219,107	(1,617)	217,490
61 to 120 days past due		-	-	-
More than 120 days past due		5,310,516	(1,350,988)	3,959,528
		5,529,623	(1,352,605)	4,177,018
		7,335,961	(1,364,213)	5,971,748

Notes to the Financial Statements

30 June 2020 (cont'd)

10. TRADE AND OTHER RECEIVABLES (continued)

- (h) Lifetime expected loss provision for trade receivables of the Group and of the Company are as follows: (continued)

Company 2019	Gross RM	Impaired RM	Total RM
Current	5,873,256	(70,767)	5,802,489
1 to 30 days past due	317,729	(2,343)	315,386
31 to 60 days past due	602,876	(7,604)	595,272
61 to 120 days past due	98,300	-	98,300
More than 120 days past due	4,129,733	(276,652)	3,853,081
	5,148,638	(286,599)	4,862,039
	11,021,894	(357,366)	10,664,528

- (i) The Group determines concentration of credit risk by monitoring the industry sector profile of its trade receivables and also identifying and monitoring any significant long outstanding balance owing by any major customer or counter party on an on-going basis.

The credit risk profile of the Group's trade receivables as at the end of the reporting period are as follows:

Group	RM	2020 % of total	RM	2019 % of total
Property development and management activities	105,523,970	87.9	104,955,548	91.5
Construction and related activities	13,464,571	11.2	8,386,035	7.3
Hotel operations	1,132,446	0.9	1,423,274	1.2
	120,120,987	100.0	114,764,857	100.0

As at the end of each reporting period, the credit risks exposures and collateral relating to trade receivables of the Group and of the Company are summarised in the table below:

Group 2020	Maximum exposure RM	Collateral obtained RM	Net exposure RM
Property development and management activities	105,523,970	(22,179,161)	83,344,809
Construction and related activities	13,464,571	-	13,464,571
Hotel operations	1,132,446	-	1,132,446
	120,120,987	(22,179,161)	97,941,826

Notes to the Financial Statements

30 June 2020 (cont'd)

10. TRADE AND OTHER RECEIVABLES (continued)

(i) (continued)

As at the end of each reporting period, the credit risks exposures and collateral relating to trade receivables of the Group and of the Company are summarised in the table below: (continued)

Group 2019	Maximum exposure RM	Collateral obtained RM	Net exposure RM
Property development and management activities	104,955,548	(37,215,369)	67,740,179
Construction and related activities	8,386,035	-	8,386,035
Hotel operations	1,423,274	-	1,423,274
	114,764,857	(37,215,369)	77,549,488
Company 2020			
Property development and management activities	6,203,515	(364,007)	5,839,508
Hotel operations	1,132,446	-	1,132,446
	7,335,961	(364,007)	6,971,954
2019			
Property development and management activities	9,598,620	(5,527,639)	4,070,981
Hotel operations	1,423,274	-	1,423,274
	11,021,894	(5,527,639)	5,494,255

The above collaterals are letters of undertaking from financial institutions for properties sold and deposits received from customers.

Credit risk arising from property development and management activities

The Group and the Company do not have significant credit risk from their services and their products are predominantly rendered and sold to a large number of property purchasers with financing facilities from reputable banks with high quality external credit rating. For self-financed property purchasers, the Group and the Company extend credit based upon evaluation of the purchasers' general background. The credit risks from property purchasers are limited as the legal title of the property sold remain with the Group and the Company until the purchase consideration are fully paid.

In respect of the Group's investment properties, the Group customarily obtains two months' rental deposit from tenant which acts as collateral as security for the performance of their obligations under the tenancy agreements to mitigate the risk of non-collectability of monthly rentals.

Notes to the Financial Statements

30 June 2020 (cont'd)

10. TRADE AND OTHER RECEIVABLES (continued)

(i) (continued)

Credit risk arising from construction contracts

The Group seeks to control credit risk by dealing with counterparties with appropriate credit histories. Customers' most recent financial statements, payment history and other relevant information are considered in the determination of credit risk. Counterparties are assessed at least annually and more frequently when information on significant changes in their financial position becomes known.

Credit risk arising from hotel operations

Credit risk arising from outstanding receivables from customer is minimised by closely monitoring the limit of the Group and of the Company's associations to business partners and their credit worthiness.

Credit risk arising from other receivables

Credit risk arising from other receivables is limited due to the large number of receivables. The historical experience in collection of other receivables fall within the recorded allowances. No additional credit risk beyond amounts allowed for collection losses is inherent in the other receivables.

Credit risk arising from subsidiaries

The amounts due from subsidiaries are monitored closely by the Company and the management is of the view that the carrying amount is fully recoverable.

(j) The interest rate profile of the amount due from a subsidiary as at the end of each reporting period is as follows:

	Company	
	2020 RM	2019 RM
Floating rate	2,873,720	3,748,487

Sensitivity analysis of interest rates for the floating rate instruments at the end of the reporting period, assuming all other variables remain constant is as follows:

	Company	
	2020 RM	2019 RM
Effects of 100 basis points changes to (loss)/profit after tax		
- Increase by 1% (2019: 1%)	21,840	28,489
- Decrease by 1% (2019: 1%)	(21,840)	(28,489)

(k) Trade and other receivables are denominated in RM.

Notes to the Financial Statements

30 June 2020 (cont'd)

11. CONTRACT ASSETS/(LIABILITIES)

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Contract assets:					
Property development	11(b)	10,725,791	13,271,025	-	1,036,794
Construction contracts	11(c)	6,762,827	7,320,103	-	-
		17,488,618	20,591,128	-	1,036,794
Contract liabilities:					
Property development	11(b)	(130,039,104)	(55,045,800)	(12,277,698)	(5,235,646)
Construction contracts	11(c)	(6,202,930)	(4,301,121)	-	-
		(136,242,034)	(59,346,921)	(12,277,698)	(5,235,646)
		(118,753,416)	(38,755,793)	(12,277,698)	(4,198,852)

- (a) Contract assets are the rights to considerations for goods or services transferred to the customers. In the case of property development and construction contracts, contract asset is the excess of cumulative revenue recognised over the billings to date. Contract asset is stated at cost less accumulated impairment.

Contract liabilities are the obligations to transfer goods or services to customer for which the Group has received the consideration in advance or has billed the customers. In the case of property development and construction contracts, contract liabilities are the excess of the billings to date over the cumulative revenue recognised.

- (b) Contract assets/(liabilities) from property development

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At beginning of financial year	(41,774,775)	(42,794,248)	(4,198,852)	(6,130,125)
Revenue recognised during the year	238,373,686	406,485,139	26,661,426	73,758,905
Less: Progress billings during the year	(315,731,854)	(405,587,415)	(34,787,964)	(71,847,076)
Reversal/(Addition) of impairment losses during the year	(180,370)	121,749	47,692	19,444
At end of financial year	(119,313,313)	(41,774,775)	(12,277,698)	(4,198,852)
Represented by:				
Contract assets	11,421,345	13,786,209	-	1,084,486
Less: Impairment losses	(695,554)	(515,184)	-	(47,692)
Contract liabilities	10,725,791	13,271,025	-	1,036,794
	(130,039,104)	(55,045,800)	(12,277,698)	(5,235,646)
	(119,313,313)	(41,774,775)	(12,277,698)	(4,198,852)

Notes to the Financial Statements

30 June 2020 (cont'd)

11. CONTRACT ASSETS/(LIABILITIES) (continued)

(b) Contract assets/(liabilities) from property development (continued)

(i) The amounts included in contract liabilities at the beginning of the financial year has been recognised as revenue are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Contract liabilities recognised as revenue	40,225,106	50,312,585	1,459,727	6,210,997

(ii) Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period.

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Within one (1) year	177,535,956	270,385,908	13,488,793	8,612,861
Between one (1) year and five (5) year	5,910,632	13,554,175	-	-

(c) Contract assets/(liabilities) from construction contracts

	Group	
	2020 RM	2019 RM
Contract assets	7,615,270	7,535,434
Less: Impairment losses	(852,443)	(215,331)
Contract liabilities	6,762,827	7,320,103
	(6,202,930)	(4,301,121)
	559,897	3,018,982

(i) The amount of RM3,182,156 (2019: RM302,544) included in contract liabilities at the beginning of the financial year has been recognised as revenue by the Group for the financial year ended 30 June 2020.

Notes to the Financial Statements

30 June 2020 (cont'd)

11. CONTRACT ASSETS/(LIABILITIES) (continued)

(c) Contract assets/(liabilities) from construction contracts (continued)

(ii) Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period.

	Group	
	2020 RM	2019 RM
Within one (1) year	20,200,285	4,703,309
Between one (1) year and five (5) year	12,232,776	14,406,000

(d) Impairment for contract assets that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit loss model as disclosed in Note 10(g) to the financial statements.

The reconciliation of movements in the impairment losses of contract assets is as follows:

ECL allowance	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At beginning of financial year	730,515	957,649	47,692	67,136
Charge for the financial year	1,373,425	-	-	-
Reversal during the financial year	(555,943)	(227,134)	(47,692)	(19,444)
At end of financial year	1,547,997	730,515	-	47,692

(e) Contract assets and contract liabilities are denominated in RM.

12. CASH AND BANK BALANCES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	29,916,540	22,858,428	6,028,413	5,148,033
Deposits with licensed banks	640,177	165,000	-	-
	30,556,717	23,023,428	6,028,413	5,148,033

(a) Cash and bank balances are classified as financial assets measured at amortised cost.

(b) The weighted average effective interest rate of deposits with licensed banks of the Group and of the Company is 1.95% (2019: 1.59%) per annum.

Sensitivity analysis for fixed rate deposits at the end of the reporting period is not presented as fixed rate instruments are not affected by changes in interest rate.

Notes to the Financial Statements

30 June 2020 (cont'd)

12. CASH AND BANK BALANCES (continued)

- (c) Included in cash and bank balances of the Group and of the Company are amounts of RM14,381,304 (2019: RM6,063,361) and RM733,138 (2019: RM738,652) respectively held under Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations, 2015.
- (d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	29,916,540	22,858,428	6,028,413	5,148,033
Deposits with licensed banks	640,177	165,000	-	-
Bank overdrafts included in borrowings (Note 15)	(47,368,562)	(50,080,896)	(35,279,713)	(38,155,518)
	(16,811,845)	(27,057,468)	(29,251,300)	(33,007,485)
Less:				
Deposits pledged to licensed banks	(640,177)	(165,000)	-	-
	(17,452,022)	(27,222,468)	(29,251,300)	(33,007,485)

- (e) Cash and bank balances are denominated in RM.

13. SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of shares	RM	Number of shares	RM
Issued and fully paid ordinary shares	412,500,000	206,250,000	412,500,000	206,250,000

- (a) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.
- (b) At the end of the reporting period, the number of outstanding shares in issue after setting off treasury shares against equity is 399,620,800 (2019: 399,630,800).

Notes to the Financial Statements

30 June 2020 (cont'd)

13. SHARE CAPITAL (continued)

Treasury shares

The shareholders of the Company have approved the plan for the Company to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back"). The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the Share Buy Back can be applied in the best interests of the Company and its shareholders.

At the end of the reporting period, a total of 12,879,200 (2019: 12,869,200) treasury shares at cost of RM3,373,365 (2019: RM3,371,015) were held by the Company in accordance with Section 127 of the Companies Act 2016 in Malaysia.

During the financial year, the Company repurchased 10,000 (2019: 728,000) of its issued share capital from the open market on Bursa Malaysia Securities Berhad for RM2,350 (2019: RM203,320). The average price paid for the shares repurchased was RM0.23 (2019: RM0.28) per share. The Share Buy Back transactions were financed by internally generated funds. The shares bought back are being held as treasury shares and treated in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distributions are suspended. None of the treasury shares repurchased had been sold as at 30 June 2020.

14. REVALUATION RESERVE

	Group and Company	
	2020	2019
	RM	RM
Hotel properties		
At 1 July/30 June	6,788,088	6,788,088

15. BORROWINGS

		Group		Company	
	Note	2020	2019	2020	2019
		RM	RM	RM	RM
Non-current liabilities					
Bridging loans		28,094,355	40,408,611	-	10,006,271
Term loans		157,102,119	194,492,787	3,717,190	12,867,179
Hire purchase creditors	16	-	494,145	-	69,048
		185,196,474	235,395,543	3,717,190	22,942,498

Notes to the Financial Statements

30 June 2020 (cont'd)

15. BORROWINGS (continued)

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Current liabilities					
Bridging loans		24,730,438	27,900,000	3,655,776	-
Term loans		82,383,962	98,968,007	9,900,712	3,448,283
Hire purchase creditors	16	-	488,734	-	205,408
Revolving credits		18,559,200	22,622,290	8,942,700	9,920,000
Bankers' acceptances		10,513,000	11,652,000	5,552,000	6,680,000
Bank overdrafts	12(d)	47,368,562	50,080,896	35,279,713	38,155,518
		183,555,162	211,711,927	63,330,901	58,409,209
Total					
Bridging loans		52,824,793	68,308,611	3,655,776	10,006,271
Term loans		239,486,081	293,460,794	13,617,902	16,315,462
Hire purchase creditors	16	-	982,879	-	274,456
Revolving credits		18,559,200	22,622,290	8,942,700	9,920,000
Bankers' acceptances		10,513,000	11,652,000	5,552,000	6,680,000
Bank overdrafts	12(d)	47,368,562	50,080,896	35,279,713	38,155,518
		368,751,636	447,107,470	67,048,091	81,351,707

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) Bridging loans of the Group and of the Company are secured by certain development properties as disclosed in Note 7(a) and Note 7(b) to the financial statements.
- (c) Term loans of the Group and of the Company are secured by the following:
- (i) Certain investment properties as disclosed in Note 6(a) to the financial statements;
 - (ii) Certain development properties as disclosed in Note 7(a) and Note 7(b) to the financial statements; and
 - (iii) Certain inventories as disclosed in Note 7(c) to the financial statements; and
 - (iv) Land and buildings as disclosed in Note 5(j) to the financial statements.

In addition, the term loans of the Group and of the Company are jointly and severally guaranteed by certain Directors of the Company.

Notes to the Financial Statements

30 June 2020 (cont'd)

15. BORROWINGS (continued)

(d) Other short-term borrowings of the Group and of the Company are secured by the followings:

- (i) Certain investment properties as disclosed in Note 6(a) to the financial statements;
- (ii) Hotel properties and certain freehold land and buildings as disclosed in Note 5(j) to the financial statements;
- (iii) Certain development properties as disclosed in Note 7(a) and Note 7(b) to the financial statements;
- (iv) Certain inventories as disclosed in Note 7(c) to the financial statements; and
- (v) Certain property, plant and equipment as disclosed in Note 5(i) to the financial statements.

In addition, the other short term borrowings are personally guaranteed by certain Directors of the Company.

(e) The bridging loans and term loans are repayable by way of fixed monthly instalments or on redemption of titles of properties sold, whichever is earlier. The repayment terms for the bridging loans and term loans are as follows:

Group	On demand or within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM	Total RM
2020				
Bridging loans	24,730,438	28,094,355	-	52,824,793
Term loans	82,383,962	154,679,886	2,422,233	239,486,081
	107,114,400	182,774,241	2,422,233	292,310,874
2019				
Bridging loans	27,900,000	38,785,611	1,623,000	68,308,611
Term loans	98,968,007	194,144,917	347,870	293,460,794
	126,868,007	232,930,528	1,970,870	361,769,405
Company				
2020				
Bridging loans	3,655,776	-	-	3,655,776
Term loans	9,900,712	3,717,190	-	13,617,902
	13,556,488	3,717,190	-	17,273,678
2019				
Bridging loans	-	8,383,271	1,623,000	10,006,271
Term loans	3,448,283	12,867,179	-	16,315,462
	3,448,283	21,250,450	1,623,000	26,321,733

Notes to the Financial Statements

30 June 2020 (cont'd)

15. BORROWINGS (continued)

(f) The interest rate profile of the borrowings as at the end of each reporting period are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Fixed rate	16,417,733	982,879	-	274,456
Floating rate	352,333,903	446,124,591	67,048,091	81,077,251
	368,751,636	447,107,470	67,048,091	81,351,707

Sensitivity analysis for fixed rate borrowings as at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rates. Sensitivity analysis of interest rates for the floating rate instruments at the end of the reporting period, assuming all other variables remain constant is as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Effects of 100 basis points changes to profit/(loss) after tax				
- Increase by 1% (2019: 1%)	(2,677,738)	(3,390,547)	(509,565)	(616,187)
- Decrease by 1% (2019: 1%)	2,677,738	3,390,547	509,565	616,187

(g) The weighted average effective interest rates of the borrowings as at the end of each reporting period are as follows:

	Group		Company	
	2020 %	2019 %	2020 %	2019 %
Bridging loans	4.6	6.1	5.8	6.1
Term loans	6.1	6.2	6.7	6.9
Hire purchase creditors	-	4.6	-	4.6
Revolving credits	5.6	6.3	6.0	6.4
Bankers' acceptances	4.4	5.1	4.7	5.1
Bank overdrafts	7.5	8.3	7.3	8.2

(h) Fair value of borrowings

(i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of the borrowings (excluding hire purchase creditors) are reasonable approximation of fair values due to that they are floating rate instruments that are re-priced to market interest rate on or near to the reporting period.

Notes to the Financial Statements

30 June 2020 (cont'd)

15. BORROWINGS (continued)

(h) Fair value of borrowings (continued)

(ii) Hire purchase creditors

The fair values of hire purchase creditors are estimated by discounting expected future cash flows at market incremental lending rate for similar type of instruments available to the Group and the Company at the end of the reporting period.

Hire-purchase creditors	2020		2019	
	Carrying amount RM	Level 2 Fair value RM	Carrying amount RM	Level 2 Fair value RM
Group	-	-	982,879	906,624
Company	-	-	274,456	270,142

(i) The table below summarises the maturity profile of the borrowings as at the end of each reporting period based on contractual undiscounted repayment obligations:

Group 2020	On demand or within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM	Total RM
Bridging loans	26,556,518	29,151,790	-	55,708,308
Term loans	75,454,628	183,088,300	2,746,552	261,289,480
Revolving credits	18,559,200	-	-	18,559,200
Bankers' acceptances	10,513,000	-	-	10,513,000
Bank overdrafts	47,368,562	-	-	47,368,562
Total undiscounted financial liabilities	178,451,908	212,240,090	2,746,552	393,438,550
2019				
Bridging loans	31,449,302	41,678,013	1,631,408	74,758,723
Term loans	114,536,365	211,294,708	460,075	326,291,148
Hire purchase creditors	523,834	513,881	-	1,037,715
Revolving credits	22,622,290	-	-	22,622,290
Bankers' acceptances	11,652,000	-	-	11,652,000
Bank overdrafts	50,080,896	-	-	50,080,896
Total undiscounted financial liabilities	230,864,687	253,486,602	2,091,483	486,442,772

Notes to the Financial Statements

30 June 2020 (cont'd)

15. BORROWINGS (continued)

- (i) The table below summarises the maturity profile of the borrowings as at the end of each reporting period based on contractual undiscounted repayment obligations: (continued)

Company 2020	On demand or within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM	Total RM
Bridging loans	3,726,892	-	-	3,726,892
Term loans	10,609,785	3,900,811	-	14,510,596
Revolving credits	8,942,700	-	-	8,942,700
Bankers' acceptances	5,552,000	-	-	5,552,000
Bank overdrafts	35,279,713	-	-	35,279,713
Total undiscounted financial liabilities	64,111,090	3,900,811	-	68,011,901
2019				
Bridging loans	610,719	9,672,414	1,631,408	11,914,541
Term loans	4,447,548	13,590,626	-	18,038,174
Hire purchase creditors	212,484	71,944	-	284,428
Revolving credits	9,920,000	-	-	9,920,000
Bankers' acceptances	6,680,000	-	-	6,680,000
Bank overdrafts	38,155,518	-	-	38,155,518
Total undiscounted financial liabilities	60,026,269	23,334,984	1,631,408	84,992,661

- (j) Borrowings are denominated in RM.

16. HIRE PURCHASE CREDITORS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Minimum hire purchase payments:				
- not later than one (1) year	-	523,834	-	212,484
- later than one (1) year not later than five (5) years	-	513,881	-	71,944
Total minimum hire purchase payments	-	1,037,715	-	284,428
Less: Future finance charges	-	(54,836)	-	(9,972)
Present value of hire purchase payments	-	982,879	-	274,456

Notes to the Financial Statements

30 June 2020 (cont'd)

16. HIRE PURCHASE CREDITORS (continued)

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Repayable as follows:					
Current liabilities:					
- not later than one (1) year	15	-	488,734	-	205,408
Non-current liabilities:					
- later than one (1) year					
not later than five (5) years	15	-	494,145	-	69,048
	15	-	982,879	-	274,456

17. LEASE LIABILITIES

The Group and the Company as lessee

	Group 2020 RM	Company 2020 RM
Lease liabilities		
Non-current liabilities	3,660,502	671,128
Current liabilities	1,427,237	450,337
Total lease liabilities	5,087,739	1,121,465
Lease liabilities owing to		
- financial institutions	1,532,021	717,690
- non-financial institutions	3,555,718	403,775
	5,087,739	1,121,465

- (a) Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the entities' incremental borrowing rate. After initial recognition, lease liabilities are measured by increasing the carrying amounts to reflect interest on the lease liabilities, reducing the carrying amounts to reflect the lease payments made, and remeasuring the carrying amounts to reflect any reassessment or lease modifications.

The corresponding right-of-use assets of the lease liabilities are presented as property, plant and equipment as disclosed in Note 5 to the financial statements.

Notes to the Financial Statements

30 June 2020 (cont'd)

17. LEASE LIABILITIES (continued)

The Group and the Company as lessee (continued)

(b) The movement of lease liabilities during the financial year is as follows:

Group	Balance as at 1.7.2019 RM	Effect of adoption of MFRS 16 (Note 31(a)) RM	Additions RM	Lease payments RM	Interest expenses RM	Balance as at 30.6.2020 RM
Buildings	-	1,471,544	2,678,540	(750,100)	155,734	3,555,718
Motor vehicles	-	982,879	1,313,000	(818,601)	54,743	1,532,021
	-	2,454,423	3,991,540	(1,568,701)	210,477	5,087,739
Company						
Buildings	-	663,216	-	(300,000)	40,559	403,775
Motor vehicles	-	274,456	704,000	(280,850)	20,084	717,690
	-	937,672	704,000	(580,850)	60,643	1,121,465

(c) The Group has low value leases of office equipment of RM20,000 and below. The Group applies the "lease of low-value assets" exemption for these leases.

(d) The following are the amounts recognised in profit or loss:

2020	Group RM	Company RM
Depreciation charge of right-of-use assets (included in administrative expenses)	1,172,864	573,971
Interest expense on lease liabilities (included in finance costs)	210,477	60,643
Expense relating to leases of low-value assets (included in administrative expenses)	4,800	1,800
Variable lease payments (included in other income) - arising from COVID-19 related rent concessions	(55,000)	(50,000)
	1,333,141	586,414

(e) The weighted average incremental borrowing rate of the Group and of the Company applied to the lease liabilities is 6.70% and 7.79% respectively. The sensitivity analysis of the effect of the changes in interest rate is not significant, hence the effect of the changes in the interest rates it is not presented.

(f) The Group leases several lease contracts that include extension options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Notes to the Financial Statements

30 June 2020 (cont'd)

17. LEASE LIABILITIES (continued)

The Group and the Company as lessee (continued)

(g) The following table sets out the carrying amounts and the remaining maturities of the lease liabilities of the Group and of the Company:

Group	Within one (1) year RM	Within one (1) to five (5) years RM	More than five (5) years RM	Total RM
30 June 2020				
Lease liabilities	1,427,237	3,059,787	600,715	5,087,739
Company				
30 June 2020				
Lease liabilities	450,337	671,128	-	1,121,465

(h) The table below summarises the maturity profile of the lease liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group	Within one (1) year RM	Within one (1) to five (5) years RM	More than five (5) years RM	Total RM
30 June 2020				
Lease liabilities	1,680,938	3,490,344	665,792	5,837,074
Company				
30 June 2020				
Lease liabilities	497,640	713,412	-	1,211,052

Notes to the Financial Statements

30 June 2020 (cont'd)

17. LEASE LIABILITIES (continued)

The Group and the Company as lessor

The Group and the Company have also entered into various non-cancellable operating lease agreements on properties with third parties.

The future minimum lease payments receivable under the above non-cancellable operating leases as at the reporting period but not recognised as receivables, are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Not later than one (1) year	3,488,608	3,993,419	2,028,436	1,889,177
Later than one (1) year and not later than five (5) years	4,563,758	6,833,152	1,181,830	2,283,936
Later than five (5) years	7,118,282	7,051,756	-	-
	15,170,648	17,878,327	3,210,266	4,173,113

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade payables				
Third parties	151,072,317	139,799,692	4,308,038	2,558,533
Amounts due to subsidiaries	-	-	2,805,150	341,700
	151,072,317	139,799,692	7,113,188	2,900,233
Other payables				
Third parties	20,305,285	12,501,086	5,495,558	1,367,818
Amounts due to Directors	4,686,495	2,884,965	100,737	99,207
Amounts due to subsidiaries	-	-	50,260,854	25,242,305
Related parties				
- Interest bearing	15,217,464	14,752,134	15,217,464	14,752,134
- Non-interest bearing	42,506,827	42,938,082	1,554,991	1,221,791
Accruals	10,271,252	14,522,422	2,526,990	2,265,561
Deposits received	19,482,892	30,255,020	9,420,006	10,305,218
	112,470,215	117,853,709	84,576,600	55,254,034
	263,542,532	257,653,401	91,689,788	58,154,267

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal credit terms granted to the Group and the Company range from 30 to 150 days (2019: 30 to 150 days).

Notes to the Financial Statements

30 June 2020 (cont'd)

18. TRADE AND OTHER PAYABLES (continued)

- (c) Included in trade payables of the Group and of the Company are retention sums for contract works. The retention sums are unsecured, interest free and are expected to be payable as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Within one (1) year	4,901,644	7,222,612	1,319,054	2,052,249
More than one (1) year	24,213,473	26,832,324	2,439,847	2,208,007
	29,115,117	34,054,936	3,758,901	4,260,256

- (d) Amounts due to Directors are unsecured, interest free and payable within next twelve (12) months in cash and cash equivalents.
- (e) Amounts due to related parties of the Group and of the Company are unsecured and payable within next twelve (12) months in cash and cash equivalents. These amounts are interest free except for advances of RM15,217,464 (2019: RM14,752,134) and RM15,217,464 (2019: RM14,752,134) respectively which bear interest at rate of 5.1% (2019: 5.1%) per annum.
- (f) Amounts due to subsidiaries are unsecured and payable within next twelve (12) months in cash and cash equivalents. These amounts are interest free except for a total amount of RM8,750,000 (2019: RM18,576,965), which bears interest ranging from 5.24% to 6.36% (2019: 6.12% to 6.36%) per annum.
- (g) The maturity profile of the trade and other payables (excluding retention sums for contract works) of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations are payable on demand or within one (1) year.
- (h) Sensitivity analysis for fixed rate profile of amount due to related party at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rates.
- (i) The interest rate profile of the amounts due to subsidiaries as at the end of each reporting period are as follows:

	Company	
	2020 RM	2019 RM
Floating rate	8,750,000	18,576,965

Sensitivity analysis of interest rates for the floating rate instruments at the end of the reporting period, assuming all other variables remain constant is as follows:

	Company	
	2020 RM	2019 RM
Effects of 100 basis points changes to (loss)/profit after tax		
- Increase by 1% (2019: 1%)	(66,500)	(141,185)
- Decrease by 1% (2019: 1%)	66,500	141,185

- (j) Trade and other payables are denominated in RM.

Notes to the Financial Statements

30 June 2020 (cont'd)

19. REVENUE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Revenue from contracts with customers:				
Property development	201,810,176	336,408,067	12,944,786	20,229,641
Completed properties	36,563,510	70,077,072	13,716,640	53,529,264
Construction contracts	10,057,392	14,010,183	-	-
Hotel operations	5,682	1,139,321	-	1,139,321
Sales of goods	-	29,360	-	-
	248,436,760	421,664,003	26,661,426	74,898,226
Other revenue:				
Rental income	5,543,239	3,729,894	2,381,004	2,117,804
	253,979,999	425,393,897	29,042,430	77,016,030
Revenue from contract with customers is recognised as follows:				
At point in time	36,569,192	71,245,753	13,716,640	54,668,585
Over time	211,867,568	350,418,250	12,944,786	20,229,641
	248,436,760	421,664,003	26,661,426	74,898,226

The revenue of the Group and of the Company are derived entirely in Malaysia.

(a) Revenue from property development and construction contracts

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

Revenue from property development and construction contracts is measured at the fixed transaction price agreed under the agreement.

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract using the input method by reference to the property development cost and construction contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

Notes to the Financial Statements

30 June 2020 (cont'd)

19. REVENUE (continued)

(a) Revenue from property development and construction contracts (continued)

Significant judgement is required in determining the satisfaction of performance obligations as stated in the contracts with customers and transaction price allocation in applying the input method to recognise revenue over time.

The Group identifies performance obligations that are distinct and material, which is judgmental in the context of contract. Transaction prices were determined based on estimated margins prior to its allocation to the identified performance obligation. The Group also estimated total contract costs in applying the input method to recognise revenue over time.

(b) Completed properties

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the considerations to which it would be entitled to in exchange for the assets sold.

There is no significant financing component in the revenue arising from sale of completed properties as the sales are made on the normal credit terms not exceeding twelve months.

(c) Hotel operations income

Hotel operations income comprises letting of hotel rooms, sales of food and beverages and other hotel related income, and is recognised upon at a point in time when the products has been transferred or the services has been rendered to the customer and coincides with the delivery of products and services and acceptance by customers.

There is no right of return and warranty provided to the customers on the sale of products and services rendered.

There is no significant financing component in the revenue arising from sale of products and services rendered as the sales or services are made on the normal credit terms not exceeding twelve months.

(d) Sale of goods

Revenue from sale of goods is recognised at a point in time when the products has been transferred or the services has been rendered to the customer and coincides with the delivery of products and services and acceptance by customers.

There is no right of return and warranty provided to the customers on the sale of products and services rendered.

There is no significant financing component in the revenue arising from sale of products and services rendered as the sales or services are made on the normal credit terms not exceeding twelve months.

(e) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight line basis.

Notes to the Financial Statements

30 June 2020 (cont'd)

20. COST OF SALES

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Property development costs	7(b)	118,882,134	208,159,467	14,411,092	15,139,150
Cost of completed properties sold	7(c)	22,077,382	42,239,873	8,705,005	32,339,892
Construction contract costs		8,781,234	24,667,456	-	-
Hotel operations costs		85,846	32,135	-	32,135
Cost of goods sold		17,331	59,605	-	-
		149,843,927	275,158,536	23,116,097	47,511,177

21. FINANCE INCOME AND COSTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Finance income				
Interest income on:				
- intercompany loan	-	-	37,014	65,945
- deposits with licensed banks	231,884	243,301	12,230	17,604
	231,884	243,301	49,244	83,549
Finance costs				
Interest expense on:				
- term loans	3,331,355	5,927,151	580,904	931,111
- hire purchase creditors	-	73,642	-	14,064
- lease liabilities	210,477	-	60,643	-
- revolving credits	908,924	1,602,930	583,639	638,536
- short term borrowings	408,943	633,902	7,551	-
- bank overdrafts	3,139,180	3,656,110	2,917,361	3,491,213
- intercompany loan	-	-	834,190	2,464,213
- related party loan	491,953	738,893	491,953	738,893
- others	263,811	233,430	152,359	33,578
	8,754,643	12,866,058	5,628,600	8,311,608

Interest income is recognised as it accrues, using the effective interest method.

Notes to the Financial Statements

30 June 2020 (cont'd)

22. EMPLOYEE BENEFITS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Wages, salaries and bonus	15,480,815	16,449,195	4,931,377	5,347,420
Defined contribution plan	2,097,083	2,247,502	714,083	747,806
Other employee benefits	1,762,798	2,029,737	741,873	640,205
	19,340,696	20,726,434	6,387,333	6,735,431

Included in the employee benefits of the Group and of the Company are Directors' remuneration amounting to RM6,358,900 (2019: RM6,801,660) and RM1,819,657 (2019: RM1,993,276) respectively.

23. PROFIT/(LOSS) BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit/(loss) before tax is arrived at:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
After charging:				
Rental expense of:				
- premises	-	557,078	-	302,400
- equipment	-	7,690	-	-
- low value assets	4,800	-	1,800	-
Loss on disposal of:				
- investment properties	13,000	-	-	-
And crediting:				
Dividend income	-	-	3,180,000	-
Gain on disposals of:				
- property, plant and equipment	1,973,901	2,992,863	923,410	2,487,961
- investment properties	-	55,000	-	-
Rental income of premises	115,056	535,048	-	349,100
Bad debt recovered	6,440	-	-	-
Write back of payables	-	1,017,538	-	1,017,538

(a) Net losses arising from financial instruments comprise finance income, finance expense, receivables written off, impairment losses and write back of payables.

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial assets at amortised cost	3,331,337	1,388,949	1,299,860	2,562,655
Financial liabilities at amortised cost	8,754,643	11,848,520	5,628,600	7,294,070
	12,085,980	13,237,469	6,928,460	9,856,725

Notes to the Financial Statements

30 June 2020 (cont'd)

24. TAXATION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current year tax expense based on profit for the financial year	11,828,672	7,811,388	-	2,316,348
Under/(Over) provision in prior year	4,585,235	(77,090)	(336,879)	297,972
	16,413,907	7,734,298	(336,879)	2,614,320
Deferred tax (Note 9)				
- Relating to origination and reversal of temporary differences	(3,553,554)	8,283,126	(1,879,792)	381,563
- (Over)/Under provision in prior year	(929,629)	1,205,195	1,910,699	1,196,969
	(4,483,183)	9,488,321	30,907	1,578,532
	11,930,724	17,222,619	(305,972)	4,192,852

(a) Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated taxable profit for the fiscal year.

(b) Numerical reconciliation of taxation applicable to profit/(loss) before tax at the statutory tax rate applicable to the Group and the Company are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit/(Loss) before tax	34,876,441	74,197,804	(10,986,485)	5,623,246
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	8,370,346	17,807,473	(2,636,756)	1,349,579
Real property gains tax	53,316	25,361	-	-
Non-allowable expenses	2,049,253	13,916,345	1,794,376	2,184,346
Non-taxable income	(730,591)	(1,189,298)	(1,037,412)	(836,014)
Tax incentives	(2,003,589)	(15,310,254)	-	-
Deferred tax assets not recognised	536,383	844,887	-	-
Under/(Over) provision in prior year				
- income tax	4,585,235	(77,090)	(336,879)	297,972
- deferred tax	(929,629)	1,205,195	1,910,699	1,196,969
	11,930,724	17,222,619	(305,972)	4,192,852

Notes to the Financial Statements

30 June 2020 (cont'd)

25. EARNINGS PER SHARE

(a) Basic

The basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity owners of the parent by the weighted average number of ordinary shares in issue (after adjusting for treasury shares) during the financial year.

	Group	
	2020	2019
Profit attributable to owners of the parent (RM)	17,306,095	39,012,759
Weighted average number of ordinary shares in issue	399,620,800	399,630,800
	2020	2019
	Sen	Sen
Basic earnings per ordinary share attributable to the equity owners of the parent	4.33	9.76

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share as there are no potential dilutive ordinary shares.

26. CONTINGENT LIABILITIES

	Company	
	2020	2019
	RM	RM
Unsecured		
Corporate guarantees for trade credits granted to subsidiaries		
- Limit of guarantee	185,253,679	65,500,000
- Amount utilised	34,013,120	382,011
Secured		
Corporate guarantees for borrowing facilities granted by financial institutions to subsidiaries		
- Limit of guarantee	635,930,000	686,820,000
- Amount utilised	304,054,556	354,643,349

- (a) A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

Notes to the Financial Statements

30 June 2020 (cont'd)

26. CONTINGENT LIABILITIES (continued)

(a) (continued)

Corporate guarantees for trade credits and borrowing facilities granted to subsidiaries are financial guarantee contracts designated as insurance contracts as defined in MFRS 4 *Insurance Contracts*.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities, if any, are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities, if any, are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

The Directors are of the view that the fair value of such corporate guarantees given by the Company is negligible as the chances of the financial institutions to call upon the corporate guarantees are remote.

- (b) The maturity profile of the contingent liabilities of the Company at the end of the reporting period based on contractual undiscounted repayment obligations are payable on demand or within one (1) year.

27. SIGNIFICANT RELATED PARTY DISCLOSURES**(a) Identities of related parties**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related party relationships exist between the Company and its subsidiaries and between the Company and its ultimate holding company.

In addition, the Company also has related party relationships with the following parties:

Identities of related parties	Relationship with the Group
Ju-Ichi Enterprise Sdn. Bhd. ("JIE")	A related party by virtue of the directorship of certain Directors of the Company, Tan Sri Dato' Tan Seng Leong and Tan Lindy.
Ibzi Development (Johor) Sdn. Bhd. ("IBZ")	A related party by virtue of the directorship of certain Directors of the Company, Tan Sri Dato' Tan Seng Leong and Tan Vin Sern.
Marvel Plus Development Sdn. Bhd. ("MPD")	A related party by virtue of the directorship of certain Directors of the Company, Tan Lindy, Tan Vin Sern and Tan Sri Dato' Tan Seng Leong's spouse, namely Puan Sri Datin Lim Sui Yong in MPD. Both Puan Sri Datin Lim Sui Yong and Tan Vin Sern are also major shareholders in MPD.

Notes to the Financial Statements

30 June 2020 (cont'd)

27. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(b) Significant related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Company	
	2020 RM	2019 RM
(i) Transactions with subsidiaries		
Progress billings by a subsidiary:		
- BCB Construction Sdn. Bhd.	11,503,025	12,531,871
Intercompany interest payable to subsidiaries:		
- BCB Land Sdn. Bhd.	834,190	2,056,678
- BCB Development Sdn. Bhd.	-	124,514
- Global Earnest Sdn. Bhd.	-	283,381
Intercompany interest receivable from a subsidiary:		
- Johbase Development Sdn. Bhd.	37,014	65,945
Rental income from a subsidiary:		
- BCB Construction Sdn. Bhd.	12,000	12,000
Dividend receivables from subsidiaries:		
- BCB Concrete Sdn. Bhd.	1,680,000	-
- BCB Road Builder Sdn. Bhd.	650,000	-
- BCB Trading Sdn. Bhd.	850,000	-
Progress billings to a subsidiary:		
- BCB Construction Sdn. Bhd.	3,974,587	-
(ii) Transactions with related parties		
Progress billings to a Director	2,881,814	-
	Group and Company	
	2020 RM	2019 RM
Office rental paid to JIE	250,000	300,000
Interest payable to JIE	491,953	738,893

Notes to the Financial Statements

30 June 2020 (cont'd)

27. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)**(b) Significant related party transactions (continued)**

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (continued)

	Group	
	2020	2019
	RM	RM
(ii) Transactions with related parties (continued)		
Hiring of machineries from MPD	90,323	248,237
Construction contracts:		
- JIE	4,636,102	18,408,992
- MPD	6,895,234	2,117,808
Progress billings to:		
- ultimate holding company	-	227,600
- related parties	590,425	1,058,400
- Directors	6,462,334	2,391,061
Rental income from MPD	6,000	12,000
Sales of goods to MPD	-	29,360

The related party transactions described above were carried out on mutually agreed terms and are not materially different from those obtainable from transactions with unrelated parties.

Information regarding outstanding balances with related parties as at 30 June 2020 are disclosed in Note 10 and Note 18 to the financial statements.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Company.

Notes to the Financial Statements

30 June 2020 (cont'd)

28. CAPITAL MANAGEMENT

The primary objective of the capital management of the Group is to ensure that the Group would be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from financial year ended 30 June 2019.

The Group and the Company are not subject to any externally imposed capital requirements of the financial instruments other than prescribed gearing ratio and tangible net worth of the Group imposed by financial institutions.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group regularly reviews the gearing ratio to ensure they are at acceptable levels and within industry norms. The Group includes within net debt, borrowings and lease liabilities less cash and bank balances. Capital represents equity attributable to the owners of the parent. A detailed calculation of the net debt is shown below:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Borrowings	368,751,636	447,107,470	67,048,091	81,351,707
Lease liabilities	5,087,739	-	1,121,465	-
Less:				
Cash and bank balances	(30,556,717)	(23,023,428)	(6,028,413)	(5,148,033)
Net debt	343,282,658	424,084,042	62,141,143	76,203,674
Total capital	479,925,261	462,617,332	282,319,482	293,002,345
Net debt	343,282,658	424,084,042	62,141,143	76,203,674
	823,207,919	886,701,374	344,460,625	369,206,019
Gearing ratio	42%	48%	18%	21%

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40,000,000. The Group has complied with this requirement for the financial year ended 30 June 2020.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors. Financial risk management is carried out through risk review, internal control systems and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk as well as interest rate risk. Information on the management of the related exposures is detailed below.

Notes to the Financial Statements

30 June 2020 (cont'd)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk

Credit risk is the risk of potential financial loss to the Group and the Company arising from the failure of a counterparty to fulfill its obligations under a contractual agreement and include settlement/clearing risk, concentration risk, credit assessment risk, recovery risk and credit-related liquidity risk.

Cash deposits and trade receivables may give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. It is the policy of the Group and of the Company to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group and of the Company to credit risk arises through its trade receivables.

The trading terms of the Group and of the Company with its customers are mainly on credit. The credit period generally ranges from 14 days to a period of three (3) months. The Group seeks to maintain strict control over its outstanding receivables to minimise its credit risk. Overdue balances are reviewed regularly by senior management.

Exposure to credit risk

At the end of each reporting period, the maximum exposure to credit risk of the Group and of the Company is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Information regarding credit exposure for trade and other receivables is disclosed in Note 10 to the financial statements.

(b) Liquidity and cash flow risk

Liquidity risk is the risk that the Group and the Company are unable to service their cash obligations in the future. To mitigate this risk, the management measures and forecasts their cash commitments, monitors and maintain a level of cash and cash equivalents and credit facilities deemed adequate to finance the operations and developments activities of the Group and of the Company.

The analysis of financial instruments by remaining contractual maturities have been disclosed in Note 15, Note 17 and Note 18 to the financial statements.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The exposure of the Group and of the Company to interest rate risk relates primarily to their interest-bearing borrowings on fixed and floating rates. The Group and the Company do not use derivative financial instruments to hedge this risk.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Note 10, Note 12, Note 15, Note 17 and Note 18 to the financial statements.

Notes to the Financial Statements

30 June 2020 (cont'd)

30. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The World Health Organisation declared the 2019 Novel Coronavirus infection ("COVID-19") a pandemic on 11 March 2020. This was followed by the Government of Malaysia issuing a Federal Government Gazette on 18 March 2020, imposing a Movement Control Order ("MCO") effective from 18 March 2020 to 31 March 2020 arising from the COVID-19 pandemic. The MCO was subsequently extended until 12 May 2020, followed by Conditional MCO until 9 June 2020 and then, Recovery MCO until 31 December 2020.

The extent of the financial impacts on the Group and the Company are difficult to assess at the date of authorisation of financial statements due to uncertainties arising from the pandemic. To mitigate its potential risks exposure, the Group and the Company have taken and will continue to take necessary steps to safeguard and preserve their financial condition, emphasising on liquidity management to meet their continuing financial commitments and liquidity needs of business operations.

31. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

(a) New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards, Interpretation and Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
MFRS 16 Leases	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendment to MFRS 16 <i>Covid-19-Related Rent Concessions</i>	1 June 2020 (early adopted)

Adoption of the above Standards, Interpretation and Amendments did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of MFRS 16 and Amendment to MFRS 16 as described in the following sections.

MFRS 16 Leases

MFRS 16 supersedes MFRS 117 Leases, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the financial statements.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors would continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have a material impact for leases for which the Group is the lessor.

The Group applied MFRS 16 using the modified retrospective approach and have measured the ROU assets equal to lease liabilities of the initial application of the Standard as at 1 July 2019. Accordingly, the comparative information presented is not restated.

Notes to the Financial Statements

30 June 2020 (cont'd)

31. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

(a) New MFRSs adopted during the financial year (continued)

MFRS 16 Leases (continued)

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group as of 1 July 2019. The range of incremental borrowing rates of the Group applied to the lease liabilities on 1 July 2019 were between 5.9% to 9.1%.

In order to compute the transition impact of MFRS 16, a significant data extraction exercise was undertaken by management to summarise all property and equipment lease data such that the respective inputs could be uploaded into management's model. The incremental borrowing rate method has been adopted where the implicit rate of interest in a lease is not readily determinable.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability respectively at the date of initial application. The measurement principles of MFRS 16 are only applied after that date.

In applying MFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- (a) Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (b) Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 July 2019;
- (c) Accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 and do not contain a purchase option as short-term leases;
- (d) Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- (e) Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

On transition to MFRS 16, the Group and the Company recognised right-of-use assets and lease liabilities. The impact on transition is summarised below:

Group	Note	As at 30 June 2019 RM	Impact RM	As at 1 July 2019 RM
Property, plant and equipment	(a)	50,360,723	1,471,544	51,832,267
Borrowings		447,107,470	(982,879)	446,124,591
Lease liabilities	(b)	-	2,454,423	2,454,423
Company				
Property, plant and equipment	(a)	45,056,633	663,216	45,719,849
Borrowings		81,351,707	(274,456)	81,077,251
Lease liabilities	(b)	-	937,672	937,672

Notes to the Financial Statements

30 June 2020 (cont'd)

31. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

(a) New MFRSs adopted during the financial year (continued)

MFRS 16 Leases (continued)

(a) The right-of-use assets comprise leased building recognised during the financial year. Subsequent to initial recognition, the right-of-use assets are measured at cost less accumulated depreciation, any accumulated impairment losses and adjusted for any remeasurement of lease liabilities.

(b) Lease liabilities are measured as follows:

	Group RM	Company RM
Operating lease commitments at 30 June 2019	806,000	726,800
Weightage average incremental borrowing rate as at 1 July 2019	6.70%	7.79%
Discounted operating lease commitments as at 1 July 2019	721,061	665,016
Finance lease liabilities recognised as at 30 June 2019	982,879	274,456
Recognition exemption for leases of low-value assets	(4,800)	(1,800)
Extension options reasonably certain to be exercised	755,283	-
Lease liabilities recognised at 1 July 2019	2,454,423	937,672

Amendment to MFRS 16 Covid-19-Related Rent Concessions

MFRS 16 has been amended to:

- (a) Provide lessees with an exemption from the requirement to determine whether a COVID-19-related rent concession is a lease modification; and
- (b) Require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- (a) Changes in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) There is no substantive change to other terms and conditions of the lease.

The Group has early adopted Amendment to MFRS 16 and elected to apply the practical expedient to all rent concession relating to leases with similar characteristics and in similar circumstances. Consequently, the Group does not recognise changes in these lease payments as lease modifications and instead, recognise these as variable lease payments in profit or loss. The effects of early adoption are disclosed in Note 17(d) to the financial statements.

Notes to the Financial Statements

30 June 2020 (cont'd)

31. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)**(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2020**

The following are Standards and Amendments of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>Amendments to MFRS 4 Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020
<i>Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)</i>	1 January 2021
<i>Annual improvements to MFRS Standards 2018 - 2020 Cycle</i>	1 January 2022
<i>Amendments to MFRS 3 Reference to the Conceptual Framework</i>	1 January 2022
<i>Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-current</i>	1 January 2023
<i>MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments since the effects would only be observable for future financial years.

32. FINANCIAL REPORTING UPDATES**(a) IFRIC Agenda Decision - Over time transfer of constructed good (IAS 23)**

The IFRS Interpretations Committee ("IFRIC") received a submission about the capitalisation of borrowing costs in relation to the construction of a residential multi-unit real estate development.

Based on the fact pattern described in the submission, the request asked whether the entity has a qualifying asset as defined in IAS 23 *Borrowing Costs* and, therefore, capitalises any directly attributable costs.

The IFRIC concluded in March 2019 that, in the fact pattern described in the request:

- (i) Any receivable and contract asset that the entity recognises is not a qualifying asset.
- (ii) Any inventory (work-in-progress) for unsold units under construction that the entity recognises is also not a qualifying asset because the unsold units are ready for its intended use or sale.

Notes to the Financial Statements

30 June 2020 (cont'd)

32. FINANCIAL REPORTING UPDATES (continued)

(a) IFRIC Agenda Decision - Over time transfer of constructed good (IAS 23) (continued)

The MASB announced on 20 March 2019 that an entity shall apply the change in accounting policy as a result of this Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group is in the process of obtaining new information and adapting its systems to implement this change in accounting policy. The implementation results would be reported during the financial year ending 30 June 2021.

(b) IFRIC Agenda Decision - An assessment of the lease term (IFRS 16)

The IFRS Interpretations Committee ("IFRIC") issued a final agenda decision on 26 November 2019 regarding "Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16)".

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Group has implemented the requirements of this final agenda decision during the financial year ended 30 June 2020.

ADDITIONAL CORPORATE DISCLOSURE

AUDIT AND NON-AUDIT FEES

During the financial year ended 30 June 2020, the amount of audit fees paid or payable to the External Auditors on the Company and Group basis were RM95,000 and RM239,500 respectively.

During the financial year ended 30 June 2020, the amount of non-audit fees paid or payable to the External Auditors, or a firm or corporation affiliated to the Auditors' firm on the Company and Group basis were RM5,550.00 and RM8,850.00 respectively.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiaries, involving Directors' and major shareholders' interest, either still subsisting at the end of the financial year, or entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTION ("RRPT") OF REVENUE NATURE FOR THE YEAR ENDED 30 JUNE 2020

The details of the RRPTs were disclosed in Note 27 of the Financial Statements for the financial period ended 30 June 2020 on pages 107 to 109.

DIRECTORS' RESPONSIBILITIES STATEMENTS IN RELATION TO THE FINANCIAL STATEMENTS

This statement is prepared as required by the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year, and of the results and cash flows of the Group and of the Company for that year then ended.

The Directors consider that in preparing the financial statements:

- The Group and the Company have used appropriate accounting policies and are consistently applied;
- Reasonable and prudent judgments and estimates were made; and
- All applicable approved accounting standards in Malaysia have been adhered to.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company, and that the financial statements comply with the requirements of the Companies Act 2016.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

SHAREHOLDINGS STATISTICS

AS AT 30 SEPTEMBER 2020

Issued share capital	:	412,500,000 (inclusive of 12,879,200 as Treasury Shares)
Types of shares	:	Ordinary shares
No. of shareholders	:	2,371
Voting rights	:	One vote per ordinary share

ANALYSIS OF SHAREHOLDINGS BY RANGE GROUPS

	No. of Shares	% Over Total Shares	No. of Holders	% Over Total Shareholders
less than 100 shares	120	0.000	7	0.295
100 to 1,000 shares	44,552	0.011	73	3.079
1,001 to 10,000 shares	7,623,128	1.908	1,628	68.663
10,001 to 100,000 shares	16,676,500	4.173	572	24.125
100,001 to less than 5% of issued shares	114,590,100	28.675	89	3.754
5% and above of issued shares	260,686,400	65.233	2	0.084
Total	399,620,800	100.000	2,371	100.000

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 30 SEPTEMBER 2020 (AS PER RECORD OF DEPOSITORS)

No.	Name	Shares Held	%
1.	Evergreen Ratio Sdn Bhd	222,077,400	55.572
2.	Effective Strategy Sdn Bhd	38,609,000	9.661
3.	Tho Siu Chu	14,903,000	3.729
4.	Tan Chin Ee	14,843,000	3.714
5.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Evergreen Ratio Sdn Bhd (Margin)	12,660,000	3.168
6.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Boon Seng (M14)	12,512,800	3.131
7.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chew Siow Geok	11,091,200	2.775
8.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Haven Venture Sdn Bhd (REM 646-Margin)	6,862,500	1.717
9.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lasercoin (M) Sdn Bhd (REM 646-Margin)	5,727,800	1.433
10.	Puncak Angkasa Sdn Bhd	4,000,000	1.001
11.	Lim Pei Tiam @ Liam Ahat Kiat	2,639,800	0.661
12.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Chin Ee (M14)	2,108,000	0.528

Shareholdings Statistics

As At 30 September 2020 (cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS (CONT'D)
AS AT 30 SEPTEMBER 2020 (AS PER RECORD OF DEPOSITORS)

No.	Name	Shares Held	%
13.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad For Chew Siow Geok (Smart)	2,060,600	0.515
14.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chew Siow Geok (8041848)	1,716,000	0.429
15.	Suriani Binti Abdul Aziz	1,600,000	0.400
16.	Lim Dean Yann	1,551,200	0.388
17.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chin Leong Choy	1,200,000	0.300
18.	Tan Kim Kee @ Tan Kee	1,089,600	0.273
19.	Tng Kee Meng	1,000,000	0.250
20.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Goalkey System Sdn Bhd (MY1461)	868,000	0.217
21.	Johore Tenggara Oil Palm Berhad	668,000	0.167
22.	Kenanga Nominees (Tempatan) Sdn Bhd See Kim Leong	616,000	0.154
23.	Lim Pay Kaon	600,000	0.150
24.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Woon Teik (REM 663)	577,800	0.145
25.	Tan Kee Hwee	562,000	0.141
26.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chin Kiam Hsung	550,400	0.138
27.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Loo Kah Chye	500,000	0.125
28.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chin Kiam Hsung	446,000	0.112
29.	Tay Teck Ho	380,000	0.095
30.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan See Kau (REM 169)	366,000	0.091

Shareholdings Statistics

As At 30 September 2020 (cont'd)

SUBSTANTIAL SHAREHOLDERS

AS AT 30 SEPTEMBER 2020 (AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS)

Name of Substantial Shareholders	No. of Shares Held		% of Issued Share Capital	
	Direct	Indirect	Direct	Indirect
1. Evergreen Ratio Sdn Bhd	222,077,400	12,660,000	55.572	3.168
2. Tan Sri Dato' Tan Seng Leong	-	234,737,400 ⁽ⁱ⁾	-	58.740
3. Puan Sri Datin Lim Sui Yong	-	234,737,400 ⁽ⁱ⁾	-	58.740
4. Effective Strategy Sdn Bhd	38,609,000	-	9.661	-
5. Chan Toong Kit	-	38,609,000 ⁽ⁱⁱ⁾	-	9.661
6. Chong Shiung Foh	-	38,609,000 ⁽ⁱⁱ⁾	-	9.661

Notes:-

⁽ⁱ⁾ Deemed interest by virtue of their shareholdings in Evergreen Ratio Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016 ("the Act").

⁽ⁱⁱ⁾ Deemed interest by virtue of their shareholdings in Effective Strategy Sdn Bhd pursuant to Section 8(4) of the Act.

DIRECTORS' SHAREHOLDINGS

AS AT 30 SEPTEMBER 2020 (AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS)

Shareholdings in the name of the Director	Direct	Number of ordinary shares		%
		%	Indirect	
1. Tan Sri Dato' Tan Seng Leong	-	-	234,737,400 ⁽ⁱ⁾	58.740

Notes:-

⁽ⁱ⁾ Deemed interest by virtue of his shareholdings in Evergreen Ratio Sdn Bhd pursuant to Section 8(4) of the Act.

LIST OF LANDED PROPERTIES

The details of the BCB Group's properties as at 30 June 2020 are as follows:

Location	Description	Tenure	Age of building	Size (acre)	Net book value/Cost as at 30 June 2020 RM'000	Date of acquisition/ revaluation*
KLUANG, JOHOR						
PTB 8370 No. 20, Jalan Bakawali, 86000 Kluang, Johor.	16 storey hotel	Leasehold (expiring 10.11.2093)	24 years	0.35	26,680	27-08-20*
PTB 8370 No. 20, Jalan Bakawali, 86000 Kluang, Johor.	Boutique hotel / bistro	Leasehold (expiring 10.11.2093)	24 years	0.23	18,060	27-08-20*
PTD 49657 - 49667 No. 54-56, Jalan 2, PTD 49770 - 49780 No. 49-59, Jalan 2, Taman Sri Kluang, 86000 Kluang, Johor.	14 units shop	Freehold	21 years	0.84	668	27-06-98
PTD 50048 - 50049 No. 31-33, Jalan 20, Taman Sri Kluang, 86000 Kluang, Johor.	2 units industry factory	Freehold	19.5 years	2.181	2,230	06-04-12*
PTD 65377, 75581 - 75584 PTD 75598, 75599, 75600 Mukim of Kluang District of Kluang, Johor	1 unit of shop lot & 7 units of residential Taman Saujana	Freehold	9 years	0.69	5,070	01-07-20*
Lot 6806 & 6808 Mukim of Kluang District of Kluang, Johor	Being developed as Taman Sri Kluang	Freehold	N/A	15.16	5,130	12-01-96
Lot 1574 Mukim of Kluang District of Kluang, Johor	Proposed residential & commercial development	Freehold	N/A	17.97	564	25-01-91
Lot 321 & Lot 440 Mukim of Kluang District of Kluang, Johor	Being developed as Taman Kluang Baru 2	Freehold	N/A	1.03	950	29-12-99
Lot 482 & 484 Mukim of Kluang District of Kluang, Johor	Being developed as Johbase City Square Commercial Lot	Leasehold (expiring 04.11.2102)	N/A	0.39	17,337	15-04-93

List of Landed Properties (cont'd)

The details of the BCB Group's properties as at 30 June 2020 are as follows: (continued)

Location	Description	Tenure	Age of building	Size (acre)	Net book value/Cost as at 30 June 2020 RM'000	Date of acquisition/ revaluation*
BATU PAHAT, JOHOR						
Lot 4091 Mukim of Simpang Kanan, District of Batu Pahat, Johor	Being developed as Taman Bukit Perdana II	Freehold	N/A	11.64	12,718	07-12-94
Lot 2664-2666 Mukim of Simpang Kanan, District of Batu Pahat, Johor	Being developed as Taman Bukit Perdana II	Freehold	N/A	21.04	5,805	27-06-94
Lot 3131 Mukim of Simpang Kanan, District of Batu Pahat, Johor	Proposed residential development	Freehold	N/A	4.05	259	06-09-94
Lot 8096 Mukim of Sri Gading District of Batu Pahat, Johor	Proposed residential development	Freehold	N/A	2	650	13-12-06
Lot 8097 Mukim of Sri Gading District of Batu Pahat, Johor	Proposed residential development	Freehold	N/A	2	656	13-12-06
Lot 708 Mukim of Sri Gading District of Batu Pahat, Johor	Proposed residential development	Freehold	N/A	3	870	13-12-06
Lot 4852 - 4861 (Master Title) PTD 41078 - PTD 41089 (New Title) Mukim of Simpang Kanan, District of Batu Pahat, Johor	Proposed residential development	Freehold	N/A	2.18	4,392	02-12-93
HS(D) 23056-23076, 23081-23087 & 23181 Mukim of Simpang Kanan, District of Batu Pahat, Johor	Proposed residential development	Freehold	N/A	72.11	9,622	27-05-09*
HS(D) 23287, 23308-23337, 23526-23540, 23551-23565, 23581-23596, 23371-23388, 23464-23474, 23485-23525, 23566-23580, 36168, 36169, 36165, 36166 Mukim of Simpang Kanan, District of Batu Pahat, Johor	Being developed as Evergreen Heights	Freehold	N/A	79.78	50,266	06-02-02*

List of Landed Properties (cont'd)

The details of the BCB Group's properties as at 30 June 2020 are as follows: (continued)

Location	Description	Tenure	Age of building	Size (acre)	Net book value/Cost as at 30 June 2020 RM'000	Date of acquisition/ revaluation*
BATU PAHAT, JOHOR						
Lot 4207 Mukim of Simpang Kanan, District of Batu Pahat, Johor	Proposed residential & commercial development	Freehold	N/A	35	5,915	23-09-03
H.S.(D) 43069-43075 PTD No.18607-18613, Mukim of Linau, District of Batu Pahat, Johor	Being developed as Bandar Putera Indah	Freehold	N/A	105.68	60,538	28-09-09*
Lot 375 Jalan Bakau Condong Mukim Bandar Penggaram District of Batu Pahat, Johor	Proposed commercial development	Freehold	N/A	9.9	60,531	28-04-15
Lot 1098,1099, 1104,1105,1100,3034 Mukim of Simpang Kanan, District of Batu Pahat, Johor	Proposed residential & commercial development	Freehold	N/A	46.725	39,136	27-03-17
PONTIAN, JOHOR						
Lot 4681, Mukim of Pontian District of Pontian, Johor	Being developed as Taman Megah	Freehold	N/A	6.07	6,905	17-11-94
YONG PENG, JOHOR						
PTD 31431 - PTD 31438 Taman Bandar Cahaya Baru Mukim Tanjung Sembrong	Proposed residential & commercial development	Freehold	N/A	0.27	1,841	04-11-18
JOHOR BAHRU, JOHOR						
Lot 2896 Taman Pulai Utama Mukim of Pulai, Distric of Johor Bahru, Johor	Being developed as Taman Pulai Utama	Freehold	N/A	10.71	12,881	30-10-08
Shopping Complex - U Mall Taman Pulai Utama Mukim of Pulai, Distric of Johor Bahru, Johor	Shopping Complex Taman Pulai Utama	Freehold	13 year	3.35	27,000	18-09-20*
PTD 102775, 141053 Mukim of Pulai, Distric of Johor Bahru, Johor	2 units of Shop Offices	Freehold	12 year	0.09	1,329	02-01-09' & 16-03-09

List of Landed Properties (cont'd)

The details of the BCB Group's properties as at 30 June 2020 are as follows: (continued)

Location	Description	Tenure	Age of building	Size (acre)	Net book value/Cost as at 30 June 2020 RM'000	Date of acquisition/ revaluation*
JOHOR BAHRU, JOHOR						
Plot No. A45-1, A45-2, A45-3 A46-1, A46-2, A46-3, A46-4 Mukim Pulai, Daerah Johor Bahru, Medini Zone A	Proposed residential development	Leasehold (expiring 14.02.2137)	N/A	7.81	349,086	06-12-13
Plot C1, HS(D) 537374 PTD 199638 Mukim Pulai, Daerah Johor Bahru, Medini Zone C	Proposed residential & commercial development	Leasehold (expiring 14.02.2107)	N/A	22.01	102,653	01-10-15
SEREMBAN, NEGERI SEMBILAN						
Lot 5527 Mukim of Rantau, District of Seremban, Negeri Sembilan	Being developed as Taman Seremban Jaya	Freehold	N/A	1.0	1,191	15-07-94
KUALA LUMPUR						
Lot 9933 (Geran 6497) Lorong Awan Jawa Taman Yarl Mukim Petaling, Distric of Kuala Lumpur	Proposed residential development	Freehold	N/A	0.4	7,964	04-02-10
Lot 73478 & Lot 73479 (H.S(D) 69603 & 69604) Mukim Klang, Selangor Darul Ehsan	Proposed residential & commercial development	Leasehold (expiring 18.04.2101)	N/A	123.05	185,156	11-03-11
					1,024,053	

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-second (32nd) Annual General Meeting of the Company will be held at The Elysia Park Residence Sales Gallery, Jalan Persiaran Medini Utara 1, Bandar Medini Iskandar Malaysia, 79250 Iskandar Puteri, Johor Darul Takzim on Tuesday, 8 December 2020 at 10.30 a.m. to transact the following businesses:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2020 and the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**
2. To re-elect the following Directors who retire by rotation pursuant to Rule 131 of the Company's Constitution:
 - (a) En. Ash'ari Bin Ayub **Resolution 1**
 - (b) Ms. Tan Lindy **Resolution 2**
3. To approve the payment of Directors' fees of up to RM180,000.00 and benefits of up to RM20,000.00 from 9 December 2020 until the next Annual General Meeting of the Company. **Resolution 3**
4. To re-appoint Messrs BDO PLT as the Auditors of the Company and authorise the Directors to determine their remuneration. **Resolution 4**

As Special Business

To consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications:-

5. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**
 - (a) "THAT subject to the passing of Resolution 1, approval be and is hereby given to En. Ash'ari Bin Ayub, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company." **Resolution 5**
 - (b) "THAT approval be and is hereby given to Tan Sri Datuk Seri Ismail Bin Yusof, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company." **Resolution 6**
6. **AUTHORITY TO ISSUE SHARES** **Resolution 7**

"THAT subject always to the Companies Act 2016, the Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 75 and Section 76 of the Companies Act 2016 to issue not more than ten per centum (10%) of the total number of issued shares of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof."

Notice of Annual General Meeting

(cont'd)

7. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Resolution 8

"THAT subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties ("Recurrent Related Party Transactions") as set out in Section 2.1.5 of the Circular to the Shareholders dated 30 October 2020 ("the Circular") which are necessary for the day-to-day operations and carried out in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

THAT such approval shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless the authority is renewed by a resolution passed at the said AGM;
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the Recurrent Related Party Transactions contemplated and/or authorised by this Ordinary Resolution;

AND THAT, the estimates given of the Recurrent Related Party Transactions specified in Section 2.1.5 of the Circular being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Section 2.1.8 of the Circular."

8. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

Resolution 9

"THAT subject always to compliance with the Companies Act 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") or any other regulatory authorities and all other applicable rules, regulations, guidelines or approval for the time being in force or as may be amended from time to time, the Directors be and are hereby authorised to make purchases of ordinary shares in the Company's issued share capital as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:

- (i) the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being;

Notice of Annual General Meeting (cont'd)

- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings of the Company at the time of the said purchase(s); and
- (iii) the authority conferred by this resolution shall commence immediately upon the passing of this ordinary resolution and shall continue to be in force until:
 - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
 - (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
 - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier;

AND THAT upon completion of the purchase by the Company of its own shares, the Directors be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:

- (i) cancel all the shares so purchased; and/or
- (ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders or resell on the market of Bursa Securities; and/or
- (iii) retain part thereof as treasury shares and cancel the remainder;

and in any other manner as prescribed by the Act, rules and regulations made pursuant to the Act and the Main Market Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force;

AND THAT authority be and is hereby given to the Directors and/or anyone of them to complete and do all such acts and things as they may consider necessary or expedient in the best interest of the Company, including executing all such documents as may be required or necessary and with full powers to assent to any modifications, variations and/or amendments as the Directors in their discretion deem fit and expedient to give effect to the aforesaid purchase(s) contemplated and/or authorised by this Ordinary Resolution."

9. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

NG HENG HOOI (MAICSA 7048492) (PC No. 202008002923)
WONG MEE KIAT (MAICSA 7058813) (PC No. 202008001958)
Secretaries

Johor
30 October 2020

Notice of Annual General Meeting

(cont'd)

Notes:

- (i) For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Rule 88.1(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 30 November 2020. Only depositor whose name appears on the Record of Depositors as at 30 November 2020 shall be entitled to attend this meeting or appoint proxies to attend and/or votes on his/her behalf.
- (ii) A member shall be entitled to appoint not more than two (2) proxies to attend and vote in his stead and where a member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the member specified the proportions of his shareholdings to be represented by each proxy.
- (iii) A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation.
- (iv) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but 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.
- (v) 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 ("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.
- (vi) The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office of the Company at No. 4B, 2nd & 3rd Floor, Jalan Sentol, South Wing - Kluang Parade, 86000 Kluang, Johor Darul Ta'zim, not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.
- (vii) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to a vote by way of a poll.

Explanatory Note on Ordinary and Special Business:

1. Item 1 of the Agenda

This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Item 3 of the Agenda

Pursuant to Section 230(1) of the Companies Act 2016, fees and benefits payable to the Directors of the Company will have to be approved by the shareholders at a general meeting. The Company is requesting shareholders' approval for the payment of fees and benefits for the period commencing 9 December 2020 up till the next AGM of the Company in 2021. The benefits comprises allowance and benefits-in-kind.

Notice of Annual General Meeting (cont'd)

3. Item 5 of the Agenda

The Nomination and Remuneration Committee has assessed the independence of the Directors namely Tan Sri Datuk Seri Ismail Bin Yusof and En. Ash'ari Bin Ayub, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than twelve (12) years, and recommended them to continue act as Independent Non-Executive Directors of the Company based on the following justifications:

- They fulfil the criteria under definition on independent director as stated in the Listing Requirements; and hence, they would be able to provide an element of objectivity, independent judgment and balance to the Board;
- Their experiences in the financial and other relevant sections enable them to provide the Board and Board Committees with pertinent expertise, skills and competence; and
- They have been with the Company for more than 12 years and therefore understand the Company's business operations which enable them to contribute actively and effectively during deliberations or discussions at Board and Board Committee meetings.

The Proposed Resolutions 5 and 6, if passed, will enable En. Ash'ari Bin Ayub and Tan Sri Datuk Seri Ismail Bin Yusof to continue in office as Independent Non-Executive Directors of the Company. Pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance, the Company would be seeking the shareholders' approval through a two-tier voting process.

4. Item 6 of the Agenda

The proposed Ordinary Resolution 7, if passed, will authorise the Directors to issue not more than ten per centum (10%) of the total number of issued shares of the Company subject to the approvals of all relevant governmental/regulatory bodies.

This is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). The previous mandate was not utilized and accordingly no proceeds were raised.

The purpose of the renewal of the mandate is for further possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

5. Item 7 of the Agenda

The proposed Ordinary Resolution 8, if passed, will enable the Company and/or its subsidiary companies to enter into recurrent transactions involving the interest of Related Parties, which are necessary for the Group's day-to-day operations and undertaken at arm's length, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company. For more information, please refer to the Circular to Shareholders dated 30 October 2020.

6. Item 8 of the Agenda

The proposed Ordinary Resolution 9, if passed, will empower the Directors to purchase the Company's shares of up to ten per centum (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total retained earnings of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. For more information, please refer to the Circular to Shareholders dated 30 October 2020.

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PROXY FORM

No. of ordinary shares held

CDS Account No. of

I/We _____ Tel. No.: _____
(Full name in block and NRIC No./Company No.)

of _____
(Address)

being a member/members of **BCB Berhad**, hereby appoint :-

Full Name (in Block)	NRIC/Passport/Company No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Full Name (in Block)	NRIC/Passport/Company No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the 32nd Annual General Meeting of the Company to be held at The Elysia Park Residence Sales Gallery, Jalan Persiaran Medini Utara 1, Bandar Medini Iskandar Malaysia, 79250 Iskandar Puteri, Johor Darul Takzim on Tuesday, 8 December 2020 at 10.30 a.m. and at any adjournment thereof. My/our proxy is to vote as indicated below:-

ITEM	AGENDA	RESOLUTION	FOR	AGAINST
1.	Re-election of Director – En. Ash'ari Bin Ayub	Ordinary Resolution 1		
2.	Re-election of Director – Ms. Tan Lindy	Ordinary Resolution 2		
3.	Payment of Directors' Fees and benefits	Ordinary Resolution 3		
4.	Re-appointment of Auditors	Ordinary Resolution 4		
5.	Continuing in office as Independent Non-Executive Director - En. Ash'ari Bin Ayub	Ordinary Resolution 5		
	Continuing in office as Independent Non-Executive Director – Tan Sri Datuk Seri Ismail Bin Yusof	Ordinary Resolution 6		
6.	Authority to issue shares	Ordinary Resolution 7		
7.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature	Ordinary Resolution 8		
8.	Proposed Renewal of Authority for Share Buy-back	Ordinary Resolution 9		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy may vote or abstain as he thinks fit.

Signed this _____ day of _____, 2020.

Signature of Shareholder(s)/Common Seal

Notes:

- (i) For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Rule 88.1(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 30 November 2020. Only depositor whose name appears on the Record of Depositors as at 30 November 2020 shall be entitled to attend this meeting or appoint proxies to attend and/or votes on his/her behalf.
- (ii) A member shall be entitled to appoint not more than two (2) proxies to attend and vote in his stead and where a member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the member specified the proportions of his shareholdings to be represented by each proxy.
- (iii) A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation.
- (iv) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but 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.
- (v) 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 ("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.
- (vi) The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office of the Company at No. 4B, 2nd & 3rd Floor, Jalan Sentul, South Wing - Kluang Parade, 86000 Kluang, Johor Darul Ta'zim, not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.
- (vii) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to a vote by way of a poll.

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AFFIX
STAMP
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The Company Secretary

BCB BERHAD

Registration No.: 198801004645 (172003-W)
(Incorporated in Malaysia)

No. 4B, 2nd & 3rd Floor, Jalan Sentol,
South Wing – Kluang Parade,
86000 Kluang,
Johor Darul Ta'zim

fold here

BCB BERHAD 198801004645 (172003-W)

www.bcbhd.com.my

REGISTERED OFFICE

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South Wing - Kluang Parade

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