

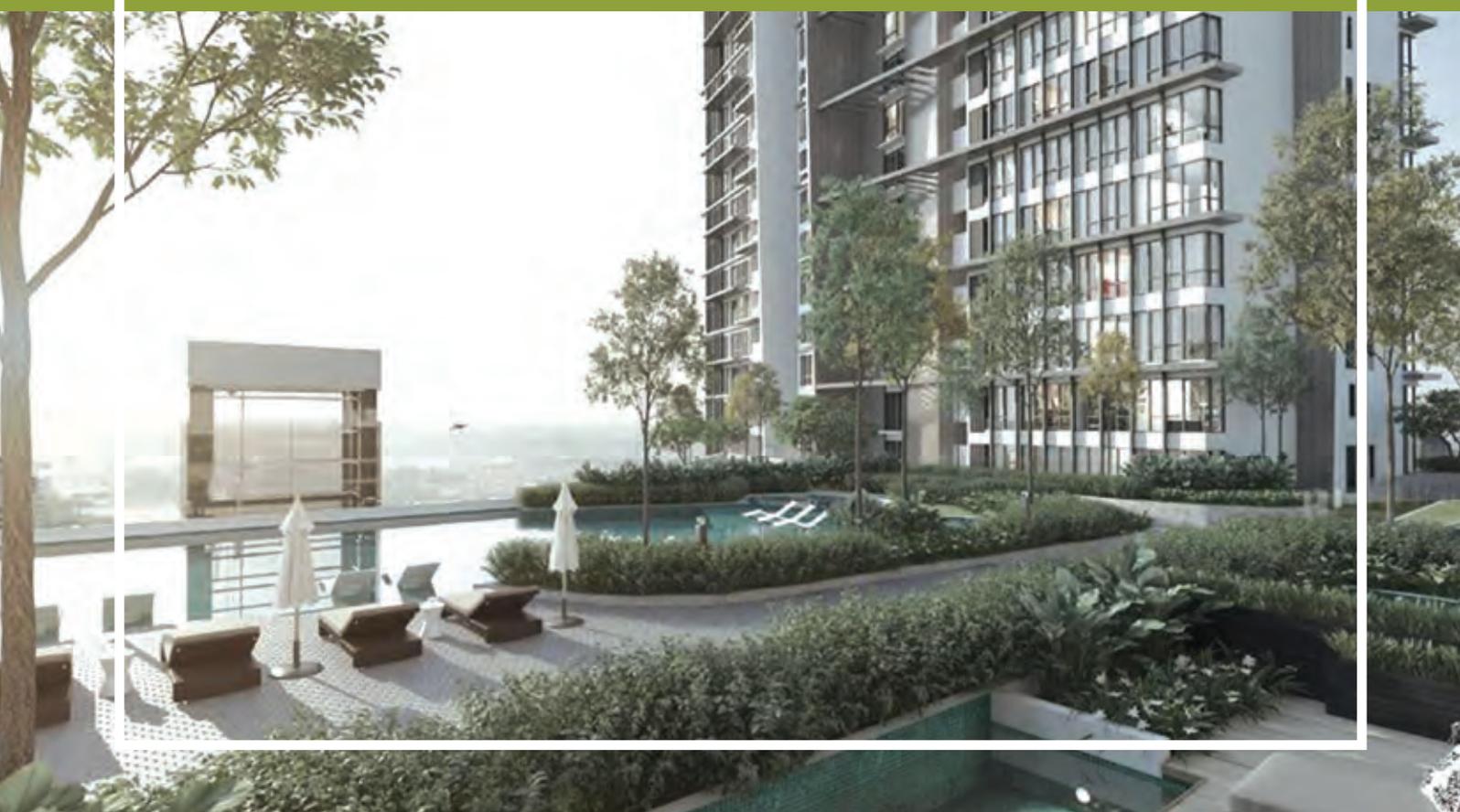


Building Communities & Beyond

ANNUAL REPORT 2017

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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 2017.*

### OVERVIEW

The Malaysian economy's growth (gross domestic product or GDP) is expected to improve to 5% this year as compared to 4.2% chalked up in the previous year. This growth is expected to come from domestic demand as well as exports. Solid domestic demand will continue to be the main driving force propelling Malaysia's growth forward in years 2017 and 2018.

The potential risks to Malaysia's economic growth are primarily external ones, stemming from threats of trade protectionism in the US fiscal stimulus and trade policies, the appetite of China market, impacts of price fluctuations in the global commodity market and political upheavals in the Middle-East.

Against this global backdrop, the government is expected to present a fiscal consolidation by managing its deficit target of 3% of GDP for year 2017. It is also expected to focus more on high impact projects such as public infrastructure works.

In the home front, the Malaysian property market continues to be on consolidation mode; partly because Bank Negara Malaysia has yet to relax on the stringent and prudent credit policy imposed on the sector since a few years back. Because of this factor, the Group lost many potential buyers who were unable to secure a bank loan or a higher desired loan margin of financing.

The past financial year was indeed a very difficult one for the Group as it struggled to maintain its previous year's (2016) financial results. Despite the difficulties encountered, the Group has been quite lucky and is "holding out well" because of the employment of target marketing, competitive pricing, superior concept, practical design and the strategic location of its properties/products.

## Chairman's Statement (cont'd)

### FINANCIAL REVIEW

During the financial year, the Group posted a turnover of RM222.15 million compared with RM301.03 million achieved in the previous year. Group profit before tax decreased to RM21.21 million compared with RM37.92 million achieved in the previous year while Group profit after tax decreased to RM11.20 million compared with RM24.40 million achieved in the previous year.

### REVIEW OF OPERATIONS

#### Property Development

The Group experienced strong sales for its products amidst in a more competitive and sluggish market environment.

New development phases in the Group's flagship development projects in Batu Pahat, Johor - Taman Bukit Perdana, Evergreen Heights and Bandar Putera Indah continue to generate interest from homebuyers. These three townships are strategically sited close to public amenities and they continue to provide value to homebuyers in terms of better/attractive designs, quality finishes, superb landscaping, excellent infrastructures, and competitive pricing.

In Medini Iskandar Malaysia, the Group's high-end condominium project, Elysia Park Residence, continue to generate sales and interest from foreign buyers despite an overall weak sentiment for property development projects within the Iskandar Malaysia region. It is situated in front of Gleneagles Hospital and a walking distance to Legoland Malaysia. Phase 1 with a GDV of RM600 million and comprising of 3, 44 storey tower blocks was officially launched in August 2015. Total sales to-date is about RM220 million.

In the Klang Valley, the Group high-end condominium project, Concerto North Kiara continue to generate sales and interest from homebuyers. Total cumulative sales to-date is about RM450 million. Its other high-end landed project, Home Tree in Kota Kemuning officially launched its Phase 2 with a GDV of RM600 million comprising 99 units of 3 storey bungalows and 166 units of 3 storey semi-Ds on August 27, 2017. Its Phase 1 (GDV RM280 million) is almost fully sold.

The Group expects these two Klang Valley projects in addition to existing projects in Johor to contribute generously to its earnings in the near term.

#### Johor

##### a) Taman Bukit Perdana, Batu Pahat

This 400 acres mixed development township is located 1.5km from Batu Pahat town centre and continue to record strong sales during the year.

To date, over 4,000 units have been sold for a total sales value of about RM600 million. As at to-date, this township is almost fully developed.

##### b) Evergreen Heights, Batu Pahat

This 400 acres mixed development township is located 8km south of Batu Pahat town centre. It is located next to the 18-hole Bukit Banang Golf and Country Club and is distinct as it emphasizes quality living set amidst natural surroundings.

Its development is architecturally attractive with beautifully landscaped terrain. There is also a 12-acre park and lake for family recreational purposes.

To date, over 3,000 units have been sold for a total sales value of about RM1.0 billion. This township is currently 85% developed with another 80 acres of undeveloped land. We are confident that future launches and sales at this township will continue to appeal and attract strong demand given the wide range of amenities, facilities and infrastructure already put in place or due to be put in place in the next few years.

##### c) Bandar Putera Indah, Batu Pahat

This 390 acre mixed development township is located in the vicinity of Tongkang Pechah, about 11km north-east of Batu Pahat town centre. This entire project will have a GDV of about RM1.1 billion.

The concept here emphasizes quality living set amidst natural surroundings with architecturally attractive designs and beautifully landscaped terrain.

Since its maiden launching in 2011, the take-up rate has been very encouraging. We will be rolling out more new phases soon. We are confident of this township's future contribution to the Group's earnings.

## Chairman's Statement (cont'd)

### d) Elysia Park Residence, Medini, Iskandar Malaysia

This 7.81 acres high-end 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 consisting of 6, 44-storey tower blocks sitting on a 9 storey car park podium. It has a GDV of about RM1.2 billion and will be developed over 6 years. Phase 1 has 981 units sited in 3 tower blocks. There are eight types of unit layouts to choose from and they come in various designs and sizes ranging from 516 s.f. to 1,252 s.f.

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. Phase 1 was officially launched on August 7, 2015.

Despite the "over-supply" fear syndrome for all development projects within Iskandar Malaysia and difficulties encountered by buyers in securing bank loans, the Group was fortunate as it managed to secure quite a number of foreign buyers. To-date about RM220 million in sales has been recorded.

### Klang Valley

#### a) Concerto North Kiara, Kuala Lumpur

A 440 unit high-end condominium project sited on 5 acres of freehold land and comprising 3 tower blocks and a club house. This project is located in the vicinity of Mont' Kiara, Kuala Lumpur and has a GDV of about RM575 million. To-date about RM450 million worth of sales has been recorded.

It was officially launched on July 7, 2012 and completed in December 2015.

#### b) Home Tree at Kota Kemuning, Shah Alam, Selangor

A high-end gated and guarded community 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. This project is located in Kota Kemuning and has a 3.5km long river frontage. It was officially launched on June 22, 2013.

This development is a joint venture between BCB Berhad (holding a 70% stake) and Landshine Limited, an affiliate of a reputable property developer in Xiamen, China. It will have a nature theme as it is fronting 3.5km of the Klang River. It will be designed to harmonize with nature and have club houses, jogging tracks, an esplanade and observation decks along the water front.

The whole development project will have a GDV of about RM1.8 billion and is targeted for completion in about 5 years time. Phase 1 has a GDV of about RM300 million. To-date, about RM270 million worth of properties in Phase 1 has been sold. Phase 2 with a GDV of RM600 million was officially launched on August 27, 2017.

Subsequent launches of other phases will take place soon.

### Others

Existing townships with on-going developments are as follows:

- Taman Sri Kluang (Kluang, Johor)
- Taman Pulai Utama (Johor Bahru, Johor)
- Taman Megah (Pontian, Johor)

### Project Management

On the project management front, the Group has earned a name for itself in Johor Bahru via its management of the vibrant Taman Pulai Utama integrated township in the vicinity of Skudai town. Similarly in Kluang, the Group is managing Taman Saujana which is offering gated security features.

#### a) Taman Pulai Utama

This 500 acres township is located in the vicinity of Skudai town, about 2km from Universiti Teknologi Malaysia and Pulai Springs Golf and Country Club. It is served by a shopping mall, U-mall, with Giant hypermarket being the anchor tenant. The shopping mall also has restaurants, retail lots and a Cineplex.

#### b) Taman Saujana

This 250 acres township is the first in Kluang town to offer a residential gated security concept to home buyers. A sophisticated security system involving Touch Card access and perimeter fencing are featured for the higher-end products of this township.

## Chairman's Statement (cont'd)

### Construction

The Group's construction division continues to be the main contractor for the Group's various development projects. Consolidated revenue of this division was RM4.87 million during the financial year. Its main objective is to assist the Group in ensuring timely delivery of quality products at competitive pricing.

Shortage of labor and increasing cost of building materials remain a continuing source of concern for this division. To mitigate these issues, the Group has started sourcing certain materials from overseas while ensuring that product quality is not compromised.

### Hotel

The Group's Prime City Hotel, a 213-room hotel located in the heart of Kluang has maintained its market position as the town's main avenue for the hosting of business and social functions. Consolidated revenue of this division was RM7.19 million during the financial year.

The average occupancy rate however has fallen to about 30% with the recent addition of 87 new rooms (called the new wing). To keep up with customer expectations and to remain competitive, the Group has embarked on a stage-by-stage renovation program for the entire hotel.

As Kluang is strategically located in the centre of Johor state, the Group intends to set up new amenities and facilities to position and promote its hotel into a premier business convention centre of choice for surrounding areas.

## CORPORATE DEVELOPMENTS

### Acquisition of Land

On March 27, 2017, BCB Land Sdn Bhd, a wholly owned subsidiary of the Company entered into six (6) Sale and Purchase Agreements with Wellington Tan and Tan Seng Koon Shenton to acquire six (6) adjoining lots of freehold agriculture lands in Mukim of Simpang Kanan, District of Batu Pahat measuring 46 acres for a total cash consideration of RM34,600,797.00.

This land is located near Batu Pahat commercial town center and is main road frontage and undulating. Thus, it provides a good view of the town center at the higher ground levels. The Group intends to do a mixed development project on it with a GDV of about RM300 million.

### New Subsidiary

On March 30, 2017, the Company incorporated a 75% owned subsidiary called BCB Ventures Sdn Bhd ("BCB Ventures") with paid-up capital of RM1.00 represented by 1 ordinary share. The proposed business activity of BCB Ventures is property development and investment.

### Proposed Dividend

The Group is not proposing any dividend this year in spite of a set of good results, partly to conserve cash in the face of a rather subdued and challenging market.

### Prospects

The property market is expected to remain flat for the whole of this year (2017).

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 optimistic of a turnaround in year 2018.

### 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

## 1. Business Operations

The Malaysian property market for year 2017 remain sluggish as a result of a tight credit policy put in place by the government and with no signs of it being eased. As in the past, the residential sector continues to provide some impetus for the property market. The commercial sector however remains dampened by the introduction of the Goods and Services Tax. Against this backdrop, location and branding are the key drivers of continued growth for most developers.

The Group is fortunate that its existing projects /undeveloped land banks are strategically located. The past 7 years saw the Group embarking on a brand building exercise in the country. The Group's philosophy is to provide good quality product designs and layouts at reasonable prices. In addition, the Group emphasizes conservation of the environment and strives to incorporate "Green" concepts into all its product designs.

### Klang Valley

The Group has 2 high-end projects in the Klang Valley.

#### a) Concerto North Kiara

Is located on a 5 acre land in the vicinity of Mont' Kiara, Kuala Lumpur. It is a high-end condominium project offering private lift lobbies - representing a first of its kind (for condominium built-ups of less than 2,000 s.f. per unit) in the country. It is also the first condominium in the country incorporating 2 layers of concrete slabs per floor to eliminate water leaks and flushing sounds from upper floor units. It is reasonably priced at about RM750 per s.f.

Total GDV is about RM575 million. To-date about RM450 million worth of properties have been sold.

#### b) Home Tree

Is located on 151 acres of land in Kota Kemuning, Shah Alam, Selangor. It is a high-end landed mixed development project comprising 3 storey bungalows, shoplots as well as various types of houses. The whole project is gated and guarded.

Phase 1 (GDV RM280 million) comprising of 101 units of 3 storey bungalows is almost fully sold. It is a unique development offering "cul-de-sac" bungalows - American style and without front gates. It is reasonably priced at about RM500 per s.f. or RM2.7 million per unit.

Phase 2 (GDV RM600 million) comprising of about 99 units of 3 storey bungalows and 166 units of 3 storey Semi-Ds was officially launched on August 27, 2017.

Total GDV for the entire land is about RM1.8 billion. To-date more than RM300 million worth of properties from both phases have been sold.

### Johor

The Group has 3 main township projects in Batu Pahat collectively garnering about 60% share of the market. In addition, it is also the largest developer in Kluang. It also has various on-going projects in Johor Bahru.

#### a) Bandar Putera Indah

This 390 acres township is an up-coming satellite suburb of Batu Pahat town. With the gradual growth of Batu Pahat town now reaching its fringe, prices are expected to firm up in the future. Double storey terrace houses are reasonably priced below RM500,000 per unit.

Total GDV is about RM1.1 billion. To-date more than RM300 million worth of properties have been sold.

## Management Discussion and Analysis (cont'd)

### b) Elysia Park Residence

Is located on a 7.81 acre land in Medini, Iskandar Malaysia and is wrapped around a park – hence its name. It is located right in front of the Gleneagles Hospital. It is also within walking distance to Legoland and commands a view of Singapore.

Medini, being designated a special economic zone by the government has a lot of incentives to offer to both developers as well as end-purchasers. In Medini, there are no restrictions on foreigners buying or re-selling properties. First tier end-purchasers are also exempted from the Real Property Gains Tax (RPGT) when they re-sell their properties.

This high-end project with a projected GDV of RM1.2 billion and consisting of 6, 44-storey tower blocks sitting on a 9-storey car park podium will be developed over 6 years. Phase 1 comprising 3, 44-storey tower blocks with a GDV of about RM600 million was officially launched on August 7, 2015.

Total sales recorded to-date is about RM220 million.

During the financial year, the Group posted a turnover of RM222.15 million compared with RM301.08 million achieved in the previous year. Group profit before tax decreased to RM21.05 million compared with RM37.92 million achieved in the previous year while Group profit after tax decreased to RM11.04 million compared with RM24.40 million achieved in the previous year. This small pull back is in line with general market conditions.

Nevertheless, the Group's fundamentals remain strong as a result of strategic decisions made 7 years ago whereby quality lands were acquired in the Klang Valley at low prices and a major corporate rebranding exercise was carried out.

In the Klang Valley, the Group has sold more than RM750 million worth of properties from its 2 high-end projects. Bearing higher profit margins, these 2 projects is expected to contribute generously to the Group in the coming few years.

In Medini, the Group has sold about RM220 million worth of properties from its high-end condominium project called Elysia Park Residence. This is despite a weak sentiment on property developments within the Iskandar Malaysia region.

The Group foresees minimal risk in investing in Medini as the growth potential in Iskandar Malaysia is still generally strong. Any slowdown is anticipated to be short term in nature.

The Group is not proposing any dividend for financial year ended June 30, 2017 to conserve cash.

## 2. Financial Performance

The Group's five years performance (as can be seen in the five years financial highlight) has been quite satisfactory.



## Corporate Social Responsibility

The Group undertakes its corporate social responsibility (CSR) by maintaining a corporate culture of contributing back to society in various ways. The CSR initiated by the Group are as follows:

### Environment

- The Group complies strictly with the rules and directives set by the authorities in regards to environmental safety and protection. All unwanted wastes, materials and by-products resulting from the construction sites are either recycled or disposed properly.
- Its Prime City Hotel in Kluang, Johor is also practicing recycling of daily waste materials.
- The Group also strives to promote more energy-efficient houses to its customers through innovative designs. Besides this, the Group has in-include rain harvesting mechanisms in its high-end bungalows in its development in Home Tree, Kota Kemuning, Shah Alam, Selangor.
- Home Tree is a 151 acres mixed development which is fronting 3.5km of the Klang River. The Group intends to beautify and clean up its stretch of the river as well as perform dredging works at its own expense. The Group will build an esplanade with observation points as well as jogging tracks along its part of the river bank.
- For all its development projects, the Group will emphasize more on landscapes to promote better ambience and connection with nature.
- The Group also "adopted" a 4.8 acres park, named Mahkota Park which is beside its 7.81 acres Elysia Park Residence project in Medini Iskandar Malaysia. As this park is hilly, the Group has spent a lot of time and resources to beautify and landscape it. A jogging track was added all the way to the summit. At the summit, the Group has spent more than RM2 million doing up an arch (with 4 elephant tusks holding up a crown) in conjunction with HRH Sultan Ibrahim Ismail Ibni Almarhum Sultan Iskandar's coronation. This attraction on the summit of the park will encourage more members of the public to use it. HRH Sultan Ibrahim Ismail Ibni Almarhum Sultan Iskandar had on 7th August 2015 formally officiated the opening of Mahkota Park to members of the public. Maintenance of the park will be undertaken by the Group.

### Community

- Over the years, the Group has heeded the Government's call to build more affordable housing for the people. This is reflected in its townships which are all mixed development in nature, thus catering to all income groups.
- The Group also looks after the welfare of its home buyers by ensuring its flagship townships of Taman Bukit Perdana, Evergreen Heights and Bandar Putera Indah have adequate greens, proper landscaping and spacious recreational parks with facilities for family recreation and relaxation.
- During the year, the Group made donations totaling about RM480,000.00 to various schools and charitable causes in sports, cultural and social welfare activities.

### Workplace

- The Group believes its human resources are an important asset and hence, constantly invest in its employees by sending them for relevant training courses and workshops to upgrade their skills and knowledge.
- The Group also ensures that its employees' health, welfare and safety is not compromised at the workplace.
- The Group also provides a harassment-free workplace regardless of race, sex and religion.

# Sustainability Statement

## 1. SOCIAL SUSTAINABILITY

Focuses on developing programs and creating an environment to facilitate progress, monitor well being and advancement within the community.

- Maintain a safe, hygienic and healthy workforce;
- Train and retain high potential and performing employees;
- Promote and reward a positive work culture; and
- Promote racial harmony and prevent racial and gender discrimination.

## 2. ENVIRONMENTAL SUSTAINABILITY

The Group is committed to protecting the environment around it. Measures taken are as follows:

- The Group practices re-cycling in its hotel as well as various property development sites;
- The Group strives to promote more-energy efficient houses through innovative designs, such as incorporating rain harvesting mechanism in its high-end bungalows in its development in Home Tree, Kota Kemuning, Shah Alam, Selangor;
- The Group ensures that the level of pollutants released into the environment is kept to a minimum in all its development sites;
- The Group will emphasize more on landscapes, greener and healthier environment for its upcoming projects; and
- The Group complies with all environmental regulations.

## 3. GOVERNANCE SUSTAINABILITY

The credibility and integrity of the Group and board members hinges upon the proper execution of this practise. Hence the Group:

- Ensures it forms part of strategic planning; and
- Enhances it through regular updates and trainings.

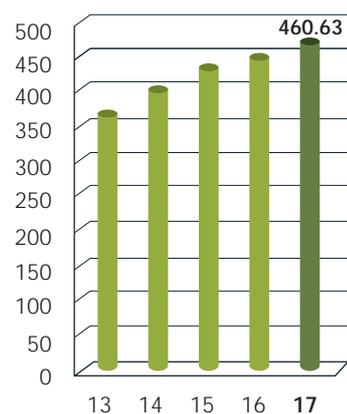
## Five Years' Financial Highlights

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

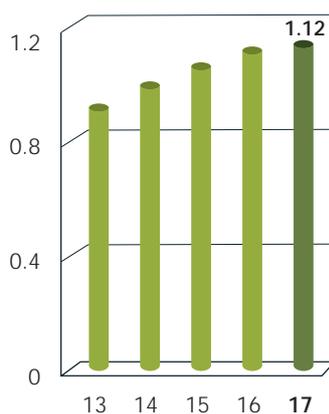
	2013 RM '000	2014 RM '000	2015 RM '000	2016 RM '000	2017 RM '000
Share Capital	206,250	206,250	206,250	206,250	206,250
Treasury Shares	(3,115)	(3,117)	(3,119)	(3,121)	(3,167)
Non-Distributable Shares	6,788	6,788	6,788	6,788	6,788
Retained Earnings	144,246	174,336	202,250	227,931	237,728
Non-Controlling Interests	6,816	8,896	12,821	11,789	13,034
<b>Shareholders' Equity</b>	<b>360,985</b>	<b>393,153</b>	<b>424,990</b>	<b>449,637</b>	<b>460,633</b>
Represented by:					
Property, Plant and Equipment	65,191	65,521	66,278	62,797	60,987
Investment Properties	24,876	25,849	22,879	61,693	60,580
Land Held for Development	96,766	83,263	83,149	142,620	119,375
Other Non-Current Assets	44	-	-	1,447	2,961
Current Assets	595,985	718,626	908,916	876,899	925,005
Current Liabilities	(254,499)	(344,945)	(451,240)	(384,385)	(444,425)
	341,486	373,681	457,676	492,514	480,580
Non Current Liabilities	(167,378)	(155,161)	(204,992)	(311,434)	(263,850)
	360,985	393,153	424,990	449,637	460,633
<b>Total Assets</b>	<b>782,862</b>	<b>893,259</b>	<b>1,081,222</b>	<b>1,145,456</b>	<b>1,168,908</b>
Number of Ordinary Shares of RM 0.50 in Issue ('000)	412,500	412,500	412,500	412,500	412,500
<b>Net Assets Per Share (RM) *</b>	<b>0.88</b>	<b>0.95</b>	<b>1.03</b>	<b>1.09</b>	<b>1.12</b>

\* 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

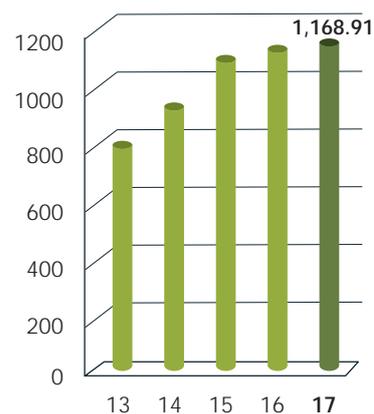
Shareholders Equity  
RM'000,000



Net Assets Per Share  
RM



Total Assets  
RM'000,000



## Five Years' Financial Highlights (cont'd)

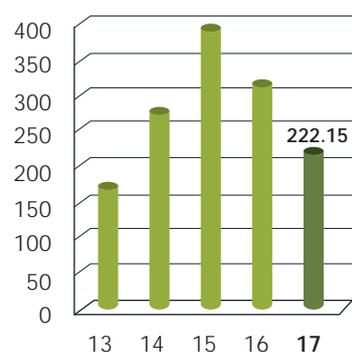
Consolidated Statements of Comprehensive Income as at 30 June for the financial year

	2013 RM '000	2014 RM '000	2015 RM '000	2016 RM '000	2017 RM '000
Revenue	164,578	281,945	398,740	301,084	222,154
Profit Before Charging Depreciation and Interest Expenses	33,230	58,007	70,821	60,759	39,003
Depreciation	(2,257)	(2,769)	(3,232)	(3,457)	(3,428)
Interest Expenses	(10,049)	(11,431)	(19,471)	(19,381)	(14,525)
Profit Before Taxation	20,924	43,807	48,118	37,921	21,050
Taxation	(4,822)	(11,293)	(13,871)	(13,523)	(10,009)
Profit After Taxation	16,102	32,514	34,247	24,398	11,041
Adjusted Weighted Average Number of Shares in Issue **	400,472	400,468	400,464	400,462	400,361
Basic EPS (sen) ***	3.95	7.67	8.47	6.41	2.45

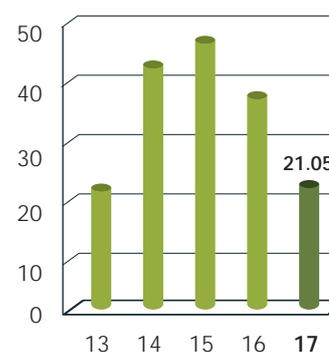
\*\* The comparatives have been restated to account for the subdivision of every one (1) ordinary share of RM1.00 each into two (2) ordinary shares of RM0.50 each (share split) which was completed on 7 January 2016.

\*\*\* 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) 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.

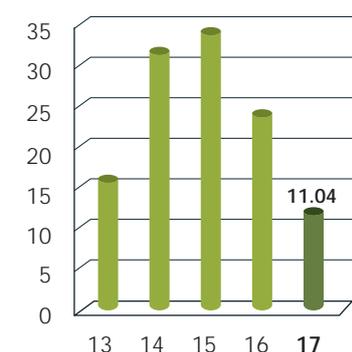
Revenue  
RM'000,000



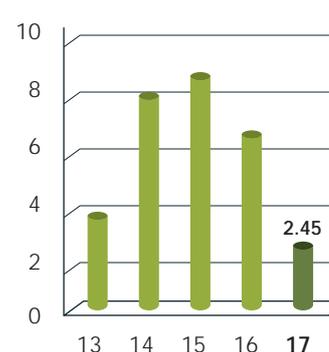
Profit Before Taxation  
RM'000,000



Profit After Taxation  
RM'000,000



Basic EPS (sen)



## 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 Vin Shyan**

*Executive Director*

**Low Kok Yung**

*Executive Director*

**Abd Manap Bin Hussain**

*Independent Non-Executive Director*

### Audit Committee

**Tan Sri Datuk Seri Ismail Bin Yusof**

*Chairman*

**Ash'ari Bin Ayub**

*Member*

**Abd Manap Bin Hussain**

*Member*

### Nomination & Remuneration Committee

**Tan Sri Datuk Seri Ismail Bin Yusof**

*Chairman*

**Ash'ari Bin Ayub**

*Member*

**Abd Manap Bin Hussain**

*Member*

### Company Secretaries

**Ng Heng Hooi**

*(MAICSA No. 7048492)*

**Wong Mee Kiat**

*(MAICSA No. 7058813)*

### Auditors

**BDO (AF 0206)**

*Chartered Accountants*

*Level 8, Menara CentARa*

*360 Jalan Tuanku Abdul Rahman*

*50100 Kuala Lumpur*

*Tel: 03-2616 2888*

*Fax: 03-2616 3190/3191*

### 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

*Main Market of Bursa Malaysia*

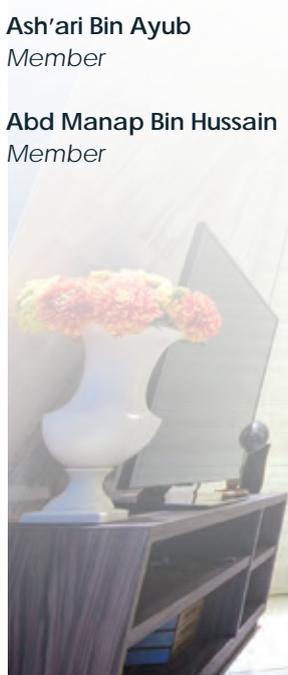
*Securities Berhad*

### Listing

*Stock Number: BCB 6602*

### Corporate Website

*www.bcbhd.com.my*

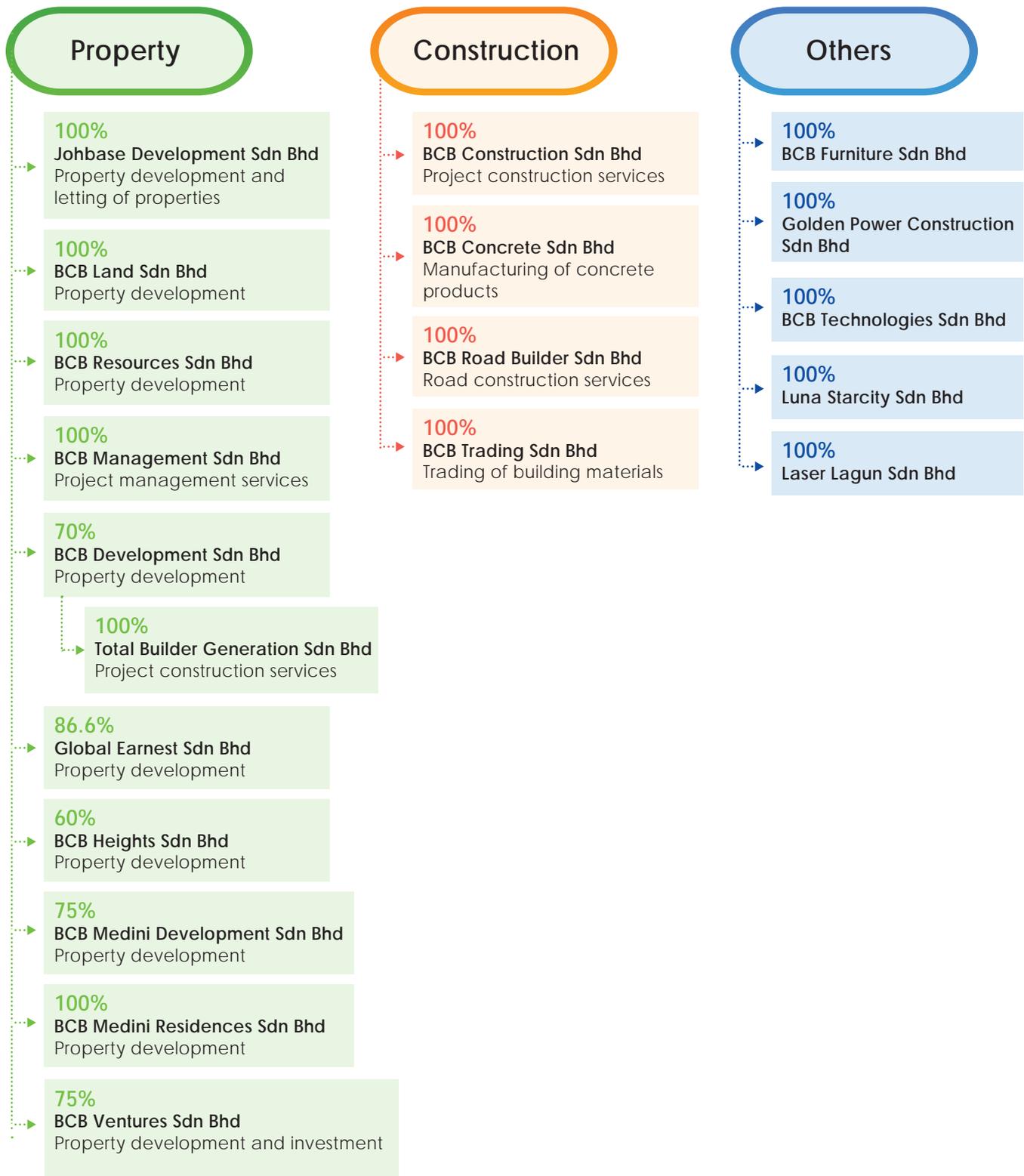


# Corporate Structure



Building Communities & Beyond

BCB BERHAD (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*

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Encik Ash'ari Bin Ayub, male, aged 75, 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 2017.

### TAN SRI DATO' TAN SENG LEONG

*Group Managing Director*

*Key Senior Management*

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Tan Sri Dato' Tan Seng Leong, male, aged 61, 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 2017.

### TAN SRI DATUK SERI ISMAIL BIN YUSOF

*Independent Non-Executive Director*

*Chairman of Audit Committee*

*Chairman of Nomination and Remuneration Committee*

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Tan Sri Datuk Seri Ismail Bin Yusof, male, aged 73, 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, South Malaysia Industries Berhad and Utusan Melayu (Malaysia) Berhad.

He attended four (4) of five (5) Board Meetings held in the financial year ended 30 June 2017.

## Board of Directors' Profile (cont'd)

### TAN LAY HIANG

*Executive Director*

*Key Senior Management*

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Ms Tan Lay Hiang, female, aged 50, a Malaysian, was appointed to the Board on 16 July 1994. She manages the sales, marketing and conveyance 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 2017.

### TAN LINDY

*Executive Director*

*Key Senior Management*

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Ms Tan Lindy, female, aged 33, a Malaysian, was appointed to the Board on 22 May 2008. She is with BCB since 2005 and is responsible for the daily management and operations of BCB's Prime City Hotel in Kluang. 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 four (4) of five (5) Board Meetings held in the financial year ended 30 June 2017.

### TAN VIN SERN

*Executive Director*

*Key Senior Management*

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Mr Tan Vin Sern, male, aged 34, a Malaysian, was appointed to the Board on 25 May 2010 and is responsible for the Group's property development projects in the southern (Johor state) region. 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 four (4) of five (5) Board Meetings held in the financial year ended 30 June 2017.

## Board of Directors' Profile (cont'd)

### TAN VIN SHYAN

*Executive Director*

*Key Senior Management*

Mr Tan Vin Shyan, male, aged 28, a Malaysian, was appointed to the Board on 1 March 2012 and is responsible for the Group's property development projects in the northern (Klang Valley) region. He holds a Bachelor of Applied Science (majoring in Property Valuation) from University of RMIT, 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 2017.

### LOW KOK YUNG

*Executive Director*

*Key Senior Management*

Mr Low Kok Yung, male, aged 48, a Malaysian, was appointed to the Board on 1 February 2013 and he oversees the Group's financial matters. Prior to his appointment as Executive Director of BCB, he was the Group's Financial Controller. He graduated from Newcastle University, Australia with a Bachelor of Commerce degree (majoring in Accounting). He is a member of the Malaysian Institute of Accountants (MIA) and CPA, Australia. He has more than 20 years of experience in the accounting field. He also holds directorships in BCB's subsidiaries.

He attended five (5) of five (5) Board Meetings held in the financial year ended 30 June 2017.

### ABD MANAP BIN HUSSAIN

*Independent Non-Executive Director*

*Member of Audit Committee*

*Member of Nomination and Remuneration Committee*

Encik Abd Manap Bin Hussain, male, aged 65, a Malaysian, was appointed to the Board on 30 January 2014. Prior to his appointment, he was doing project advisory services works for various companies. He graduated from Institute Kemahiran MARA Bukit Cagar, Johor Bahru with Seni Bina.

He attended five (5) of five (5) Board Meetings held in the financial year ended 30 June 2017.

### Other Information

- Tan Sri Dato' Tan Seng Leong and Ms Tan Lay Hiang are siblings.
- Ms Tan Lindy, Mr Tan Vin Sern and Mr Tan Vin Shyan are the children of Tan Sri Dato' Tan Seng Leong.
- Except as disclosed above, none of the other Directors has any family relationship with any Directors and / or major shareholders of the Company.
- Except as disclosed above, none of the Directors hold any directorships in other public companies.

### Conflict of Interest

None of the other Directors has any conflict of interest with the Company except as disclosed.

### Conviction for Offences

None of the Directors have been convicted for offences within the past 5 years other than traffic offences. None of the Directors 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 2017.

### MEMBERS

During the financial year 2017, the AC comprised of three (3) members, all of who are independent non-executive directors. The AC comprised of the following members:-

Chairman	:	Ash'ari Bin Ayub (Chairman / Independent Non-Executive Director)
Members	:	Y. Bhg. Tan Sri Datuk Seri Ismail Bin Yusof (Member / Independent Non-Executive Director)
		Abd Manap Bin Hussain (Member / Independent Non-Executive Director)

The Board had on 25 August 2017 approved the appointment of Tan Sri Datuk Seri Ismail Bin Yusof as Chairman of the AC and the re-designation of En. Ash'ari Bin Ayub to member of the AC. The changes are in line with the recommendation under the new Malaysian Code on Corporate Governance.

### AUDIT COMMITTEE MEETINGS

The Audit Committee held five (5) meetings during the financial year ended 30 June 2017. Details of the attendance of the meetings by the Committee Members are as follows:

Members	No. of Meetings attended	%
Ash'ari Bin Ayub	5/5	100
Y. Bhg. Tan Sri Datuk Seri Ismail Bin Yusof	4/5	80
Abd Manap Bin Hussain	5/5	100

### 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 2017;
- 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;

## Audit Committee Report (cont'd)

- 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.

### INTERNAL AUDIT FUNCTION

The Board has outsourced its internal audit function to Messrs. TT Governance Sdn Bhd ("TTG"). 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. TTG 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.

Three (3) internal audit assignments were completed during the financial year on three (3) areas of the Group; namely

- i) Property Development – Billings, Receivable Management and Collection and Credit Control Monitoring, and Property Management (tenancy).
- ii) Hotel Division – Procurement Processing, Vendor Selection and Evaluation, Revenue and, Receivables and Cash Management.
- iii) Construction Division – Procurement of building material, contractor awards and goods receipts process.

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 TTG'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 RM75,000.00.

## Statement on Corporate Governance

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

This statement sets out the principles of good corporate governance practiced by BCB and the extent to which the Company applied with the principles and standards of governance and behavior recommended in the Malaysia Code on Corporate Governance ("Code").

### PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

#### 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 Memorandum and Articles of Association, the Listing Requirements and 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 Board has adopted a Board Charter which sets out the functions that are reserved for the Board.

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 overseeing the Company's business conduct and ethnics, 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 and Nomination & Remuneration Committee. 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.

#### Code of Conduct

The Board has adopted a formal Code of Conduct that applies to the activities of the Directors. The Code of Conduct is reviewed periodically by the Board and revised as and when appropriate.

## Statement on Corporate Governance (cont'd)

### Promoting sustainability

BCB's approach to governance is to drive business revenues and profits and manage risks prudently in order to deliver long-term profitability and provide value to shareholders on a sustainable basis. This approach includes meeting expectations of stakeholders such as customers, shareholders, regulators, bankers, joint venture partners and the communities in which the BCB Group operates.

BCB's Board and Management view its commitment to Business Sustainability and Environmental, Social and Governance (ESG) objectives as part of its responsibility to its stakeholders and the communities in which it operates. BCB is committed to the implementation of safe work practices and aims to provide an injury free workplace for all its employees.

The BCB Group engage in the wider community through Corporate Social Responsibility programmes undertaken at the Company's and subsidiary's level. Details of the Group's community initiatives are detailed in the Corporate Social Responsibility section on page 8.

### Board members' 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.

### Qualified and competent Company Secretary

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. The Company Secretaries are suitably qualified and have attended relevant trainings and seminars to keep abreast with the statutory and regulatory requirements' updates. 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.

### Formalise and review Board Charter

The Board has adopted a formal Board Charter which 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.

## PRINCIPLE 2: STRENGTHEN COMPOSITION

### DIRECTORS

#### Composition of the Board and Board Committees

The Board currently comprises nine (9) 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.

## Statement on Corporate Governance (cont'd)

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC" or "Committee") is appointed by the Board and consists of three (3) Independent Non-Executive Directors. The NRC is empowered to bring to the Board recommendations as to the appointment of any new Executive or Non-Executive Directors, provided that the Chairman of the Committee in developing such recommendations consults all Directors and reflects that consultation in any recommendation of the Committee be brought forward to the Board.

The NRC recognizes the importance of its roles not only in the selection and assessment of Directors but also in other aspects of corporate governance which the Committee can assist the Board to discharge its fiduciary and leadership functions. During the financial year, the NRC comprised the following members:

- En. Ash'ari Bin Ayub (Chairman, Independent Non-Executive Director);
- Y. Bhg. Tan Sri Datuk Seri Ismail Bin Yusof (Member, Independent Non-Executive Director); and
- En. Abd Manap Bin Hussain (Member, Independent Non-Executive Director).

The Board had on 25 August 2017 approved the appointment of Y. Bhg. Tan Sri Datuk Seri Ismail Bin Yusof as Chairman of the NRC and the re-designation of En. Ash'ari Bin Ayub to member of the NRC. The changes are in line with good governance practices.

The Board has stipulated specific terms of reference for the NRC, which cover, inter-alia, assessing and recommending to the Board the candidacy of Directors, appointment of Directors to Board Committees and training programmes for the Board. The Terms of Reference require the NRC to review the required mix of skills and experience of Directors annually; succession plans and board diversity, including gender diversity, ethnicity diversity and age; training courses for Directors and other qualities of the Board, including core-competencies which the Independent Non-Executive Directors should bring to the Board.

The Committee is also entrusted to assess annually the effectiveness of the Board, as a whole, Board Committees and contribution of each individual Director. Insofar as board diversity is concerned, the Board does not have a specific policy on setting targets for women candidates. The evaluation of candidates' suitability is solely based on their competency, character, time commitment, integrity and experience in meeting the needs of the Company, including, where appropriate, the ability of the candidates to act as Independent Non-Executive Directors, as the case may be. There are currently two (2) women Directors sitting on the Board representing 22% of the Board composition.

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

- reviewed and recommended the re-election of Members of the Board who are retiring at the Annual General Meeting for shareholders' approval, pursuant to the Articles of Association of the Company;
- 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; and
- assessed the independence of independent directors and recommended their retention.

### Criteria for recruitment and assessment

The NRC recommends to the Board, candidates for all directorships and to review the Board's policies and procedures for the selection of Board members. In making the recommendations, the NRC should also consider candidates proposed by the Chairman, Executive Directors and major shareholders. In making its recommendations, the NRC shall assess and consider the candidates' skills, knowledge, expertise, experience, professionalism, time commitment to effectively discharge his/her role as a director, contribution and performance, character, integrity and competence.

In the case of candidates for the position of Independent Non-Executive Directors, the NRC shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors. New Directors are provided with comprehensive information on the Group to enable them to gain a better understanding of the Group's strategies and operations, and hence allow them to effectively contribute to the Board. The NRC will ensure that orientation programme is in place for future new recruits to the Board.

## Statement on Corporate Governance (cont'd)

### Board remuneration policies and procedures

The NRC is also responsible for setting the policy framework and recommending to the Board 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.

Directors do not participate in discussion of their individual remuneration.

### Basic Salaries and Fees

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 pressures.

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.

### Annual Incentive Plan (Bonus Scheme)

The Group operates a bonus scheme for all employees, including the Executive Directors, and the criteria for this scheme is dependent on the financial performance of the Group. Bonuses payable to the Executive Directors are reviewed by the NRC and approved by the Board.

### Retirement Plan

Contributions are made to the Employees Provident Fund ("EPF"), the national mandatory defined contribution plan, in respect of all Malaysian-resident Executive Directors.

### Other Benefits

Other benefits include car and driver allowances as well as medical insurance coverage.

Directors' remuneration for the financial year ended 30 June 2017, categorized into appropriate components, distinguishes between Executive and Non-Executive Directors, is as follows:

Company	Fees (RM)	Salaries and allowances (RM)	Bonus (RM)	Benefits-in-kind (RM)
Executive Directors	-	1,512,000	309,750	100,650
Non-Executive Directors	172,000	-	-	-
Group	Fees (RM)	Salaries and allowances (RM)	Bonus (RM)	Benefits-in-kind (RM)
Executive Directors	156,000	4,500,000	895,000	100,650
Non-Executive Directors	172,000	-	-	-

## Statement on Corporate Governance (cont'd)

The number of Directors of the Company, whose remuneration band falls within the following successive bands of RM50,000, is as follows:

Range of remuneration	Executive	Non-Executive
Less than RM50,000	-	2
RM50,001 to RM100,000	-	1
RM250,001 to RM300,000	4	-
RM550,001 to RM600,000	1	-
RM2,650,001 to RM2,700,000	1	-

### PRINCIPLE 3: REINFORCE INDEPENDENCE OF THE BOARD

The Chairman is an Independent Non-Executive Director. The roles of the Chairman and Managing Director are distinct and separate with individual responsibilities.

The Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. As the Managing Director, supported by fellow Executive Directors, he implements the Group's strategies, policies and decision adopted by the Board and oversees the operations and business development of the Group.

The Independent Non-Executive Directors bring independent views, advice and judgment on interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the communities in which the Group conducts its business. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

During the financial year under review, the Board, assisted by the NRC assessed the independence of its Independent Non-Executive Directors based on criteria set out in the Listing Requirements of Bursa Securities. The Board Charter provides a limit of a cumulative term of nine (9) years on the tenure of an Independent Director. However, an Independent Director may continue to serve on the Board upon reaching the nine (9) year limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the Board is required to assess the candidate's suitability to continue as an Independent Director based on the criteria on independence as adopted by the Board.

Two members of the Board namely, Y. Bhg. Tan Sri Datuk Seri Ismail Bin Yusof and En. Ash'ari Bin Ayub whose tenure as Independent Non-Executive Directors as at 30 June 2017 exceeded nine years. The NRC had assessed the independence of Y. Bhg. Tan Sri Datuk Seri Ismail Bin Yusof and En. Ash'ari Bin Ayub. Based on the result of the assessment by the NRC, the Board recommended for Y. Bhg. Tan Sri Datuk Seri Ismail Bin Yusof and En. Ash'ari Bin Ayub to seek shareholders' approval at the forthcoming Annual General Meeting to continue to serve as Independent Non-Executive Directors.

### PRINCIPLE 4: FOSTER COMMITMENT

The Board and Board Committees have regular pre-scheduled meetings annually. As the meeting dates for the next financial year are decided a year in advance by the Board, members of the Board are aware of the commitments with respect to time that each has to commit as a member of the Board and each committee. The Board is satisfied with the level of time commitment of the Directors from their attendance at the Meetings. Details of attendance of Board and Board Committee meetings are set out on page 26.

The Directors observe the recommendation of the Code that they are required to notify the Chairman of the Board before accepting any new directorships and to indicate the time expected to be spent on the new appointment. Generally, Directors are at liberty to accept other Board appointments so long as such appointments are not in conflict with the business of the Company and do not adversely affect the Director's performance as a member of the Board.

## Statement on Corporate Governance (cont'd)

### Continuing education programmes

The Company arranges relevant training programmes for all Directors to keep themselves abreast with the relevant changes in laws, regulations and the business development and enhance their professionalism in discharging their fiduciary duties to the Company in compliance with paragraph 15.08 of the Listing Requirements of the Bursa Securities.

Details of the trainings attended by the Directors during the financial year are set out on page 27.

### PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

It is Board's commitment to present a balanced and meaningful assessment of the Group's financial performance prospects at the end of each reporting period and financial period, primarily through the quarterly announcement of results to Bursa Securities, the annual financial statements of the Group and Company as well as the Chairman's statement and review of the Group's operations in the Annual Report, where relevant.

The Board is responsible for ensuring 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 the reporting period and of their results and cash flows for the period then ended.

To assist in its discharge of its duties on financial reporting, the Board has established an Audit Committee ("AC"), comprising exclusively Independent Non-Executive Directors. The composition of the AC, including its roles and responsibilities, are set out in the AC Report section of this Annual Report. One of the key responsibilities of the AC in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia and provisions of the Companies Act, 2016. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements.

The Board understands its role in upholding the integrity of financial reporting by the Company. Accordingly, the AC, which assists the Board in overseeing the financial reporting process of the Company, has adopted a policy for the types of non-audit services permitted to be provided by the external auditors, including the need for the AC's approval in writing before such services can be provided by the external auditors. To address the "self-review" that faced by the external audit firm, the procedures included in the policy require the engagement team conducting the non-audit services to be different from the external audit team.

In assessing the independence of external auditors, the AC requires written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company.

### PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

#### Sound risk management framework

BCB 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 BCB 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 BCB within the marketplace it operates.

## Statement on Corporate Governance (cont'd)

### Internal audit function reporting to the Audit Committee

BCB's management has devised and implemented a risk management system appropriate to the BCB Group's operations. Management is charged with monitoring the effectiveness of this risk management system and is required to report on the adequacy of the internal controls put in place to the Board via the AC. The Internal Auditor reports to the AC which oversees the BCB's risk management policy.

### PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

#### Appropriate corporate disclosure policies and procedures

BCB has a corporate disclosure policy which seeks to promote effective communication to its shareholders and other stakeholders. The policy emphasises timely and complete disclosure of all relevant information to shareholders as required by the Listing Requirements and applicable laws and is in line with BCB's policy of building and maintaining a sustainable business based on delivering value to its shareholders. The communication channels include BCB's annual reports, disclosures and announcements made to Bursa Securities, press statements and other public communications, notices of meetings and explanatory documents issued to shareholders.

#### Using information technology for effective dissemination

BCB has a corporate website which provides copies of all public communications and other relevant company information.

### PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Board recognizes the importance of being transparent and accountable to the Company's shareholders and prospective investors. The various channels of communications are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group's website at [www.bcbhd.com.my](http://www.bcbhd.com.my) where shareholders and prospective investors can access corporate information, annual reports, press releases, financial information, company announcements and share prices of the Company. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, i.e. [info@bcbhd.com.my](mailto:info@bcbhd.com.my) to which shareholders can direct their queries or concerns.

#### Encourage Shareholder Participation at General Meetings

The Annual General Meeting is the principal forum for dialogue with shareholders. BCB makes every effort to encourage maximum participation of shareholders at the Company's Annual General Meetings and Extraordinary General Meetings. Notice of the Annual General Meeting and Annual Report are sent out to shareholders at least 21 days before the date of meeting.

Besides the usual agenda for the Annual General Meeting, the Board provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. All Directors are available to provide responses to questions from the shareholders during these meetings.

## Statement on Corporate Governance (cont'd)

### Poll Voting

Pursuant to the Paragraph 8.29A(1) of the Listing Requirements of Bursa Securities, the Company is required to ensure that any resolution set out in the notice of general meetings is voted by poll.

All resolutions set out in the Notice of Annual General Meeting will be voted by way of poll.

### Communications and Engagements with Shareholders

Aside from general meetings, BCB encourages shareholders to provide feedback and raise queries to the Company through other channels of communication including the use of the corporate website, by email or sending written communications to the Company directly.

This Statement is made in accordance with the resolution of the Board of Directors dated 11 October 2017.

### ATTENDANCE AT BOARD OF DIRECTORS' MEETINGS AND BOARD COMMITTEE MEETINGS

There were five (5) Board of Directors' Meetings held during the financial year ended 30 June 2017. Shown below is the attendance of each Director for the financial year ended 30 June 2017.

#### Board of Directors' Meetings

Name of Director	Designation	No. of Meetings attended	%
Ash'ari Bin Ayub	Chairman, Independent Non-Executive Director	5/5	100
Tan Sri Dato' Tan Seng Leong	Group Managing Director	5/5	100
Tan Sri Datuk Seri Ismail Bin Yusof	Independent Non-Executive Director	4/5	80
Tan Lay Hiang	Executive Director	3/5	60
Tan Vin Sern	Executive Director	4/5	80
Tan Lindy	Executive Director	4/5	80
Tan Vin Shyan	Executive Director	3/5	60
Low Kok Yung	Executive Director	5/5	100
Abd Manap Bin Hussain	Independent Non-Executive Director	5/5	100

#### Board of Committee Meetings

Name of Director	Audit Committee	Nomination and Remuneration Committee
Ash'ari Bin Ayub (Chairman)	5/5	1/1
Tan Sri Datuk Seri Ismail Bin Yusof (Member)	4/5	1/1
Abd Manap Bin Hussain (Member)	5/5	1/1

## Statement on Corporate Governance (cont'd)

### Directors' Training

During the financial year, the Directors have attended the following training:

Director	Course Name	Organizer
En Ash'ari Bin Ayub	MIA International Accountants Conference 2016 The Companies Act 2016: Embracing A New Era Investment Analysis on Property Industry National Tax Seminar 2016 MIA Annual Conference	Malaysian Institute of Accountants MAICSA MIA LHDN MIA
Y. Bhg. Tan Sri Dato' Tan Seng Leong	The Companies Act 2016: Embracing A New Era	MAICSA
Y. Bhg. Tan Sri Datuk Seri Ismail Bin Yusof	The Companies Act 2016: Embracing A New Era	MAICSA
Ms Tan Lay Hiang	The Companies Act 2016: Embracing A New Era	MAICSA
Mr Tan Vin Sern	The Companies Act 2016: Embracing A New Era	MAICSA
Ms Tan Lindy	The Companies Act 2016: Embracing A New Era	MAICSA
Mr Tan Vin Shyan	The Companies Act 2016: Embracing A New Era	MAICSA
Mr Low Kok Yung	The Companies Act 2016: Embracing A New Era Corporate Seminar May 2017- Global Market Outlook	MAICSA UOB
Abd Manap Bin Hussain	The Companies Act 2016: Embracing A New Era	MAICSA

## Statement on Risk Management and Internal Control

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 as 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 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 of 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.

### RISK MANAGEMENT FRAMEWORK

The Group has in place an on-going process for identifying, evaluating and managing the 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 and significant risks are communicated to the Board at their scheduled meetings.

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.

In light of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued on 31 December 2012, the Board will re-evaluate the existing risk management practices to ensure that it is appropriate and continues to remain relevant to the Group's requirements.

### INTERNAL AUDIT FUNCTION

The Audit Committee evaluates the effectiveness of internal auditor in relation to their defined responsibilities. The independent internal audit function is outsourced to a professional service 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.

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

### OTHER KEY FEATURES OF THE INTERNAL CONTROLS

1. The Group's risk management principles and procedures are clearly documented. The Group's management operates a risk management process that identifies the key risks faced by the Group.
2. There is a comprehensive budgeting and forecasting 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 monthly in the management reports where variances are analysed against respective budgets 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. There is a clearly defined framework for appraising significant transactions that involve commitment of the Group's assets, such as the acquisition and disposal of any business, acceptance of projects, capital expenditure and approval of borrowings. Post implementation reviews are conducted and reported to the Board.
6. 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 AND CONCLUSION

Throughout the financial year 2017, the business and operational risks of the Group were adequately and satisfactorily managed. Non-major internal control weaknesses identified have not resulted in any material loss that would require disclosure in the Group's financial statements.

#### Conclusion

As required by paragraph 15.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control, in accordance with Recommended Practice Guide 5 (Revised 2015) issued by Malaysian Institute of Accountants. RPG 5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group. Based on the audit procedures performed, nothing has come to their attention that causes them to believe that this statement, in all material respect:

- i) has not been prepared 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, or
- ii) is factually inaccurate

The Board has received assurance from the Managing Director and Finance Director 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 Company.

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 2017.

This statement was made in accordance with a resolution of the Board of Directors passed on 11 October 2017.

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## Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2017.

### 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.

### RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year	11,041,606	(14,036,185)
Attributable to:		
Owners of the parent	9,796,753	(14,036,185)
Non-controlling interests	1,244,853	-
	11,041,606	(14,036,185)

### 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 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 101,000 (2016: 3,000) of its issued share capital from the open market on Bursa Malaysia Securities Berhad for RM45,802 (2016: RM1,798). The average price paid for the shares repurchased was RM0.46 (2016: RM0.60) per share. Details of the treasury shares are set out in Note 14 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 for office since the date of the last report are:

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 Vin Shyan\*  
 Low Kok Yung\*  
 Abd Manap Bin Hussain

\* *Directors of the Company and its subsidiaries*

The Directors of the subsidiaries of the Company who have held for office since the date of the last report, excluding those who are listed above are:

Puan Sri Datin Lim Sui Yong  
 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 2017 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 1.7.2016	Bought	Sold	
<b>Shares in the Company</b>				
<b>Direct interest:</b>				
Low Kok Yung	6,000	-	-	6,000
<b>Indirect interest:</b>				
Tan Sri Dato' Tan Seng Leong^	231,767,400	-	-	231,767,400

**Directors' Report (cont'd)****DIRECTORS' INTERESTS (cont'd)**

	← Number of ordinary shares →			Balance as at 30.6.2017
	Balance as at 1.7.2016	Bought	Sold	
<b>Shares in ultimate holding company, Evergreen Ratio Sdn. Bhd.</b>				
<b>Direct interests:</b>				
Tan Sri Dato' Tan Seng Leong	7,000	-	-	7,000
Tan Lindy	500	-	-	500
Tan Vin Sern	1,000	-	-	1,000
Tan Vin Shyan	1,000	-	-	1,000
<b>Indirect interest:</b>				
Tan Sri Dato' Tan Seng Leong <sup>#</sup>	500	-	-	500

<sup>^</sup> 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.

<sup>#</sup> 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 their interests in the ordinary shares of the ultimate holding company, Tan Sri Dato' Tan Seng Leong, Tan Lindy, Tan Vin Sern and Tan Vin Shyan are also 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 in 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 a benefit included in the aggregate amount of emoluments 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 any benefits which may be deemed to have arisen by virtue of the remuneration received or receivable by Directors from the related corporations in their capacity as Directors or full time employees of these corporations.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares 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 2017 are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Non-executive Directors:</b>				
- fees	496,000	465,000	172,000	150,000
<b>Executive Directors:</b>				
- salaries and bonus	5,395,000	4,458,900	1,810,650	1,537,650
- defined contribution plan	952,444	804,801	346,133	294,263
- others	119,519	227,359	36,186	32,302
	6,466,963	5,491,060	2,192,969	1,864,215
	6,962,963	5,956,060	2,364,969	2,014,215

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 RM100,650 (2016: RM100,650) respectively.

### INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company effected Directors' and Officers' liability insurance during the financial year to protect the Directors and Officers of the Group and the Company against potential costs and liabilities arising from claims brought against the Directors and Officers. The total amount of insurance premium effected for any director and officer of the Group and of the Company was RM18,275.

### 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 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 had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of 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.

## 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; or
  - (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 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 or 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 the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 8(f) and Note 31 to the financial statements.

### ULTIMATE HOLDING COMPANY

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

## Directors' Report (cont'd)

### AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Auditors' remuneration of the Company and its subsidiaries for the financial year ended 30 June 2017 amounted to RM95,500 and RM130,000 respectively.

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

**Tan Sri Dato' Tan Seng Leong**  
Group Managing Director

Kluang  
11 October 2017

**Low Kok Yung**  
Group Finance Director

## Statement by Directors

In the opinion of the Directors, the financial statements set out on page 42 to 94 have been drawn up in accordance with 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 2017 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 34 to the financial statements on page 95 has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

**Tan Sri Dato' Tan Seng Leong**  
Group Managing Director

**Low Kok Yung**  
Group Finance Director

Kluang  
11 October 2017

## Statutory Declaration

I, Low Kok Yung, being the Director primarily responsible for the financial management of BCB Berhad, do solemnly and sincerely declare that the financial statements set out on page 42 to 94 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 above named )  
at Kluang, Johor this )  
11 October 2017 )

**Low Kok Yung**

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 2017 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 page 42 to 94.

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 2017 and of their financial performance and their cash flows for the financial year then ended in accordance with Financial Reporting Standards ('FRS') 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' *Code of Ethics for Professional Accountants* ('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 and cost of sales recognition for construction contracts and property development

Revenue from construction contracts and property development for the financial year ended 30 June 2017 amounted to RM4.8 million and RM192.9 million respectively as disclosed in Note 20 to the financial statements. Cost of sales from construction contracts and property development for the financial year ended 30 June 2017 amounted to RM1.9 million and RM124.6 million respectively as disclosed in Note 21 to the financial statements.

The Group recognised revenue and costs from property development and construction contracts based on the stage of completion determined by reference to architect certifications of work performed to date.

Significant management judgement and estimates are involved in estimating the total property development and construction contract costs including obligation to contract variations, claims and cost contingencies.

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

### Key Audit Matters (cont'd)

#### (a) Revenue and cost of sales recognition for construction contracts and property development (cont'd)

##### Audit response

Our audit procedures included the following:

- (i) Obtained an understanding of the related controls over the revenue process in relation to the recognition of revenue and costs;
- (ii) Verified the stage of completion to architect's certifications and progress billings issued to ascertain the reasonableness of the revenue and costs recognised;
- (iii) Compared prior budgets to actual outcomes to assess reliability of management's budgeting process; and
- (iv) Inquired and inspected correspondences from external technical experts and sub-contractors in relation to variations and claims to corroborate key judgement applied by management.

#### (b) Recoverability of trade receivables

As at 30 June 2017, trade receivables that were past due and not impaired amounted to RM30.9 million. The details of trade receivables and credit risk have been disclosed in Note 12 to the financial statements.

Management recognised allowances for impairment losses on trade receivables based on specific known facts or circumstances on customers' abilities to pay.

The determination of whether trade receivables are realisable involves significant management judgement.

##### Audit response

Our audit procedures included the following:

- (i) Evaluated the credit process operated by management over the recoverability of trade receivables of the Group;
- (ii) Assessed recoverability of debts that were past due but not impaired with reference to past historical payment trends, cash received subsequent to year end and including discussions with management to enquire the status of attempts by management to recover the amounts outstanding;
- (iii) Challenged management's assessment that no further impairment loss was required based on analysis of customer credit worthiness, past historical repayment trends and expectation of repayment patterns; and
- (iv) Assessed likelihood that property buyers securing loans subsequent to the end of the reporting period by inspecting the relevant correspondences and reports.

## 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 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 FRSs 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)

- (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, related safeguards.

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 Reporting Responsibilities

The supplementary information set out in Note 34 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### 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**  
AF : 0206  
Chartered Accountants

**Koo Swee Lin**  
03281/08/2018 J  
Chartered Accountant

11 October 2017  
Kuala Lumpur

# Statements of Financial Position

As at 30 June 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	5	60,986,597	62,797,219	52,585,090	54,660,545
Investment properties	6	60,580,418	61,692,988	7,300,000	7,300,000
Land held for property development	7	119,374,684	142,620,031	14,480,379	13,143,352
Investments in subsidiaries	8	-	-	57,550,013	57,550,012
Deferred tax assets	9	2,960,814	1,446,700	2,609,132	1,155,248
		243,902,513	268,556,938	134,524,614	133,809,157
<b>CURRENT ASSETS</b>					
Property development costs	10	675,098,407	741,314,424	106,884,718	213,312,603
Inventories	11	123,086,107	30,071,286	111,274,868	19,458,942
Trade and other receivables	12	96,295,600	79,514,669	197,097,123	192,037,854
Current tax assets		7,935,564	4,054,064	3,603,662	-
Cash and bank balances	13	22,589,219	21,944,380	2,224,608	6,209,268
		925,004,897	876,898,823	421,084,979	431,018,667
<b>TOTAL ASSETS</b>		<b>1,168,907,410</b>	<b>1,145,455,761</b>	<b>555,609,593</b>	<b>564,827,824</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>					
Share capital	14	206,250,000	206,250,000	206,250,000	206,250,000
Treasury shares	14	(3,166,805)	(3,121,003)	(3,166,805)	(3,121,003)
Revaluation reserve	15	6,788,088	6,788,088	6,788,088	6,788,088
Retained earnings		237,727,749	227,930,996	98,902,356	112,938,541
		447,599,032	437,848,081	308,773,639	322,855,626
<b>Non-controlling interests</b>		<b>13,033,629</b>	<b>11,788,776</b>	<b>-</b>	<b>-</b>
<b>TOTAL EQUITY</b>		<b>460,632,661</b>	<b>449,636,857</b>	<b>308,773,639</b>	<b>322,855,626</b>

## Statements of Financial Position

### As at 30 June 2017 (cont'd)

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>LIABILITIES</b>					
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	16	263,849,984	311,434,454	34,449,544	32,315,287
<b>CURRENT LIABILITIES</b>					
Borrowings	16	211,321,174	160,742,158	69,532,869	71,352,284
Trade and other payables	18	230,795,693	219,567,787	142,853,541	136,918,678
Current tax liabilities		2,307,898	4,074,505	-	1,385,949
		444,424,765	384,384,450	212,386,410	209,656,911
<b>TOTAL LIABILITIES</b>		708,274,749	695,818,904	246,835,954	241,972,198
<b>TOTAL EQUITY AND LIABILITIES</b>		1,168,907,410	1,145,455,761	555,609,593	564,827,824

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 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Revenue	20	222,153,915	301,084,480	49,055,566	155,751,616
Cost of sales	21	(133,625,780)	(184,215,066)	(30,349,610)	(106,509,019)
Gross profit		88,528,135	116,869,414	18,705,956	49,242,597
Other operating income		3,860,596	4,217,808	1,946,594	4,448,434
Administrative expenses		(43,429,989)	(43,900,831)	(21,951,487)	(22,724,508)
Marketing and selling expenses		(9,695,934)	(11,237,848)	(2,771,631)	(5,024,182)
Other operating expenses		(4,126,439)	(9,207,407)	(540,600)	(4,335,000)
Finance income	22	439,032	560,679	194,842	897,275
Finance costs	22	(14,524,613)	(19,380,926)	(11,354,128)	(14,126,794)
Profit/(Loss) before tax		21,050,788	37,920,889	(15,770,454)	8,377,822
Taxation	24	(10,009,182)	(13,522,562)	1,734,269	(2,347,050)
Profit/(Loss) for the financial year		11,041,606	24,398,327	(14,036,185)	6,030,772
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income/(loss)		11,041,606	24,398,327	(14,036,185)	6,030,772
<b>Profit/(Loss) attributable to:</b>					
Owners of the parent		9,796,753	25,681,228	(14,036,185)	6,030,772
Non-controlling interests		1,244,853	(1,282,901)	-	-
		11,041,606	24,398,327	(14,036,185)	6,030,772
<b>Total comprehensive income/(loss) for the period attributable to:</b>					
Owners of the parent		9,796,753	25,681,228	(14,036,185)	6,030,772
Non-controlling interests		1,244,853	(1,282,901)	-	-
		11,041,606	24,398,327	(14,036,185)	6,030,772
<b>Earnings per share attributable to owners of the parent (sen)</b>					
- Basic and diluted	26	2.45	6.41		

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

## Consolidated Statement of Changes in Equity

For the Financial Year Ended 30 June 2017

Group	Note	Non-distributable				Distributable			Total equity RM
		Share capital RM	Treasury shares RM	Revaluation reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM		
Balance as at 1 July 2015		206,250,000	(3,119,205)	6,788,088	202,249,768	412,168,651	12,821,677	424,990,328	
Profit/(Loss) for the financial year		-	-	-	25,681,228	25,681,228	(1,282,901)	24,398,327	
Other comprehensive income, net of tax		-	-	-	-	-	-	-	
Total comprehensive income/(loss)		-	-	-	25,681,228	25,681,228	(1,282,901)	24,398,327	
<b>Transactions with owners</b>									
Issuance of shares in a subsidiary		-	-	-	-	-	250,000	250,000	
Purchase of treasury shares	14	-	(1,798)	-	-	(1,798)	-	(1,798)	
Total transactions with owners		-	(1,798)	-	-	(1,798)	250,000	248,202	
Balance as at 30 June 2016		206,250,000	(3,121,003)	6,788,088	227,930,996	437,848,081	11,788,776	449,636,857	
Balance as at 1 July 2016		206,250,000	(3,121,003)	6,788,088	227,930,996	437,848,081	11,788,776	449,636,857	
Profit for the financial year		-	-	-	9,796,753	9,796,753	1,244,853	11,041,606	
Other comprehensive income, net of tax		-	-	-	-	-	-	-	
Total comprehensive income		-	-	-	9,796,753	9,796,753	1,244,853	11,041,606	
<b>Transaction with owners</b>									
Purchase of treasury shares	14	-	(45,802)	-	-	(45,802)	-	(45,802)	
Total transaction with owners		-	(45,802)	-	-	(45,802)	-	(45,802)	
Balance as at 30 June 2017		206,250,000	(3,166,805)	6,788,088	237,727,749	447,599,032	13,033,629	460,632,661	

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

## Statement of Changes in Equity

### For the Financial Year Ended 30 June 2017

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 2015		206,250,000	(3,119,205)	6,788,088	106,907,769	316,826,652
Profit for the financial year		-	-	-	6,030,772	6,030,772
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	6,030,772	6,030,772
<b>Transaction with owners</b>						
Purchase of treasury shares	14	-	(1,798)	-	-	(1,798)
Total transaction with owners		-	(1,798)	-	-	(1,798)
Balance as at 30 June 2016		206,250,000	(3,121,003)	6,788,088	112,938,541	322,855,626
Balance as at 1 July 2016		206,250,000	(3,121,003)	6,788,088	112,938,541	322,855,626
Loss for the financial year		-	-	-	(14,036,185)	(14,036,185)
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive loss		-	-	-	(14,036,185)	(14,036,185)
<b>Transaction with owners</b>						
Purchase of treasury shares	14	-	(45,802)	-	-	(45,802)
Total transaction with owners		-	(45,802)	-	-	(45,802)
Balance as at 30 June 2017		206,250,000	(3,166,805)	6,788,088	98,902,356	308,773,639

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

## Statements of Cash Flows

### For the Financial Year Ended 30 June 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit/(Loss) before tax		21,050,788	37,920,889	(15,770,454)	8,377,822
Adjustments :					
Bad debts written off	12(e)	614,325	71,048	556,028	11,308
Depreciation of property, plant and equipment	5	3,427,641	3,457,304	2,368,067	2,578,478
Fair value adjustment on investment properties	6	(611,002)	6,852,329	-	4,335,000
Gain on disposals of:					
- property, plant and equipment		(554,639)	(2,284,466)	-	(2,140,301)
- investment properties		(120,428)	-	-	-
Inventories written off	11(d)	635	3,045	-	-
Impairment losses on amounts due from subsidiaries	12(h)	-	-	402,561	-
Finance income	22	(439,032)	(560,679)	(194,842)	(897,275)
Finance costs	22	14,524,613	19,380,926	11,354,128	14,126,794
Property, plant and equipment written off	5	2,945	189,516	-	-
Write back of other payables		(9,450)	-	(1,082)	-
Operating profit/(loss) before working capital changes		37,886,396	65,029,912	(1,285,594)	26,391,826
Working capital changes:					
Property development costs		(7,501,091)	(19,018,555)	8,560,260	80,095,676
Inventories		5,140,590	3,338,137	4,860,682	(9,018,973)
Trade and other receivables		(17,395,256)	(68,740)	(6,017,858)	(18,754,030)
Trade and other payables		11,237,356	(52,103,833)	5,935,945	(31,046,592)
Cash generated from/(used in) operations		29,367,995	(2,823,079)	12,053,435	47,667,907
Tax paid		(17,533,861)	(18,175,626)	(4,709,226)	(4,996,823)
Tax refunded		362,458	626,535	-	-
Net cash from/(used in) operating activities		12,196,592	(20,372,170)	7,344,209	42,671,084

## Statements of Cash Flows

### For the Financial Year Ended 30 June 2017 (cont'd)

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Additions to land held for property development	7	(1,193,591)	(62,989,954)	(146,010)	-
Acquisition of additional interest in subsidiaries	8	-	-	(1)	(750,002)
Interest received		439,032	560,679	194,842	897,275
Proceeds from disposals of:					
- property, plant and equipment		993,299	3,745,100	-	3,370,000
- investment properties		1,844,000	-	-	-
Purchase of property, plant and equipment	5(e)	(1,019,624)	(751,776)	(292,612)	(301,556)
Net cash from/(used in) investing activities		1,063,116	(59,435,951)	(243,781)	3,215,717
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Deposits lifted from/(pledged to) licensed banks		4,586,151	(2,807,358)	1,733,949	(433,949)
Interest paid		(14,524,613)	(19,380,926)	(11,354,128)	(14,126,794)
Drawdowns/(Repayments) of borrowings		7,256,424	94,114,919	3,986,913	(30,719,317)
Ordinary share capital contributed by non-controlling interests of subsidiaries		-	250,000	-	-
Purchase of treasury shares	14	(45,802)	(1,798)	(45,802)	(1,798)
Repayments of hire purchase creditors		(669,112)	(765,040)	(300,335)	(446,555)
Net cash (used in)/from financing activities		(3,396,952)	71,409,797	(5,979,403)	(45,728,413)
Net increase/(decrease) in cash and cash equivalents		9,862,756	(8,398,324)	1,121,025	158,388
Cash and cash equivalents at beginning of financial year		(36,750,459)	(28,352,135)	(45,663,096)	(45,821,484)
Cash and cash equivalents at end of financial year	13(e)	(26,887,703)	(36,750,459)	(44,542,071)	(45,663,096)

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

# Notes to the financial statements

## 30 June 2017

### 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, 2<sup>nd</sup> & 3<sup>rd</sup> 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 2017 comprise 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 11 October 2017.

### 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 Financial Reporting Standards ('FRSs') and the provisions of the Companies Act, 2016 in Malaysia.

However, Note 34 to the financial statements has been prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

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.

The accounting policies adopted are consistent with those of the previous financial year. The new FRSs and Amendments to FRSs adopted during the financial year are set out in Note 33.1 to the financial statements.

## Notes to the financial statements (cont'd)

### 30 June 2017

#### 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 three (3) 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) Hotel operations**

Provision of hotel services as well as food and beverages services.

**(d) Others**

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 and assets used primarily for corporate purposes. Segment liabilities exclude tax liabilities.

## Notes to the financial statements (cont'd)

30 June 2017

#### 4. OPERATING SEGMENTS (cont'd)

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

2017	Property development and management activities RM	Construction and related activities RM	Hotel operations RM	Others RM	Total RM
<b>Revenue</b>					
Total revenue	210,098,260	46,043,446	7,190,427	-	263,332,133
Inter-segment revenue	-	(41,178,218)	-	-	(41,178,218)
Revenue from external customers	210,098,260	4,865,228	7,190,427	-	222,153,915
<b>Results</b>					
Finance income	439,032	-	-	-	439,032
Finance costs	(13,161,911)	(1,322,634)	(40,068)	-	(14,524,613)
Net finance costs	(12,722,879)	(1,322,634)	(40,068)	-	(14,085,581)
Depreciation of property, plant and equipment	1,575,308	452,141	1,395,928	4,264	3,427,641
<b>Segment profit/(loss) before income tax</b>	26,241,647	(3,144,996)	(2,015,322)	(30,541)	21,050,788
Tax expense	(10,049,347)	40,165	-	-	(10,009,182)
<b>Other non-cash items:</b>					
Bad debts written off	611,190	45	-	3,090	614,325
Inventories written off	-	635	-	-	635
Fair value adjustments on investment properties	-	(611,002)	-	-	(611,002)
Gain on disposal of:					
- investment properties	-	(120,428)	-	-	(120,428)
- property, plant and equipment	-	(554,639)	-	-	(554,639)
Property, plant and equipment written off	2,944	1	-	-	2,945
Write back of other payables	(9,450)	-	-	-	(9,450)
Additions to non-current assets other than financial instruments and deferred tax assets	2,496,889	1,123,030	243,298	-	3,863,217
<b>Segment assets</b>	1,076,171,153	46,619,017	35,210,736	9,526	1,158,011,032
<b>Segment liabilities</b>	605,778,434	99,059,984	1,116,858	11,575	705,966,851

## Notes to the financial statements (cont'd)

### 30 June 2017

#### 4. OPERATING SEGMENTS (cont'd)

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

2016	Property development and management activities RM	Construction and related activities RM	Hotel operations RM	Others RM	Total RM
<b>Revenue</b>					
Total revenue	285,711,026	84,592,112	8,049,192	-	378,352,330
Inter-segment revenue	-	(77,267,850)	-	-	(77,267,850)
Revenue from external customers	285,711,026	7,324,262	8,049,192	-	301,084,480
<b>Results</b>					
Finance income	560,679	-	-	-	560,679
Finance costs	(18,875,723)	(456,848)	(48,355)	-	(19,380,926)
Net finance costs	(18,315,044)	(456,848)	(48,355)	-	(18,820,247)
Depreciation of property, plant and equipment	1,570,485	426,869	1,459,950	-	3,457,304
<b>Segment profit/(loss) before income tax</b>	40,173,256	(1,806,932)	(425,044)	(20,391)	37,920,889
Tax expense	(13,273,603)	(248,959)	-	-	(13,522,562)
<b>Other non-cash items:</b>					
Bad debts written off	71,048	-	-	-	71,048
Fair value adjustments on investment properties	6,852,329	-	-	-	6,852,329
Gain on disposal of property, plant and equipment	(2,140,301)	(144,165)	-	-	(2,284,466)
Inventories written off	-	3,045	-	-	3,045
Property, plant and equipment written off	187,850	1,666	-	-	189,516
Additions to non-current assets other than financial instruments and deferred tax assets	102,302,785	182,449	243,095	-	102,728,329
<b>Segment assets</b>	1,065,946,106	38,783,372	35,210,736	14,783	1,139,954,997
<b>Segment liabilities</b>	598,133,369	92,483,957	1,116,858	10,215	691,744,399

## Notes to the financial statements (cont'd)

30 June 2017

#### 4. OPERATING SEGMENTS (cont'd)

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

	2017 RM	2016 RM
<b>Assets</b>		
Total assets for reportable segments	1,158,011,032	1,139,954,997
Tax assets	10,896,378	5,500,764
	1,168,907,410	1,145,455,761
<b>Liabilities</b>		
Total liabilities for reportable segments	705,966,851	691,744,399
Tax liabilities	2,307,898	4,074,505
	708,274,749	695,818,904





## Notes to the financial statements (cont'd)

30 June 2017

### 5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company 2017	Balance as at 1.7.2016 RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 30.6.2017 RM
<b>Carrying amount</b>				
Freehold land	1,920,056	-	-	1,920,056
Leasehold land	2,800,768	-	(36,373)	2,764,395
Hotel properties, at valuation	37,018,385	-	(532,049)	36,486,336
Buildings	6,481,956	-	(243,250)	6,238,706
Motor vehicles	1,258,611	-	(457,818)	800,793
Renovation	2,240,540	42,460	(417,568)	1,865,432
Furniture, fittings and office equipment	2,940,229	250,152	(681,009)	2,509,372
	54,660,545	292,612	(2,368,067)	52,585,090
← At 30.6.2017 →				
	Cost RM	Valuation RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	1,920,056	-	-	1,920,056
Leasehold land	3,164,506	-	(400,111)	2,764,395
Hotel properties, at valuation	-	40,997,058	(4,510,722)	36,486,336
Buildings	9,365,084	-	(3,126,378)	6,238,706
Plant and machinery	1,172,082	-	(1,172,082)	-
Motor vehicles	3,925,854	-	(3,125,061)	800,793
Renovation	8,443,706	-	(6,578,274)	1,865,432
Furniture, fittings and office equipment	15,327,019	-	(12,817,647)	2,509,372
	43,318,307	40,997,058	(31,730,275)	52,585,090



## Notes to the financial statements (cont'd)

### 30 June 2017

#### 5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

- (a) Each class of property, plant and equipment are measured after initial recognition at cost less accumulated depreciation and any accumulated impairment losses.
- (b) Depreciation is calculated to write off 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.

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

	Group and Company	
	2017	2016
	RM	RM
Hotel properties	18,139,060	18,374,632

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

Group and Company	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2017</b>				
Hotel properties	-	36,486,336	-	36,486,336
<b>2016</b>				
Hotel properties	-	37,018,385	-	37,018,385

- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 30 June 2017 and 30 June 2016.
- (ii) Level 2 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.

## Notes to the financial statements (cont'd)

30 June 2017

### 5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

- (e) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Purchase of property, plant and equipment	2,058,624	924,375	292,612	301,556
Financed by hire purchase and lease arrangements	(1,039,000)	(172,599)	-	-
Cash payments on purchase of property, plant and equipment	1,019,624	751,776	292,612	301,556

- (f) The carrying amount of the property, plant and equipment of the Group and of the Company under hire purchase and lease agreements at the end of the reporting period are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Motor vehicles	2,234,906	2,091,856	768,943	1,113,010
Furniture, fittings and office equipment	39,616	90,604	39,616	90,604
	2,274,522	2,182,460	808,559	1,203,614

- (g) 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 16 to the financial statements are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Carrying amounts</b>				
Freehold land	3,160,056	3,037,971	1,920,056	1,588,461
Buildings	6,688,066	5,554,605	5,981,157	5,307,086
Hotel properties including leasehold land	39,224,465	39,819,153	39,224,465	38,819,153
	49,072,587	48,411,729	47,125,678	45,714,700

## Notes to the financial statements (cont'd)

30 June 2017

### 6. INVESTMENT PROPERTIES

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

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
At beginning of financial year		61,692,988	22,878,988	7,300,000	11,635,000
Fair value adjustments		611,002	(6,852,329)	-	(4,335,000)
Transfer from inventories		-	45,666,329	-	-
Disposals		(1,723,572)	-	-	-
At end of financial year		60,580,418	61,692,988	7,300,000	7,300,000
Investment properties pledged as security for borrowings	16	35,560,000	35,560,000	7,300,000	7,300,000

(b) The investment properties consist of freehold land, leasehold land and buildings which reflect 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
<b>Group</b>				
2017	-	60,580,418	-	60,580,418
2016	-	61,692,988	-	61,692,988
<b>Company</b>				
2017	-	7,300,000	-	7,300,000
2016	-	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 2017 and 30 June 2016.

(ii) Investment properties at Level 2 fair value measurements are based on the comparison method which refers to recent market transactions of similar properties within the vicinities as well as the income capitalisation method which refers to the rental income and outgoings of the investment property.

(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.

(e) Direct operating expenses arising from investment properties generating rental income during the financial year are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Repair and maintenance	4,856,958	3,920,923	-	-
Quit rent and assessment	477,962	479,498	196,279	196,279

## Notes to the financial statements (cont'd)

30 June 2017

### 7. LAND HELD FOR PROPERTY DEVELOPMENT

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Freehold land including improvements, at cost:					
At beginning of financial year		142,620,031	83,148,839	13,143,352	13,143,352
Additions		1,193,591	62,989,954	146,010	-
Transfer to property development costs	10	(26,580,439)	(3,518,762)	-	-
Transfer from property development costs	10	2,141,501	-	1,191,017	-
At end of financial year		119,374,684	142,620,031	14,480,379	13,143,352
Carrying amount of land held for property development pledged as security for borrowings	16	75,127,752	96,431,633	564,319	-

Land held for property development is stated at cost less impairment losses, if any. Such land is classified as non-current asset when no significant development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

### 8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017 RM	2016 RM
Unquoted shares, at cost	62,550,013	62,550,012
Less: Impairment losses	(5,000,000)	(5,000,000)
	57,550,013	57,550,012

(a) Investments in subsidiaries are measured at cost. Non-controlling interests are measured at their proportionate share of the net assets of subsidiaries, unless another measurement basis is required by FRSs.

## Notes to the financial statements (cont'd)

### 30 June 2017

#### 8. INVESTMENTS IN SUBSIDIARIES (cont'd)

(b) Details of subsidiaries are as follows:

Name of company	Interest in equity held by				Principal activities
	Company		Subsidiaries		
	2017	2016	2017	2016	
	%	%	%	%	
<b>Subsidiaries</b>					
BCB Concrete Sdn. Bhd.	100%	100%	-	-	Manufacturing of concrete products
BCB Construction Sdn. Bhd.	100%	100%	-	-	Provision of project construction services
BCB Furniture Sdn. Bhd.	100%	100%	-	-	Furniture manufacturing
BCB Land Sdn. Bhd.	100%	100%	-	-	Property development
BCB Management Sdn. Bhd.	100%	100%	-	-	Provision of project management services
BCB Medini Residences Sdn. Bhd.	100%	100%	-	-	Property development
BCB Resources Sdn. Bhd.	100%	100%	-	-	Property development
BCB Road Builder Sdn. Bhd.	100%	100%	-	-	Provision of road construction services
BCB Technologies Sdn. Bhd.	100%	100%	-	-	Property development and letting of properties
BCB Trading Sdn. Bhd.	100%	100%	-	-	Trading of building materials
Golden Power Construction Sdn. Bhd.	100%	100%	-	-	Provision of landscaping services
Johbase Development Sdn. Bhd.	100%	100%	-	-	Property development and letting of properties
Laser Lagun Sdn. Bhd.	100%	100%	-	-	Property development and letting of properties
Luna Starcity 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
BCB Heights Sdn. Bhd.	60%	60%	-	-	Property development
BCB Ventures Sdn. Bhd.*	75%	-	-	-	Property development and investment
<b>Subsidiary of BCB Development Sdn. Bhd.</b>					
Total Builder Generation Sdn. Bhd.	-	-	100%	100%	Provision of project construction services

All subsidiaries are audited by BDO.

\* Subsidiary is consolidated based on management accounts for the financial period ended 30 June 2017.

## Notes to the financial statements (cont'd)

30 June 2017

### 8. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

	BCB Development Sdn. Bhd.	BCB Heights Sdn. Bhd.	BCB Medini Development Sdn. Bhd.	Global Earnest Sdn. Bhd.	Total Builder Generation Sdn. Bhd.	Total
<b>2017</b>						
NCI percentage of ownership and voting interest	30.00%	40.00%	25.00%	13.40%	30.00%	
Carrying amount of NCI (RM)	11,645,644	(5,177,898)	(304,875)	7,318,300	(447,542)	13,033,629
Profit/(Loss) allocated to NCI (RM)	4,549,389	(2,317,457)	(334,014)	(245,664)	(407,401)	1,244,853
<b>2016</b>						
NCI percentage of ownership and voting interest	30.00%	40.00%	25.00%	13.40%	30.00%	
Carrying amount of NCI (RM)	7,096,254	(2,860,441)	29,140	7,563,964	(40,141)	11,788,776
Profit/(Loss) allocated to NCI (RM)	2,436,202	(3,405,841)	(220,860)	(9,294)	(83,108)	(1,282,901)

## Notes to the financial statements (cont'd)

30 June 2017

### 8. INVESTMENTS IN SUBSIDIARIES (cont'd)

(d) 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:

	BCB Development Sdn. Bhd. RM	BCB Heights Sdn. Bhd. RM	BCB Medini Development Sdn. Bhd. RM	Global Earnest Sdn. Bhd. RM	Total Builder Generation Sdn. Bhd. RM
<b>2017</b>					
<b>Assets and liabilities</b>					
Non-current assets	1,545,018	1,505,561	39,453,631	27,114,353	1,327,583
Current assets	183,421,812	222,041,516	33,090,405	49,833,521	13,861,540
Non-current liabilities	(30,805,282)	(108,779,701)	(36,142,737)	(32,650)	-
Current liabilities	(115,342,737)	(127,712,122)	(37,624,907)	(22,301,047)	(16,680,930)
Net assets/(liabilities)	38,818,811	(12,944,746)	(1,223,608)	54,614,177	(1,491,807)
<b>Results</b>					
Revenue	51,854,148	29,267,282	-	9,475,715	-
Profit/(Loss) for the financial year	15,164,631	(5,793,643)	(1,336,056)	(1,833,315)	(1,358,005)
Total comprehensive income/(loss)	15,164,631	(5,793,643)	(1,336,056)	(1,833,315)	(1,358,005)
<b>Cash flows from (used in):</b>					
- operating activities	9,608,163	(22,859,228)	11,283,110	5,517,482	(8,195,946)
- investing activities	117,143	4,054,852	(10,475,286)	(193,901)	8,224,387
- financing activities	(9,175,951)	21,501,366	-	(5,365,837)	-
Net increase/ (decrease) in cash and cash equivalents	549,355	2,696,990	807,824	(42,256)	28,441

## Notes to the financial statements (cont'd)

30 June 2017

### 8. INVESTMENTS IN SUBSIDIARIES (cont'd)

- (d) 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):

	BCB Development Sdn. Bhd. RM	BCB Heights Sdn. Bhd. RM	BCB Medini Development Sdn. Bhd. RM	Global Earnest Sdn. Bhd. RM	Total Builder Generation Sdn. Bhd. RM
<b>2016</b>					
<b>Assets and liabilities</b>					
Non-current assets	1,423,824	849,472	62,943,364	27,169,717	1,754,958
Current assets	194,165,683	185,436,484	3,617,479	58,881,068	23,503,657
Non-current liabilities	(74,761,076)	(104,268,467)	(35,459,859)	(59,311)	-
Current liabilities	(97,174,251)	(89,168,592)	(30,984,424)	(29,543,982)	(25,392,417)
Net assets/(liabilities)	23,654,180	(7,151,103)	116,560	56,447,492	(133,802)
<b>Results</b>					
Revenue	29,067,778	14,507,023	-	6,555,643	20,447,194
Profit/(Loss) for the financial year	8,120,675	(8,514,603)	(883,442)	(69,360)	(277,027)
Total comprehensive income/(loss)	8,120,675	(8,514,603)	(883,442)	(69,360)	(277,027)
<b>Cash flows from/ (used in):</b>					
- operating activities	5,166,205	(32,485,899)	22,001,072	1,835,051	(3,851,309)
- investing activities	1,338,029	6,692,392	(62,938,146)	4,746,315	(6,713)
- financing activities	(14,254,991)	23,228,237	40,999,998	(6,711,738)	-
Net (decrease)/ increase in cash and cash equivalents	(7,750,757)	(2,565,270)	62,924	(130,372)	(3,858,022)

- (e) On 30 March 2017, the Company incorporated a 75% owned subsidiary, BCB Ventures Sdn. Bhd. ('BVSB'), a private limited company with paid-up capital of RM1.00 represented by one (1) ordinary share.
- (f) In previous financial year, the Company acquired the entire issued and paid-up share capital of BCB Medini Development Sdn. Bhd. ('BMDSB') comprising 2 ordinary shares for a total cash consideration of RM2.00, making it a wholly owned subsidiary of the Company.
- (g) In previous financial year, the Company subscribed additional 749,998 ordinary shares in BMDSB for RM749,998. Consequently, BMDSB became a 75% owned subsidiary of the Company.
- (h) In previous financial year, the Company acquired the entire issued and paid-up share capital of BCB Medini Residences Sdn. Bhd. comprising 2 ordinary shares for a total cash consideration of RM2.00, making it a wholly owned subsidiary of the Company.

## Notes to the financial statements (cont'd)

### 30 June 2017

#### 9. DEFERRED TAX

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Balance as at 1 July	1,446,700	(846,715)	1,155,248	(1,137,088)
Recognised in profit or loss (Note 24)	1,514,114	2,293,415	1,453,884	2,292,336
Balance as at 30 June	2,960,814	1,446,700	2,609,132	1,155,248
Presented after appropriate offsetting:				
Deferred tax assets	5,027,816	4,124,180	5,027,816	4,124,180
Offset against deferred tax liabilities	(2,067,002)	(2,677,480)	(2,418,684)	(2,968,932)
Net deferred tax assets	2,960,814	1,446,700	2,609,132	1,155,248
Deferred tax liabilities	(2,067,002)	(2,677,480)	(2,418,684)	(2,968,932)
Offset against deferred tax assets	2,067,002	2,677,480	2,418,684	2,968,932
Net deferred tax liabilities	-	-	-	-

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

#### Deferred tax assets

	Group Unabsorbed capital allowances RM	Company Unabsorbed capital allowances RM
At 1 July 2016	4,124,180	4,124,180
Recognised in the profit or loss	903,636	903,636
At 30 June 2017	5,027,816	5,027,816
At 1 July 2015	4,126,484	4,124,999
Recognised in the profit or loss	(2,304)	(819)
At 30 June 2016	4,124,180	4,124,180

## Notes to the financial statements (cont'd)

30 June 2017

### 9. DEFERRED TAX (cont'd)

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

#### Deferred tax liabilities

	Group Property, plant and equipment RM	Company Property, plant and equipment RM
At 1 July 2016	(2,677,480)	(2,968,932)
Recognised in the profit or loss	610,478	550,248
At 30 June 2017	(2,067,002)	(2,418,684)
At 1 July 2015	(4,973,199)	(5,262,087)
Recognised in the profit or loss	2,295,719	2,293,155
At 30 June 2016	(2,677,480)	(2,968,932)

- (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	
	2017 RM	2016 RM
Unutilised tax losses	25,710,795	16,636,674
Unabsorbed capital allowances	871,538	583,964
	26,582,333	17,220,638

Deferred tax assets of certain subsidiaries had 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.

These temporary differences do not expire under the current tax legislation.

## Notes to the financial statements (cont'd)

30 June 2017

## 10. PROPERTY DEVELOPMENT COSTS

Group 2017	Note	Freehold land RM	Development costs RM	Accumulated cost charged to profit or loss RM	Total RM
<b>At cost</b>					
At beginning of financial year		416,598,209	1,227,124,443	(902,408,228)	741,314,424
Cost incurred during the financial year		605,615	131,513,515	-	132,119,130
Transfer from land held for property development	7	23,163,249	3,417,190	-	26,580,439
Transfer to land held for property development	7	(519,785)	(1,787,953)	166,237	(2,141,501)
Transfer to inventories		-	(98,156,046)	-	(98,156,046)
Reversal of completed projects		(56,454,159)	(311,745,806)	368,199,965	-
Cost recognised in profit or loss during the year	21	-	-	(124,618,039)	(124,618,039)
At end of financial year		383,393,129	950,365,343	(658,660,065)	675,098,407
<b>2016</b>					
<b>At cost</b>					
At beginning of financial year		420,736,896	1,096,381,081	(788,568,219)	728,549,758
Cost incurred during the financial year		-	196,872,094	-	196,872,094
Transfer from land held for property development	7	-	3,518,762	-	3,518,762
Transfer to inventories		-	(9,772,651)	-	(9,772,651)
Reversal of completed projects		(4,138,687)	(59,874,843)	64,013,530	-
Cost recognised in profit or loss during the year	21	-	-	(177,853,539)	(177,853,539)
At end of financial year		416,598,209	1,227,124,443	(902,408,228)	741,314,424

## Notes to the financial statements (cont'd)

30 June 2017

## 10. PROPERTY DEVELOPMENT COSTS (cont'd)

Company 2017	Note	Freehold land RM	Development costs RM	Accumulated cost charged to profit or loss RM	Total RM
<b>At cost</b>					
At beginning of financial year		102,995,871	470,352,392	(360,035,660)	213,312,603
Cost incurred during the financial year		10,000	14,890,857	-	14,900,857
Transfer to inventories		-	(96,676,608)	-	(96,676,608)
Transfer to land held for property development	7	(178,785)	1,519,451	(2,531,683)	(1,191,017)
Reversal of completed projects		(53,393,801)	(287,088,184)	340,481,985	-
Cost recognised in profit or loss during the year	21	-	-	(23,461,117)	(23,461,117)
At end of financial year		49,433,285	102,997,908	(45,546,475)	106,884,718
<b>2016</b>					
<b>At cost</b>					
At beginning of financial year		107,134,558	501,412,831	(318,589,998)	289,957,391
Cost incurred during the financial year		-	36,963,175	-	36,963,175
Transfer to inventories		-	(9,360,736)	-	(9,360,736)
Reversal of completed projects		(4,138,687)	(58,662,878)	62,801,565	-
Cost recognised in profit or loss during the year	21	-	-	(104,247,227)	(104,247,227)
At end of financial year		102,995,871	470,352,392	(360,035,660)	213,312,603

(a) The freehold land held under development of the Group and of the Company with carrying amount of RM337,192,692 (2016: RM358,299,634) and RM39,313,867 (2016: RM89,148,357) respectively were charged to financial institutions for credit facilities granted to the Group and the Company respectively as disclosed in Note 16 to the financial statements.

(b) Borrowing costs capitalised during the financial year for property development activities of the Group and of the Company amounted to RM20,284,272 (2016: RM17,540,052) and RM1,121,486 (2016: RM3,450,888) respectively at interest rates ranging from 5.1% to 6.1% (2016: 5.1% to 6.3%) per annum.

## Notes to the financial statements (cont'd)

### 30 June 2017

#### 11. INVENTORIES

At cost	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Completed development properties		122,069,900	28,938,826	111,004,109	19,105,054
Food and beverages		99,459	171,532	99,459	171,532
Consumable stocks		916,748	960,928	171,300	182,356
		123,086,107	30,071,286	111,274,868	19,458,942
Inventories pledged as securities for borrowings	16	77,824,051	7,980,806	77,824,051	7,980,806

- (a) Inventories are stated at the lower of cost and net realisable value.
- (b) Cost of completed development properties comprises proportionate land and development expenditure and is determined on the specific identification basis. Costs of food and beverages and consumable stocks are determined on a weighted average basis and first-in, first-out basis respectively.
- (c) During the financial year, the Group has written off inventories amounted to RM635 (2016: RM3,045).
- (d) During the financial year, inventories of the Group and of the Company recognised as cost of sales amounted to RM5,024,972 (2016: RM747,171) and RM4,777,553 (2016: RM373,108) respectively.

#### 12. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>Trade receivables</b>					
Third parties		46,542,015	39,198,836	20,314,803	17,967,737
Related parties		7,490,780	4,860,445	-	-
Amount due from ultimate holding company		852,675	-	-	-
Amount due from a subsidiary		-	-	69,623,120	54,751,737
		54,885,470	44,059,281	89,937,923	72,719,474
Amounts due from customers for contract works	19	19,543,686	12,308,593	-	-
		74,429,156	56,367,874	89,937,923	72,719,474

## Notes to the financial statements (cont'd)

30 June 2017

## 12. TRADE AND OTHER RECEIVABLES (cont'd)

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>Other receivables</b>					
Third parties		11,911,728	16,834,950	3,133,133	5,639,510
Deposits		8,165,820	4,998,321	1,827,753	1,942,395
Amounts due from subsidiaries		-	-	102,433,531	111,558,727
		20,077,548	21,833,271	107,394,417	119,140,632
Less:					
Impairment losses on amounts due from subsidiaries		-	-	(402,561)	-
<b>Loans and receivables</b>		94,506,704	78,201,145	196,929,779	191,860,106
Prepayments		1,788,896	1,313,524	167,344	177,748
		96,295,600	79,514,669	197,097,123	192,037,854

- (a) Financial assets classified as loans and receivables are measured at amortised cost using the effective interest method.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group and the Company range from cash terms to 90 days (2016: cash terms 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, interest free and repayable on demand in cash and cash equivalents except for the amounts due from subsidiaries of RM83,292,253 (2016: RM105,659,283), which bears interest ranging from 5.45% to 7.54% (2016: 5.07% to 8.60%) 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	
	2017 RM	2016 RM
<b>Repayable as follows:</b>		
Within one (1) year	966,544	171,975
More than one (1) year	2,818,634	953,750
	3,785,178	1,125,725

## Notes to the financial statements (cont'd)

30 June 2017

### 12. TRADE AND OTHER RECEIVABLES (cont'd)

- (e) During the financial year, the Group and the Company have written off bad debts of RM614,325 (2016: RM71,048) and RM556,028 (2016: RM11,308) respectively against trade and other receivables.
- (f) Trade and other receivables are denominated in RM.
- (g) The ageing analysis of trade receivables (excluding amounts due from customers for contract works) of the Group and of the Company are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Neither past due nor impaired	23,918,870	15,958,285	9,957,822	3,532,305
Past due but not impaired				
1 to 30 days	6,699,483	6,777,777	1,867,853	2,850,412
31 to 60 days	3,545,872	4,722,644	271,283	2,040,478
61 days to 120 days	5,849,437	5,146,874	3,106,976	2,646,392
Over 120 days	14,871,808	11,453,701	74,733,989	61,649,887
	30,966,600	28,100,996	79,980,101	69,187,169
	54,885,470	44,059,281	89,937,923	72,719,474

#### Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

None of the trade receivables of the Group and of the Company that are neither past due nor impaired have been renegotiated during the financial year.

#### Trade receivables that are past due but not impaired

Trade receivables of the Group and of the Company that are past due but not impaired arose from customers with healthy business relationships, and the Group is of the view that these balances are recoverable based on historical receipts.

Trade receivables that are past due but not impaired are unsecured in nature.

Management specifically analyse historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

## Notes to the financial statements (cont'd)

30 June 2017

### 12. TRADE AND OTHER RECEIVABLES (cont'd)

- (h) The movement of impairment losses in respect of amounts due from subsidiaries during the financial year are as follows:

	Company	
	2017 RM	2016 RM
At beginning of financial year	-	-
Additions	402,561	-
At end of financial year	402,561	-

- (i) The Group determines concentration of credit risk by identifying and monitoring any significant long outstanding balance owing by any major customer or counter party on an on-going basis.

The Group does not have any significant concentration of credit risk as at the end of the reporting period.

The Company has no significant concentration of credit risks except for the amounts due from subsidiaries constituting 87% (2016: 87%) of total receivables of the Company.

### 13. CASH AND BANK BALANCES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	21,463,444	16,232,454	1,824,608	4,075,319
Deposits with licensed banks	1,125,775	5,711,926	400,000	2,133,949
	22,589,219	21,944,380	2,224,608	6,209,268

- (a) The weighted average effective interest rate of deposits with licensed banks of the Group and of the Company is 2.9% (2016: 2.9%) per annum respectively.

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.

- (b) Deposits with licensed banks of the Group and of the Company were pledged as securities for credit facilities granted to the Group and to the Company as disclosed in Note 16 to the financial statements.

- (c) Included in cash and bank balances of the Group and of the Company are amounts of RM9,198,364 (2016: RM6,997,988) and RM1,980,390 (2016: RM1,164,059) 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) Cash and bank balances are denominated in RM.

## Notes to the financial statements (cont'd)

30 June 2017

### 13. CASH AND BANK BALANCES (cont'd)

- (e) 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	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	21,463,444	16,232,454	1,824,608	4,075,319
Deposits with licensed banks	1,125,775	5,711,926	400,000	2,133,949
Bank overdrafts included in borrowings (Note 16)	(48,351,147)	(52,982,913)	(46,366,679)	(49,738,415)
	(25,761,928)	(31,038,533)	(44,142,071)	(43,529,147)
Less:				
Deposits pledged to licensed banks	(1,125,775)	(5,711,926)	(400,000)	(2,133,949)
	(26,887,703)	(36,750,459)	(44,542,071)	(45,663,096)

### 14. SHARE CAPITAL

	Group and Company			
	2017		2016	
	Number of shares	RM	Number of shares	RM
Issued and fully paid up ordinary shares				
Balance as at 1 July	412,500,000	206,250,000	206,250,000	206,250,000
Share split	-	-	206,250,000	-
Balance as at 30 June	412,500,000	206,250,000	412,500,000	206,250,000

- (a) In the previous financial year, the Company undertook a share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each into two (2) ordinary shares of RM0.50 each.
- (b) 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.
- (c) With the introduction of the new Companies Act, 2016 effective 31 January 2017, the concept of authorised share capital and par value of share capital has been abolished.
- (d) At the end of the reporting period, the number of outstanding shares in issue after setting off treasury shares against equity is 400,360,800 (2016: 400,461,800).

## Notes to the financial statements (cont'd)

30 June 2017

### 14. SHARE CAPITAL (cont'd)

#### Treasury shares

The shareholders of the Company have approved the plan of 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 12,139,200 (2016: 12,038,200) treasury shares at cost of RM3,166,805 (2016: RM3,121,003) were held by the Company in accordance with Section 127 of the Companies Act, 2016 in Malaysia.

During the financial year, the Company repurchased 101,000 (2016: 3,000) of its issued share capital from the open market on Bursa Malaysia Securities Berhad for RM45,802 (2016: RM1,798). The average price paid for the shares repurchased was RM0.46 (2016: RM0.60) 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 2017.

### 15. REVALUATION RESERVE

	Group and Company	
	2017	2016
	RM	RM
<b>Hotel properties</b>		
At 1 July/30 June	6,788,088	6,788,088

### 16. BORROWINGS

		Group		Company	
	Note	2017	2016	2017	2016
		RM	RM	RM	RM
<b>Current liabilities</b>					
Bridging loans		13,916,293	2,395,316	-	-
Term loans		91,213,980	54,178,586	6,958,436	10,192,961
Hire purchase creditors	17	632,754	570,343	264,754	297,908
Revolving credits		46,920,000	38,420,000	9,920,000	3,920,000
Bankers' acceptances		10,287,000	12,195,000	6,023,000	7,203,000
Bank overdrafts	13(e)	48,351,147	52,982,913	46,366,679	49,738,415
		211,321,174	160,742,158	69,532,869	71,352,284

## Notes to the financial statements (cont'd)

30 June 2017

### 16. BORROWINGS (cont'd)

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>Non-current liabilities</b>					
Bridging loans		18,180,144	27,110,000	5,470,144	-
Term loans		244,324,340	283,286,431	28,581,807	31,650,513
Hire purchase creditors	17	1,345,500	1,038,023	397,593	664,774
		263,849,984	311,434,454	34,449,544	32,315,287
<b>Total</b>					
Bridging loans		32,096,437	29,505,316	5,470,144	-
Term loans		335,538,320	337,465,017	35,540,243	41,843,474
Hire purchase creditors	17	1,978,254	1,608,366	662,347	962,682
Revolving credits		46,920,000	38,420,000	9,920,000	3,920,000
Bankers' acceptances		10,287,000	12,195,000	6,023,000	7,203,000
Bank overdrafts	13(e)	48,351,147	52,982,913	46,366,679	49,738,415
		475,171,158	472,176,612	103,982,413	103,667,571

(a) Bridging loans of the Group and of the Company are secured by the following:

- (i) Certain development properties as disclosed in Note 7 and Note 10 to the financial statements; and
- (ii) Inventories as disclosed in Note 11 to the financial statements.

(b) Term loans of the Group and of the Company are secured by the following:

- (i) Certain investment properties as disclosed in Note 6 to the financial statements;
- (ii) Deposits with licensed banks as disclosed in Note 13(b) to the financial statements;
- (iii) Inventories as disclosed in Note 11 to the financial statements; and
- (iv) Land and buildings as disclosed in Note 5(g) 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.

(c) Other short-term borrowings excluding hire purchase creditors of the Group and of the Company are secured by the followings:

- (i) Investment properties as disclosed in Note 6 to the financial statements;
- (ii) Hotel properties and certain freehold land and buildings as disclosed in Note 5(g) to the financial statements; and
- (iii) Certain development properties as disclosed in Note 7 and Note 10 to the financial statements.

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

## Notes to the financial statements (cont'd)

30 June 2017

### 16. BORROWINGS (cont'd)

- (d) 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
<b>2017</b>				
Term loan	91,213,980	243,843,539	480,801	335,538,320
Bridging loan	13,916,293	18,180,144	-	32,096,437
	105,130,273	262,023,683	480,801	367,634,757
<b>2016</b>				
Term loan	54,178,586	270,318,288	12,968,143	337,465,017
Bridging loan	2,395,316	27,110,000	-	29,505,316
	56,573,902	297,428,288	12,968,143	366,970,333
<b>Company</b>				
<b>2017</b>				
Term loan	6,958,436	28,581,807	-	35,540,243
Bridging loan	-	5,470,144	-	5,470,144
	6,958,436	34,051,951	-	41,010,387
<b>2016</b>				
Term loan	10,192,961	29,278,994	2,371,519	41,843,474

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Fixed rate	1,978,254	1,608,366	662,347	962,682
Floating rate	473,192,904	470,568,246	103,320,066	102,704,889
	475,171,158	472,176,612	103,982,413	103,667,571

## Notes to the financial statements (cont'd)

30 June 2017

### 16. BORROWINGS (cont'd)

- (e) The interest rate profile of the borrowings as at the end of each reporting period are as follows (cont'd):

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	
	2017 RM	2016 RM	2017 RM	2016 RM
Effects of 100 basis points changes to profit/(loss) after tax				
- Increase by 1% (2016: 1%)	(3,596,266)	(3,576,318)	785,233	(780,557)
- Decrease by 1% (2016: 1%)	3,596,266	3,576,318	(785,233)	780,557

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

	Group		Company	
	2017 %	2016 %	2017 %	2016 %
Bridging loans	5.7	5.7	5.9	-
Term loans	6.0	6.3	6.8	5.3
Hire purchase creditors	6.2	5.2	4.9	4.7
Revolving credits	6.1	6.2	6.6	7.2
Bankers' acceptances	5.0	5.2	5.0	5.1
Bank overdrafts	8.1	8.3	8.0	8.3

- (g) 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 are reasonable approximation of fair values due to the insignificant impact of discounting.

## Notes to the financial statements (cont'd)

30 June 2017

### 16. BORROWINGS (cont'd)

(g) Fair value of borrowings (cont'd)

#### (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 at the end of the reporting period.

Hire-purchase creditors	2017		2016	
	Carrying amount RM	Level 2 Fair value RM	Carrying amount RM	Level 2 Fair value RM
Group	1,978,254	1,874,567	1,608,366	1,575,336
Company	662,347	635,252	962,682	909,989

(h) Borrowings are denominated in RM.

(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	On demand or within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM	Total RM
<b>2017</b>				
Bridging loans	15,860,907	19,515,275	-	35,376,182
Term loans	107,726,403	261,458,904	641,934	369,827,241
Hire purchase creditors	716,620	1,436,026	-	2,152,646
Revolving credits	46,920,000	-	-	46,920,000
Bankers' acceptances	10,287,000	-	-	10,287,000
Bank overdrafts	48,351,147	-	-	48,351,147
Total undiscounted financial liabilities	229,862,077	282,410,205	641,934	512,914,216
<b>2016</b>				
Bridging loans	4,062,697	28,623,692	-	32,686,389
Term loans	73,670,210	298,074,492	13,444,091	385,188,793
Hire purchase creditors	644,243	1,107,869	-	1,752,112
Revolving credits	38,420,000	-	-	38,420,000
Bankers' acceptances	12,195,000	-	-	12,195,000
Bank overdrafts	52,982,913	-	-	52,982,913
Total undiscounted financial liabilities	181,975,063	327,806,053	13,444,091	523,225,207

## Notes to the financial statements (cont'd)

### 30 June 2017

#### 16. BORROWINGS (cont'd)

- (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 (cont'd):

Company 2017	On demand or within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM	Total RM
Bridging loan	323,832	6,479,227	-	6,803,059
Term loans	9,167,885	31,654,481	-	40,822,366
Hire purchase creditors	293,242	413,280	-	706,522
Revolving credits	9,920,000	-	-	9,920,000
Bankers' acceptances	6,023,000	-	-	6,023,000
Bank overdrafts	46,366,679	-	-	46,366,679
Total undiscounted financial liabilities	72,094,638	38,546,988	-	110,641,626
<b>2016</b>				
Term loans	13,269,420	33,479,494	2,467,532	49,216,446
Hire purchase creditors	342,136	708,949	-	1,051,085
Revolving credits	3,920,000	-	-	3,920,000
Bankers' acceptances	7,203,000	-	-	7,203,000
Bank overdrafts	49,738,415	-	-	49,738,415
Total undiscounted financial liabilities	74,472,971	34,188,443	2,467,532	111,128,946

#### 17. HIRE PURCHASE CREDITORS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Minimum hire purchase payments:				
- not later than one (1) year	716,620	644,243	293,242	342,136
- later than one (1) year not later than five (5) years	1,436,026	1,107,869	413,280	708,949
Total minimum hire purchase payments	2,152,646	1,752,112	706,522	1,051,085
Less: Future finance charges	(174,392)	(143,746)	(44,175)	(88,403)
Present value of hire purchase payments	1,978,254	1,608,366	662,347	962,682

## Notes to the financial statements (cont'd)

30 June 2017

## 17. HIRE PURCHASE CREDITORS (cont'd)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Repayable as follows:				
<b>Current liabilities:</b>				
- not later than one (1) year	632,754	570,343	264,754	297,908
<b>Non-current liabilities:</b>				
- later than one (1) year not later than five (5) years	1,345,500	1,038,023	397,593	664,774
	1,978,254	1,608,366	662,347	962,682

## 18. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>Trade payables</b>					
Third parties		76,208,401	86,512,611	11,561,015	20,017,547
Amounts due to customers for contract works	19	17,260,716	13,760,841	-	-
		93,469,117	100,273,452	11,561,015	20,017,547
<b>Other payables</b>					
Amounts due to Directors		1,608,035	1,655,500	-	-
Amounts due to subsidiaries		-	-	83,016,782	81,076,839
Third parties		15,944,188	16,242,962	2,215,432	2,897,836
Accruals		16,726,812	18,383,239	4,926,438	3,724,391
Related parties					
- Interest bearing		17,946,096	33,955,937	17,946,096	16,933,493
- Non-interest bearing		57,455,996	36,358,029	314,150	-
Deposits received		27,645,449	12,698,668	22,873,628	12,268,572
		137,326,576	119,294,335	131,292,526	116,901,131
		230,795,693	219,567,787	142,853,541	136,918,678

- (a) Trade and other payables are classified as other financial liabilities, and measured at amortised cost using the effective interest method.
- (b) Trade payables are non-interest bearing and the normal credit terms granted to the Group and the Company range from cash term to 150 days (2016: cash term to 150 days).

**Notes to the financial statements (cont'd)****30 June 2017****18. TRADE AND OTHER PAYABLES (cont'd)**

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Within one (1) year	15,259,820	3,457,167	8,313,531	6,706,469
More than one (1) year	9,506,414	16,532,919	819,393	2,695,191
	24,766,234	19,990,086	9,132,924	9,401,660

- (d) Amounts due to Directors and subsidiaries are unsecured, interest free and payable upon demand in cash and cash equivalents.
- (e) Amounts due to related parties of the Group and of the Company are unsecured, interest free and payable upon demand in cash and cash equivalents except for advances of RM17,946,096 (2016: RM33,955,937) and RM17,946,096 (2016: RM16,933,493) respectively which bear interest at rate of 5.1% (2016: 5.1%) per annum.
- (f) Amounts due to subsidiaries are interest free, unsecured and payable on demand in cash and cash equivalents except for the amounts due to subsidiaries of RM83,292,253 (2016: RM105,659,283), which bears interest ranging from 5.45% to 7.54% (2016: 5.07% to 8.60%) per annum.
- (g) Trade and other payables are denominated in RM.
- (h) The maturity profile of the trade and other payables (excluding amounts due to contract customers and 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.
- (i) Sensitivity analysis for fixed rate profile of amounts due to related parties at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rates.

## Notes to the financial statements (cont'd)

30 June 2017

### 19. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS

	Group	
	2017 RM	2016 RM
Aggregate costs incurred to date	605,207,172	563,215,057
Add: Attributable profits	40,702,427	38,604,531
	645,909,599	601,819,588
Less: Progress billings	(643,626,629)	(603,271,836)
	2,282,970	(1,452,248)
Represented by:		
Amounts due from contract customers for contract works	12 19,543,686	12,308,593
Amounts due to contract customers for contract works	18 (17,260,716)	(13,760,841)
	2,282,970	(1,452,248)

Included in amounts due from/(to) customers for contract works of the Group are amounts due from related parties of RM708,569 (2016: RM357,065) and amounts due to related parties of RM549,094 (2016: RM102,667).

### 20. REVENUE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Property development	192,908,762	276,645,392	30,203,418	144,985,147
Completed properties	10,760,615	963,217	10,325,615	162,417
Hotel operations	6,235,269	8,049,192	6,235,269	8,049,192
Construction contracts	4,823,228	6,532,730	-	-
Rental income	7,424,871	8,153,151	2,291,264	2,554,860
Sales of goods	1,170	740,798	-	-
	222,153,915	301,084,480	49,055,566	155,751,616

#### (a) Property development

Property development revenue is recognised in respect of all development units that have been sold. Revenue recognition commences when the sale of the development unit is effected, upon the commencement of development and construction activities and when the financial outcome can be reliably estimated. The attributable portion of property development cost is recognised as an expense in the period in which the related revenue is recognised. The amount of such revenue and expenses recognised is determined by reference to the stage of completion of development activity at the end of the reporting period. The stage of completion is measured by reference to the value of work certified to date as a percentage of the total value of projects.

## Notes to the financial statements (cont'd)

### 30 June 2017

#### 20. REVENUE (cont'd)

##### (a) Property development (cont'd)

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that is probable to be recoverable and the property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project is recognised as an expense immediately, including costs to be incurred over the defects liability period.

##### (b) 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 delivery of products, customer acceptance and performance of services, net of goods and services tax and discounts.

##### (c) Construction contracts

Profit from contract works are recognised on a percentage of completion method. Percentage of completion is measured by reference to the survey of work performed.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable and contract cost are recognised as an expense in the period in which they are incurred.

##### (d) 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.

##### (e) Sale of goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with delivery of goods and acceptance by customers.

##### (f) Project management fees

Management fee in respect of rendering of management and consultation services is recognised in the statements of profit or loss and other comprehensive income when services are rendered.

##### (g) Dividend income

Dividend income is recognised when the right to receive payment is established.

## Notes to the financial statements (cont'd)

30 June 2017

### 21. COST OF SALES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Property development costs (Note 10)	124,618,039	177,853,539	23,461,117	104,247,227
Property development cost of completed properties under recognised	532,569	-	532,569	-
Cost of completed properties sold (Note 11)	5,024,972	747,171	4,777,553	373,108
Hotel operations costs	1,578,371	1,888,684	1,578,371	1,888,684
Construction contract costs	1,871,589	3,722,666	-	-
Cost of goods sold	240	3,006	-	-
	133,625,780	184,215,066	30,349,610	106,509,019

### 22. FINANCE INCOME AND COSTS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Finance income</b>				
Interest income on:				
- intercompany loan	-	-	86,986	442,842
- deposits with licensed banks	439,032	560,679	107,856	454,433
	439,032	560,679	194,842	897,275
<b>Finance costs</b>				
Interest expense on:				
- term loans	5,720,393	4,209,806	2,104,112	1,579,990
- hire purchase creditors	92,726	85,648	40,668	53,299
- revolving credits	2,223,629	2,130,451	643,678	282,273
- short term borrowings	920,275	6,680,741	7,209	3,200,481
- bank overdrafts	5,076,460	5,888,036	4,862,519	5,658,610
- intercompany loan	-	-	3,363,123	3,161,478
- others	491,130	386,244	332,819	190,663
	14,524,613	19,380,926	11,354,128	14,126,794

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

## Notes to the financial statements (cont'd)

### 30 June 2017

#### 23. EMPLOYEE BENEFITS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Wages, salaries and bonus	17,861,367	16,262,562	7,887,717	8,025,154
Defined contribution plan	2,377,182	2,138,888	1,051,677	1,033,225
Other employee benefits	2,917,151	2,867,533	1,623,036	1,651,930
	23,155,700	21,268,983	10,562,430	10,710,309

Included in the employee benefits of the Group and of the Company are Directors' remuneration amounting to RM6,466,963 (2016: RM5,491,060) and RM2,192,969 (2016: RM1,864,215) respectively.

#### 24. TAXATION

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current year tax expense based on profit for the financial year	11,292,782	15,344,859	83,440	4,509,230
Under/(Over) provision in prior year	230,514	471,118	(363,825)	130,156
	11,523,296	15,815,977	(280,385)	4,639,386
Deferred tax (Note 9)				
- Relating to origination and reversal of temporary differences	(1,699,573)	(324,067)	(1,696,634)	(345,778)
- Under/(Over) provision in prior year	185,459	(1,969,348)	242,750	(1,946,558)
	(1,514,114)	(2,293,415)	(1,453,884)	(2,292,336)
	10,009,182	13,522,562	(1,734,269)	2,347,050

## Notes to the financial statements (cont'd)

30 June 2017

### 24. TAXATION (cont'd)

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated taxable profit for the fiscal year.
- (b) Numerical reconciliation of taxation applicable to profit/(loss) before taxation at the statutory tax rate applicable to the Group and the Company are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	5,052,189	9,101,013	(3,784,909)	2,010,677
Real property gains tax	83,440	103,515	83,440	103,515
Non-allowable expenses	3,561,729	4,170,241	2,136,714	2,778,278
Non-taxable income	(1,350,956)	(729,018)	(48,439)	(729,018)
Deferred tax assets not recognised	2,246,807	2,375,041	-	-
	9,593,209	15,020,792	(1,613,194)	4,163,452
Under/(Over) provision in prior year				
- income tax	230,514	471,118	(363,825)	130,156
- deferred tax	185,459	(1,969,348)	242,750	(1,946,558)
	10,009,182	13,522,562	(1,734,269)	2,347,050

### 25. DIVIDEND

	2017		2016	
	Dividend per share Sen	Amount of dividend RM	Dividend per share Sen	Amount of dividend RM
Final single-tier dividend paid in respect of financial year ended 30 June 2015	-	-	3	6,007,002

The Directors do not recommend the payment of any dividend in respect of the current financial year.

## Notes to the financial statements (cont'd)

### 30 June 2017

#### 26. 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	
	2017	2016
Profit attributable to owners of the parent (RM)	9,796,753	25,681,228
Weighted average number of ordinary shares in issue	400,360,800	400,461,800
	2017	2016
	Sen	Sen
Basic earnings per ordinary share attributable to the equity owners of the parent	2.45	6.41

##### (b) Diluted

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

#### 27. CAPITAL COMMITMENT

	Group	
	2017	2016
	RM	RM
<b>Approved and contracted for</b>		
Capital and other expenditure relating to:		
- purchase of freehold land	31,140,717	-

## Notes to the financial statements (cont'd)

30 June 2017

### 28. CONTINGENT LIABILITIES

	Company	
	2017	2016
	RM	RM
<b>Unsecured</b>		
Corporate guarantees for trade credits granted to subsidiaries		
- Limit of guarantee	68,750,000	68,750,000
- Amount utilised	1,277,510	1,277,510
<b>Secured</b>		
Corporate guarantees for borrowing facilities granted by financial institutions to subsidiaries		
- Limit of guarantee	798,043,000	797,964,933
- Amount utilised	337,317,804	342,388,622

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.

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.

### 29. 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.

The Company has controlling related party relationships with its direct and indirect subsidiaries. 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 (cont'd)

30 June 2017

### 29. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

#### (b) Significant related party transactions (cont'd)

	Group	
	2017 RM	2016 RM
<b>(ii) Transactions with related parties (cont'd)</b>		
Hiring of machineries from MPD	219,963	49,624
Construction contracts:		
- IBZ	115,826	1,391,290
- MPD	4,707,402	3,469,155
Progress billings to:		
- ultimate holding company	2,413,513	1,379,150
- related parties	3,147,186	1,725,832
- Directors	2,415,067	1,424,602

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 2017 are disclosed in Note 12, Note 18 and Note 19 to the financial statements.

### 30. 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 2016.

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.

## Notes to the financial statements (cont'd)

30 June 2017

### 30. CAPITAL MANAGEMENT (cont'd)

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 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	
	2017 RM	2016 RM	2017 RM	2016 RM
Borrowings	475,171,158	472,176,612	103,982,413	103,667,571
Less:				
Cash and bank balances	(22,589,219)	(21,944,380)	(2,224,608)	(6,209,268)
Net debt	452,581,939	450,232,232	101,757,805	97,458,303
Total capital	447,599,032	437,848,081	308,773,639	322,855,626
Net debt	452,581,939	450,232,232	101,757,805	97,458,303
	900,180,971	888,080,313	410,531,444	420,313,929
Gearing ratio	50%	51%	25%	23%

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 2017.

### 31. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

#### Acquisition of six (6) adjoining lots of freehold agricultural land

On 27 March 2017, BCB Land Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into a sales and purchase agreement ('SPA') to acquire six (6) adjoining lots of freehold agricultural land, all in Mukim of Simpang Kanan, District of Batu Pahat, Johor measuring 2,035,341 square feet in aggregate for a total cash consideration of RM34,600,797. The execution of the SPA was not complete as at the end of the reporting period. Hence, the land acquisition was not accounted for during the financial year.

### 32. COMPANIES ACT 2016

Companies Act, 2016 ('CA2016') was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016 to replace the Companies Act, 1965. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism has appointed 31 January 2017 as the date on which CA2016 comes into operation except Section 241 and Division 8 of Part III of CA2016.

Consequently, the Group and the Company effected the following changes as at 31 January 2017:

- (a) Authorised share capital has been removed; and
- (b) Par or nominal value of ordinary shares have been removed.

## Notes to the financial statements (cont'd)

30 June 2017

### 33. ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs

#### 33.1 New FRSs adopted during the current financial year

The Group and the Company adopted the following Standards and Amendments of the FRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	Effective Date
FRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to FRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to FRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 116 and FRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRSs <i>Annual Improvements to FRSs 2012 - 2014 Cycle</i>	1 January 2016

Adoption of the above Standards and Amendments did not have any material effect on the financial performance or position of the Group and of the Company, other than the adoption of Amendments to FRS 101 *Disclosure Initiative*, which resulted in the following:

- (a) Grouping together supporting information for items presented in the statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows, in the order in which each statement and each line item is presented within the notes to the financial statements.
- (b) Disclosures of only significant accounting policies comprising the measurement bases used in preparing the financial statements and other accounting policies that are relevant to the financial statements.

#### 33.2 New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017

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

Title	Effective Date
Amendments to FRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to FRS 12 <i>Annual Improvements to FRS Standards 2014 - 2016 Cycle</i>	1 January 2017
FRS 9 <i>Financial Instruments (IFRS 9 as issued by IASB in July 2014)</i>	1 January 2018
Amendments to FRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to FRS 1 <i>Annual Improvements to FRS Standards 2014 - 2016 Cycle</i>	See FRS 1 Paragraphs 39AD and 39ADAA

## Notes to the financial statements (cont'd)

### 30 June 2017

#### 33. ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs (cont'd)

##### 33.2 New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017 (cont'd)

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

Title	Effective Date
Amendments to FRS 4 <i>Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts</i>	See FRS 4 Paragraphs 46, 47AA and 48
Amendments to FRS 128 <i>Annual Improvements to FRS Standards 2014 - 2016 Cycle</i>	See FRS 128 Paragraphs 45E and 45EAA
Amendments to FRS 140 <i>Transfers of Investment Property</i>	See FRS 140 Paragraphs 85G and 85GAA
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	See IC Interpretation 22 Paragraphs A1 and A1AA
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to FRS 10 and FRS 128 <i>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 in future financial years.

##### 33.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018

###### Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board ('MASB') issued a new approved accounting framework, the Malaysian Financial Reporting Standards ('MFRS Framework').

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* (MFRS 141) and IC Interpretation 15 *Agreements for Construction of Real Estate* (IC 15), including its parent, significant investor and venturer (herein referred to as "Transitioning Entities").

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities would be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, would be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 30 June 2019. In presenting its first MFRS financial statements, the Group and the Company would be required to adjust the comparative financial statements prepared under the FRS to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition would be made, retrospectively, against opening retained earnings. The Group and the Company would adopt the MFRS Framework during the financial year beginning on 1 July 2018.

## Notes to the financial statements (cont'd)

30 June 2017

### 34. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

Retained earnings as at the end of the reporting period may be analysed as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Total retained earnings of the Company and its subsidiaries				
- Realised	238,859,212	232,268,045	96,293,224	111,783,293
- Unrealised	2,960,814	1,446,700	2,609,132	1,155,248
	241,820,026	233,714,745	98,902,356	112,938,541
Less:				
Consolidation adjustments	(4,092,277)	(5,783,749)	-	-
	237,727,749	227,930,996	98,902,356	112,938,541
Total retained earnings in the financial statements	237,727,749	227,930,996	98,902,356	112,938,541

## Additional Corporate Disclosure

### AUDIT AND NON-AUDIT FEES

During the financial year ended 30 June 2017, the amount of audit fees paid or payable to the external auditors on the Company and Group basis were RM90,000 and RM217,000 respectively.

During the financial year ended 30 June 2017, 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 RM5,500.00 and RM8,500.00 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 2017

The details of the RRPTs were disclosed in Note 29 of the Financial Statements for the financial period ended 30 June 2017 on page 89 to 91.

### 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 29 September 2017

Issued share capital	:	RM206,250,000 (inclusive of 12,140,200 as Treasury Shares)
Types of shares	:	Ordinary shares
No. of shareholders	:	2,534
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	111	0.000	6	0.236
100 to 1,000 shares	41,227	0.010	63	2.486
1,001 to 10,000 shares	8,210,462	2.050	1,752	69.140
10,001 to 100,000 shares	18,309,000	4.573	625	24.665
100,001 to less than 5% of issued shares	103,422,600	25.832	86	3.394
5% and above of issued shares	270,376,400	67.533	2	0.079
<b>Total</b>	<b>400,359,800</b>	<b>100.000</b>	<b>2,534</b>	<b>100.000</b>

#### List of Thirty Largest Shareholders as at 29 September 2017 (as per Record of Depositors)

No.	Name	Shares Held	%
1.	Evergreen Ratio Sdn Bhd	231,767,400	57.889
2.	Effective Strategy Sdn Bhd	38,609,000	9.643
3.	Tho Siu Chu	14,903,000	3.722
4.	Tan Chin Ee	14,843,000	3.707
5.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Boon Seng (M14)	11,525,800	2.878
6.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chew Siow Geok	7,806,800	1.949
7.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Haven Venture Sdn Bhd (REM 646- Margin)	7,016,700	1.752
8.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lasercoin (M) Sdn Bhd (REM 646- Margin)	5,791,800	1.446
9.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – Ambank (M) Berhad for Chew Siow Geok (SMART)	5,020,000	1.253
10.	Puncak Angkasa Sdn Bhd	4,000,000	0.999
11.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Boon Seng (1301002)	2,827,000	0.706
12.	Tan Kim Kee @ Tan Kee	2,755,000	0.688

## Shareholdings Statistics

### As At 29 September 2017 (cont'd)

No.	Name	Shares Held	%
13.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chew Siow Geok (8041848)	2,316,000	0.578
14.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Suriani Abdul Aziz (471789)	2,303,000	0.575
15.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Chin Ee (M14)	2,108,000	0.526
16.	Tng Kee Meng	1,900,000	0.474
17.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Woon Teik (REM 663)	1,360,000	0.339
18.	Lim Pei Tiam @ Liam Ahat Kiat	1,299,200	0.324
19.	Johore Tenggara Oil Palm Berhad	668,000	0.166
20.	Lim Pay Kaon	600,000	0.149
21.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank For Chan Sow Keng (M73070)	523,000	0.130
22.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Cheong Swee Yong (8077787)	514,000	0.128
23.	Tan Kee Hwee	508,000	0.126
24.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chin Kiam Hsung	460,400	0.114
25.	Teh Bee Gaik	455,400	0.113
26.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Liew Kok Tze	426,000	0.106
27.	Tay Teck Ho	380,000	0.094
28.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chin Kiam Hsung	376,000	0.093
29.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan See Kau (REM 169)	366,000	0.091
30.	Choong Yoke Lee	340,000	0.084

## Shareholdings Statistics

### As At 29 September 2017 (cont'd)

#### Substantial Shareholders as at 29 September 2017 (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	231,767,400	-	57.89	-
2.	Tan Sri Dato' Tan Seng Leong	-	231,767,400 <sup>(i)</sup>	-	57.89
3.	Puan Sri Datin Lim Sui Yong	-	231,767,400 <sup>(i)</sup>	-	57.89
4.	Effective Strategy Sdn Bhd	38,609,000	-	9.64	-
5.	Chan Toong Kit	-	38,609,000 <sup>(ii)</sup>	-	9.64
6.	Chong Shiung Foh	-	38,609,000 <sup>(ii)</sup>	-	9.64

Notes:-

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

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

#### Directors' Shareholdings as at 29 September 2017 (as per Register of Directors' Shareholdings)

	Shareholdings in the name of the Director	Number of ordinary shares			
		Direct	%	Indirect	%
1.	Ash'ari Bin Ayub	-	-	-	-
2.	Tan Sri Dato' Tan Seng Leong	-	-	231,767,400 <sup>(i)</sup>	57.89
3.	Tan Sri Datuk Seri Ismail Bin Yusof	-	-	-	-
4.	Tan Lay Hiang	-	-	-	-
5.	Tan Vin Sern	-	-	-	-
6.	Tan Lindy	-	-	-	-
7.	Tan Vin Shyan	-	-	-	-
8.	Abd Manap Bin Hussain	-	-	-	-
9.	Low Kok Yung	6,000	0.00	-	-

Notes:-

(i) Deemed interested 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 2017 are as follows:

Location	Description	Tenure	Age of building	Size (acre)	Net book value as at 30 June 2017 RM'000	Date of acquisition/ revaluation*
<b>KLUANG, JOHOR</b>						
PTB 8370 No. 20, Jalan Bakawali, 86000 Kluang, Johor.	16 storey hotel	Leasehold (expiring 10.11.2093)	20 years	0.35	27,776	23/3/2009*
PTB 8370 No. 20, Jalan Bakawali, 86000 Kluang, Johor.	Boutique hotel / bistro	Leasehold (expiring 10.11.2093)	20 years	0.23	18,748	15/5/2013*
PTD 49840 No. 1, Jalan 6, Taman Sri Kluang, 86000 Kluang, Johor.	Single storey hypermarket	Freehold	17 years	1.44	3,974	21/8/2014*
PTD 49657 - 49667 No. 54-64, Jalan 2, PTD 49770 - 49780 No. 49-59, Jalan 2, Taman Sri Kluang, 86000 Kluang, Johor.	22 units shop	Freehold	17 years	0.84	1,137	27/6/1998
PTD 50048 - 50049 No. 31-33, Jalan 20, Taman Sri Kluang, 86000 Kluang, Johor.	2 units industry factory	Freehold	15.5 years	2.181	2,385	6/4/2012*
PTD 65326, 65328, 65373, 65375 PTD 65376 - 65378, 65425, 65426 PTD 65432, 65433, 75581 - 75584 PTD 75598, 75599, 75600, 75601 Mukim of Kluang District of Kluang, Johor	11 units of shop lot & 8 units of residential Taman Saujana	Freehold	6 years	1.4	7,118	23/3/2012
Lot 6806 & 6808 Mukim of Kluang District of Kluang, Johor	Being developed as Taman Sri Kluang	Freehold	N/A	26.78	24,795	12/1/1996
Lot 1574 Mukim of Kluang District of Kluang, Johor	Proposed residential & commercial development	Freehold	N/A	17.97	564	25/1/1991
Lot 321 & Lot 440 Mukim of Kluang District of Kluang, Johor	Being developed as Taman Kluang Baru 2	Freehold	N/A	1.03	950	29/12/1999
Lot 482, 484 Mukim of Kluang District of Kluang, Johor	Being developed as Johbase City Square Commercial Lot	Freehold	N/A	0.39	20,128	15/4/1993

## List of landed properties (cont'd)

Location	Description	Tenure	Age of building	Size (acre)	Net book value as at 30 June 2017 RM'000	Date of acquisition/ revaluation*
<b>BATU PAHAT, JOHOR</b>						
Lot 4091 Mukim of Simpang Kanan, District of Batu Pahat, Johor	Being developed as Taman Bukit Perdana II	Freehold	N/A	11.64	19,091	7/12/1994
Lot 559, 2954-2959, 2656 & 2660	Being developed as Taman Bukit Perdana III	Freehold	N/A	18.54	6,097	7/12/1994
Lot 2664-2666 Mukim of Simpang Kanan, District of Batu Pahat, Johor	Being developed as Taman Bukit Perdana II	Freehold	N/A	21.04	5,242	27/6/1994
Lot 3131 Mukim of Simpang Kanan, District of Batu Pahat, Johor	Proposed residential development	Freehold	N/A	4.05	259	6/9/1994
Lot 8096 Mukim of Sri Gading District of Batu Pahat, Johor	Proposed residential development	Freehold	N/A	2	642	13/12/2006
Lot 8097 Mukim of Sri Gading District of Batu Pahat, Johor	Proposed residential development	Freehold	N/A	2	648	13/12/2006
Lot 708 Mukim of Sri Gading District of Batu Pahat, Johor	Proposed residential development	Freehold	N/A	3	870	13/12/2006
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	2/12/1993
H.S.(D) 23056-23076, 23081-23087 & 23181 Mukim of Simpang Kanan, District of Batu Pahat, Johor	Proposed residential development	Freehold	N/A	72.11	9,487	27/5/2009*
H.S.(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	98.246	68,523	6/2/2002*

## List of landed properties (cont'd)

Location	Description	Tenure	Age of building	Size (acre)	Net book value as at 30 June 2017 RM'000	Date of acquisition/ revaluation*
Lot 4207 Mukim of Simpang Kanan, District of Batu Pahat, Johor	Proposed residential & commercial development	Freehold	N/A	35	5,915	23/9/2003
H.S.(D) 43069-43075 P.T.D. No.18607-18613, Mukim of Linau, District of Batu Pahat, Johor	Being developed as Bandar Putera Indah	Freehold	N/A	370	115,530	28/9/2009*
Lot 375 Jalan Bakau Condong Mukim Bandar Penggaram District of Batu Pahat, Johor	Proposed commercial development	Freehold	N/A	9.9	37,460	28/4/2015
<b>PONTIAN, JOHOR</b>						
Lot 4681, Mukim of Pontian District of Pontian, Johor	Being developed as Taman Megah	Freehold	N/A	12.30	14,300	17/11/1994
<b>JOHOR BAHRU, JOHOR</b>						
Lot 2896 Taman Pulai Utama Mukim of Pulai District of Johor Bahru, Johor	Being developed as Taman Pulai Utama	Freehold	N/A	18.59	25,937	30/10/2008
PTD 102771, 102772, 102775, 141053 Mukim of Pulai District of Johor Bahru, Johor	4 units of Shop Offices	Freehold	9 years	0.16	2,423	02/01/2009 & 16/03/2009
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	207,809	6/12/2013
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	68,118	1/10/2015
<b>SEREMBAN, NEGERI SEMBILAN</b>						
Lot 5527 Mukim of Rantau, District of Seremban, Negeri Sembilan	Being developed as Taman Seremban Jaya	Freehold	N/A	1.0	1,191	15/7/1994
<b>KUALA LUMPUR</b>						
Lot 9933 (Geran 6497) Lorong Awan Jawa Taman Yarl Mukim Petaling District of Kuala Lumpur	Proposed residential development	Freehold	N/A	0.4	5,847	4/2/2010
Lot 73478 & Lot 73479 H.S.(D) 69603 & 69604 Mukim Klang, Selangor Darul Ehsan	Proposed residential development	Leasehold (expiring 18.04.2101)	N/A	151.27	173,979	11/3/2011
					881,335	

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Ninth Annual General Meeting of the Company will be held at Prime City Hotel, Venus Room, 6th Floor, 20, Jalan Bakawali, 86000 Kluang, Johor Darul Ta'zim on Thursday, 7 December 2017 at 10.30 a.m. to transact the following businesses:

### A G E N D A

#### As Ordinary Business

- |    |  |                                      |
|----|--|--------------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 June 2017 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 Article 105 of the Company's Articles of Association:                 |                                      |
|    | (a) YBhg Tan Sri Dato' Tan Seng Leong  | Resolution 1                         |
|    | (b) Ms. Tan Lindy  | Resolution 2                         |
| 3. | To re-appoint YBhg Tan Sri Datuk Seri Ismail Bin Yusof as a Director of the Company.   | Resolution 3                         |
| 4. | To re-appoint Encik Ash'ari Bin Ayub as a Director of the Company.   | Resolution 4                         |
| 5. | To re-appoint Messrs BDO as the Auditors of the Company and authorise the Directors to determine their remuneration.                         | Resolution 5                         |

#### As Special Business

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

- |    |   |              |
|----|---|--------------|
| 6. | <b>PAYMENT OF DIRECTORS' FEES</b>   | Resolution 6 |
|    | "THAT the payment of Directors' fees of RM172,000.00 for the financial year ended 30 June 2017 be and is hereby approved."  |              |
| 7. | <b>PAYMENT OF DIRECTORS' FEES AND DIRECTORS' BENEFITS</b>   | Resolution 7 |
|    | "THAT the payment of Directors' fees of up to RM230,000.00 from 1 July 2017 until the next Annual General Meeting of the Company and Directors' benefits of up to RM40,000.00 from 31 January 2017 until the next Annual General Meeting be and are hereby approved."   |              |
| 8. | <b>CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR</b>   |              |
|    | (a) "THAT subject to the passing of Resolution 3, approval be and is hereby given to YBhg 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 nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." | Resolution 8 |
|    | (b) "THAT subject to the passing of Resolution 4, approval be and is hereby given to Encik Ash'ari Bin Ayub, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."                   | Resolution 9 |

## Notice of Annual General Meeting (cont'd)

### 9. AUTHORITY TO ISSUE SHARES

Resolution 10

"THAT subject always to the Companies Act 2016, Articles of Association 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 issued shares capital 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."

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

Resolution 11

"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 31 October 2017 ("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."

## Notice of Annual General Meeting (cont'd)

### 11. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

Resolution 12

"THAT subject always to compliance with the Companies Act 2016 ("Act"), the Articles of Association 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 issued share capital of the Company for the time being;
- (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;

## Notice of Annual General Meeting (cont'd)

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."

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

### BY ORDER OF THE BOARD

**NG HENG HOOI (MAICSA 7048492)**  
**WONG MEE KIAT (MAICSA 7058813)**  
 Secretaries

Kluang, Johor  
 31 October 2017

#### 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 Article 72(b) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 29 November 2017. Only depositor whose name appears on the Record of Depositors as at 29 November 2017 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 i.e. before 10.30 a.m., Tuesday, 5 December 2017, 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.

## Notice of Annual General Meeting (cont'd)

### 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. Items 3 and 4 of the Agenda

Under the new Companies Act 2016, the requirement to put forth the re-appointment of Directors of or over the age of 70 years had been repealed. At the Twenty-Eight Annual General Meeting ("AGM") held on 7 December 2016, the Company had obtained shareholders' approval for the re-appointment of YBhg Tan Sri Datuk Seri Ismail Bin Yusof and Encik Ash'ari Bin Ayub as Directors of the Company and for them to continue in office as Directors until the conclusion of the next AGM of the Company. In this regard, the Company is seeking shareholders' approval for the re-appointment of YBhg Tan Sri Datuk Seri Ismail Bin Yusof and Encik Ash'ari Bin Ayub as Directors of the Company.

YBhg Tan Sri Datuk Seri Ismail Bin Yusof and Encik Ash'ari Bin Ayub's retirement by rotation at subsequent AGMs will be in accordance with the Company's Articles of Association.

#### 3. Item 6 of the Agenda

The proposed Ordinary Resolution 6 is in accordance with Article 113 of the Company's Articles of Association and if passed, will authorise the payment of Directors' fees to the Non-Executive Directors of the Company for their services as Directors for the financial year ended 30 June 2017.

#### 4. Item 7 of the Agenda

Pursuant to Section 230(1) of the Companies Act 2016 which came into force on 31 January 2017, 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 1 July 2017 and 31 January 2017 respectively up till the next AGM of the Company in 2018. The benefits comprise of meeting allowances payable to directors.

#### 5. Item 8 of the Agenda

The Nomination Committee has assessed the independence of the following Directors, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine years, and recommended them to continue act as Independent Non-Executive Directors of the Company based on the following justifications:

##### Ordinary Resolution 8 - YBhg Tan Sri Datuk Seri Ismail Bin Yusof

- a) He fulfills the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to function as a check and balance, bring an element of objectivity to the Board;
- b) His vast experience in the industry and background would enable him to provide the Board with a diverse set of experience, expertise and independent judgment to better manage and run the Group;
- c) He has been with the Company since 1998 and is familiar with the Company's business operations; and
- d) He has exercised his due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

## Notice of Annual General Meeting (cont'd)

### Ordinary Resolution 9 - Encik Ash'ari Bin Ayub

- a) He fulfills the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to function as a check and balance, bring an element of objectivity to the Board;
- b) His vast experience in the industry and background would enable him to provide the Board with a diverse set of experience, expertise and independent judgment to better manage and run the Group;
- c) He has been with the Company since 2001 and is familiar with the Company's business operations; and
- d) He has exercised his due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

### 6. Item 9 of the Agenda

The proposed Ordinary Resolution 10, if passed, will authorise the Directors to issue not more than ten per centum (10%) of the total issued share capital 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.

### 7. Item 10 of the Agenda

The proposed Ordinary Resolution 11, 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 31 October 2017.

### 8. Item 11 of the Agenda

The proposed Ordinary Resolution 12, if passed, will empower the Directors to purchase the Company's shares of up to ten per centum (10%) of the total issued share capital 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 31 October 2017.

**BCB BERHAD (172003-W)**

(Incorporated in Malaysia)

**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 Twenty-Ninth Annual General Meeting of the Company to be held at Prime City Hotel, Venus Room, 6th Floor, 20, Jalan Bakawali, 86000 Kluang, Johor Darul Ta'zim on Thursday, 7 December 2017 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 - YBhg Tan Sri Dato' Tan Seng Leong	Ordinary Resolution 1		
2.	Re-election of Director - Ms. Tan Lindy	Ordinary Resolution 2		
3.	Re-appointment of Director - YBhg Tan Sri Datuk Seri Ismail Bin Yusof	Ordinary Resolution 3		
4.	Re-appointment of Director - Encik Ash'ari Bin Ayub	Ordinary Resolution 4		
5.	Re-appointment of Auditors	Ordinary Resolution 5		
6.	Payment of Directors' Fees for the financial year ended 30 June 2017	Ordinary Resolution 6		
7.	Payment of Directors' Fees from 1 July 2017 until the next Annual General Meeting and Directors' benefits from 31 January 2017 until the next Annual General Meeting	Ordinary Resolution 7		
8.	Continuing in office as Independent Non-Executive Director - YBhg Tan Sri Datuk Seri Ismail Bin Yusof	Ordinary Resolution 8		
9.	Continuing in office as Independent Non-Executive Director - Encik Ash'ari Bin Ayub	Ordinary Resolution 9		
10.	Authority to issue shares	Ordinary Resolution 10		
11.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature	Ordinary Resolution 11		
12.	Proposed Renewal of Authority for Share Buy-back	Ordinary Resolution 12		

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 \_\_\_\_\_, 2017.

Signature of Shareholding(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 Article 72(b) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 29 November 2017. Only depositor whose name appears on the Record of Depositors as at 29 November 2017 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 i.e. before 10.30 a.m., Tuesday, 5 December 2017, 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  
HERE

The Company Secretary

**BCB BERHAD** (172003-W)  
(Incorporated in Malaysia)

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

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## **BCB BERHAD** (172003-W)

[www.bcbhd.com.my](http://www.bcbhd.com.my)

### **REGISTERED OFFICE**

No. 4B, 2nd & 3rd Floor, Jalan Sentol  
South Wing - Kluang Parade  
86000 Kluang, Johor  
Tel: 07-776 0089  
Fax: 07-772 0089

### **KUALA LUMPUR BRANCH**

B-01-02 & B-01-03 Concerto North Kiara  
No. 1, Jalan Dutamas Orkid,  
51200 Kuala Lumpur  
Tel: 03-8605 3678 / 03-8605 3680  
Fax: 03-8605 3679