

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

Summary of the key matters discussed at the Thirty-first Annual General Meeting (“31st AGM” or “the Meeting”) of the Company held at Four Seasons Ruili Hotel, Venus Room, 6th Floor, 20, Jalan Bakawali, 86000 Kluang, Johor Darul Ta’zim on Tuesday, 3 December 2019 at 10.30 a.m.

**1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

The Chairman informed that the Audited Financial Statements for the financial year ended 30 June 2019 and the Reports of Directors and Auditors thereon were circulated to all the shareholders of the Company within the statutory period.

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

Questions posted by Mr. Ong Teik Khoo and response of the Board are set out in Appendix I attached hereto.

Upon answering all questions raised, the Chairman declared that the Audited Financial Statements for the financial year ended 30 June 2019 and the Reports of Directors and Auditors thereon, be received.

For the rest of the items on the Agenda stated below, there were no questions raised by the shareholders. All the resolutions tabled at the Meeting and voted upon by polling were duly passed by the shareholders, with the results of the polling announced accordingly to Bursa Malaysia Securities Berhad on 3 December 2019.

- 2. ORDINARY RESOLUTION 1  
RE-ELECTION OF TAN SRI DATO’ TAN SENG LEONG**
- 3. ORDINARY RESOLUTION 2  
RE-ELECTION OF TAN SRI DATUK SERI ISMAIL BIN YUSOF**
- 4. ORDINARY RESOLUTION 3  
DIRECTORS’ FEES AND DIRECTORS’ BENEFITS**
- 5. ORDINARY RESOLUTION 4  
RE-APPOINTMENT OF AUDITORS**
- 6. ORDINARY RESOLUTION 5  
PROPOSED RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS, TAN SRI DATUK SERI ISMAIL BIN YUSOF**
- 7. ORDINARY RESOLUTION 6  
PROPOSED RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS, ENCIK ASH’ARI BIN AYUB**
- 8. ORDINARY RESOLUTION 7  
AUTHORITY TO ISSUE SHARES**

9. **ORDINARY RESOLUTION 8  
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT  
RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**
10. **ORDINARY RESOLUTION 9  
PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK**

**ANY OTHER BUSINESS**

There were no other matters discussed.

## Appendix I

1. Q. Shariah compliant list –majority of PLCs on Bursa Malaysia are shariah compliant, which permits a wide ranging institutional investors to consider investing in these companies - may I ask whether the company intends to embark on a plan to make the company shariah compliant?
  - A. Mr. Low replied that there is no plan at the moment and the Board will deliberate on this suggestion.
2. Q. Trade & Other Receivables Note 10 Page81 – Impairment losses of 6.359m(2019) vs 3.962m(2018) for Trade and 3.3m for Other Receivables – what are these items?
  - A. Ms. Tan Lindy replied that based on SPA, if we received less than 50% of the purchase price, we have to forfeit 10%. Anything more than 50%, we have to forfeit 20%. These are provision for potential revoke cases.
3. Q. Trade & other Receivables Note 10 Page 86 – Ageing of debts: 61-120 days 17.1m and more than 120 days past due is 39.6 million - what are these items?
  - A. Mr. Low replied that this relates to purchasers of Elysia park residence. Most of these are cash buyers from Overseas. They have not paid within the 120 days period. We are expecting them to pay up.
4. Q. This question is on Transactions with related parties Page 103. Interest payables to Ju-Ichi of RM 738,893, last year it was RM 1,008,693. a. What is the principal amount? b. What is the interest rate? c. Who are the related parties?
  - A. Mr. Low replied that total amount outstanding to related parties is around RM20m. The amount is due to Ju-Ichi Enterprise and Marvel Plus Development. These related parties are companies owned by Tan Sri Tan. The interest rate is around 5%.
    - Q. Why are we not setting off this amount against the amount owing for the purchase of property by the related parties?
      - A. Mr. Low replied that the final amount shown is after set-off. There is no amount due from directors after the set-off.
5. Q. What is the construction contract of RM 18.4 million with Ju-Ichi as against only 636,000 for last year?
  - A. Mr. Low replied that this is for a project in Kluang. The contract was awarded by Ju-Ichi to BCB Construction. This is a related party transaction.

6. Q. Question on Trade and Other Payables Page 99 – Interest bearing payables due to related parties RM 14.7 million, what are these and who are these due to? Non-interest bearing payables due to related parties RM 43 million, what are these and who are these due to? What type of related party payables attract interest?

A. Mr. Low informed that these are advances from major shareholder & JV partner to the company for project development purposes.

7. Q. Capital management. Are there any prescribed gearing ratio and tangible net worth of the Group that are imposed by financial institutions?

A: Mr. Low replied there is none.

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

Q. Mr. Low replied there is none.

9. Q. Dividends - Page 10 . As stated here ” the Group has not been able to reward its stakeholders via issuance of dividends in order to conserve cash. Nevertheless, the Group endeavors to reward its stakeholders when the time is right”

Please explain and detail the circumstances and conditions when the timing is right to declare dividends.

A. Mr. Low responded that it has to take into account the future capex requirement, economy outlook and cashflow availability before the Board declare any dividend.

10. Q. These questions are posed to the Independent Directors. Having served for more than 13 years, the independent directors ought to know the ins and outs of the Group.

i. What do the independent directors think of the **zero dividend policy** of the Group although profits have been at a record high

A. The Chairman replied that the Board have to look into cashflow and future expansion / acquisition of land bank etc. When the cashflow is in stable position, we will definitely consider.

11. Q. How many times have any of the Directors interact with shareholders/analysts/media part from your regulatory compliance via the quarterly results?

Have you conducted any proactive interactions with shareholders?

How many times have you given media and analysts' briefing? I refer you to last year's reply – “ we have actually informed The Star but they did not report for whatever reasons” – Did you find out why ? Did you expand the dissemination to others eg The Edge , Focus Malaysia etc?

A. Mr. Low replied that interaction with media is an ongoing initiative. We recently won an award and we took the opportunity to share our success story with media agencies. We are also meeting up with Investment bankers to promote the company's latest development.

12. Do you agree that the 4<sup>th</sup> quarter 2019 and 1<sup>st</sup> quarter 2020 results are good, maybe even outstanding?

Q. Why is it that there is no coverage in the business media? I know you cannot dictate what the media will cover, but I believe it is the lack of Investor Relations that result in the Group remaining under the radar of the business media.

Is it the intention of the Group to remain under the radar? Kindly give your comment.

A. Mr. Low replied that the Board noted the comments and the Board will deliberate on this further.

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

In 2017, to my question as to whether the controlling shareholders were interested at all on the stock market performance of BCB Berhad on Bursa Malaysia and the answer was, I quote: “ The share price is hovering at around RM 0.47 while the Net Asset backing is around RM 1.12. It is clearly under-valued” Unquote. Since then the price has dropped further to 25 sen.

BCB have made much more profits this year than last year, especially for the 4<sup>th</sup> quarter 2019, announced in end August 2019 and the latest quarter ie 1<sup>st</sup> quarter 2020, announced last week. Accordingly, based on your own deduction, the share is much deeper in value compared to last year.

We also noted that 728,000 shares were bought in 2019, mainly in December 2018/January 2019. Since then there were hardly any share buyback. The market price has since dropped further to 25 sen a few weeks ago.

Of the total 728,000 shares bought, 392,000 shares were bought in December 2018 at a price of 28 sen to 32 sen and in January 2019 you bought 335,000 shares at the price of 24 sen to 26 sen. However, you only bought 10,000 shares at 23.5 sen in July 2019 although the share price had dropped to as low as 22.5sen between June 2019 to August 2019 with reasonable volume. Your buy back activities were not consistent. When the share price dropped to 22.5sen, you did not buy back any shares.

And referring to the irregular share buyback activities, the company should have a policy in place to activate share buy back as and when certain parameters are reached, for

instance when the share price drops to a certain level or when it drops below certain PE level or NTA level.

You should do regular share buyback which will send a message that the share is undervalued and support the fundamental value of BCB as stated in the Circular.

This brings us to these questions:

When you conduct share buyback, what is the parameter or procedure and guidelines?

What in your opinion should be the fundamental value of BCB shares?- Your PE is only about 2X plus.

Under what circumstances will you do more sustainable and concerted share buy-back?

What are your comments now? Why are you not embarking on a more concerted share buyback?

- A. Mr. Low replied that the Board normally carry out share buy-back with the intention to stabilise the market price. Before we embark on share buy-back exercise, the Board would consider factors such as cashflow availability, Group indebtedness and underlying market process. There is a global uncertainty such as China and US trade war, and political instability in the country. This is the time where we will go and purchase our shares to support the share price.
- A. Tan Sri Tan replied that the Management worked very hard and focused more time in the business and the financial results of the Group have improved. I believe the share price will improve from the improved performance of the Group overtime.
14. Q. Transcendent Award – To quote Ms Lindy after receiving the award : Quote “ put even more effort in what we are doing...we are going to create more value for our stakeholders” unquote. May I ask Ms Lindy where is the value creation of BCB in terms of market capitalization and when and how do you intend to create value.

A. Ms. Tan Lindy responded that the Board / Management always focus in business sustainability in the Group. It is our long term effort to create value in our products to ensure customers' satisfaction and our efforts have been rewarded with improved sales in the Group. We also created customers' relationship department to look into all angles on creating more value for our stakeholders. At BCB, we take this very seriously and hopefully it will help to boost our share price.

15. This next matter of utmost importance is on Value Creation and it was brought up last year. This was a quote from BCB's stated policy : "... to build and maintain a sustainable business based on delivering value to its shareholders, create long term value for stakeholders and optimise value creation for shareholders" Unquote. As stated last year, these are lofty ambitions and commitment which ought to be commended, but as to whether the Group has been practising this or have achieved anything is still debatable.

To minority shareholders like us, value creation comes mainly from dividends and increase in value of the share price. I summarise here the Market Capitalization of BCB as extracted from the company's website under the section called Ratio Analysis.

FY 2015 RM 210 million / FY 2016 dropped to RM 188 million / FY 2017 dropped to RM 186 million/ FY 2018 dropped to RM 159 million & FY 2019 dropped to 97 million.

Is the Board aware that the FY 2019 market capitalisation of RM 97 million is even lower than FY 2010, 9 years ago where it was more than RM 100 million?

In FY 2010, your shareholders' equity was only 325 million and today it is 505 million, an increase of 55%.

In FY 2010, your Total Assets was 487 million and today it is 1.273 billion, an increase of 260%.

In FY 2010, your Net Asset per share was RM 1.58 and today it is RM 2.24 (adjusted for the share split), an increase of 42%.

In FY 2010, your Profit After Tax was 2.1 million, translated to 1.05 sen per share and today it is 56.9million, translated to 9.76 sen per share, an increase of many fold ie 9X!

The Market Capitalization of BCB is on an ever decreasing trend, which we highlighted last year and the previous years as well. I believe we can no longer attribute this to the economy and general market condition. We believe it is of utmost urgency and importance that this matter is addressed by the Board.

What is the Board of Directors' plan and strategy to reverse the decreasing trend?

How has the Group create value for shareholders thus far?

- A. Mr. Low replied that share capitalisation is determined by share price of the Company. In the past 4 years, the market has been challenging especially those in property developments. Many property developers are trading at huge discounts and their PE ratio is at all-time low.

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