JBB BUILDERS INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1903

2019

ANNUAL REPORT

Contents

Corporate Information	2-3
Chairman's Statement	4-6
Management Discussion and Analysis	7-16
Biographical Details of Directors and Senior Management	17-21
Directors' Report	22-42
Corporate Governance Report	43-59
Environmental, Social and Governance Report	60-76
Independent Auditor's Report	77-82
Consolidated Statement of Profit or Loss and Other Comprehensive Income	83
Consolidated Statement of Financial Position	84-85
Consolidated Statement of Changes in Equity	86
Consolidated Statement of Cash Flows	87-88
Notes to the Consolidated Financial Statements	89-171
Financial Summary	172

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dato' Ng Say Piyu *(Chairman)*
Mr. Lam Fung Eng
Mr. Ng Chong Boon

Non-executive Director

Datin Ngooi Leng Swee

Independent non-executive Directors

Mr. Tai Lam Shin
Mr. Wong Kwok Wai, Albert
Ms. Chan Pui Kwan

AUDIT COMMITTEE

Mr. Tai Lam Shin *(Chairman)*
Mr. Wong Kwok Wai, Albert
Ms. Chan Pui Kwan

REMUNERATION COMMITTEE

Mr. Tai Lam Shin *(Chairman)*
Dato' Ng Say Piyu
Ms. Chan Pui Kwan

NOMINATION COMMITTEE

Dato' Ng Say Piyu *(Chairman)*
Mr. Tai Lam Shin
Mr. Wong Kwok Wai, Albert
Ms. Chan Pui Kwan

COMPANY SECRETARY

Ms. Lam Lam

AUTHORISED REPRESENTATIVES (FOR THE PURPOSE OF THE LISTING RULES)

Mr. Lam Fung Eng
Ms. Lam Lam

AUTHORISED REPRESENTATIVE (FOR THE PURPOSE OF THE COMPANIES ORDINANCE)

Ms. Lam Lam

AUDITOR

Crowe (HK) CPA Limited

9/F, Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

COMPLIANCE ADVISOR

Alliance Capital Partners Limited

Room 1502–03A, 15/F, Wing On House
71 Des Voeux Road Central
Hong Kong

LEGAL ADVISORS AS TO HONG KONG LAW

Ma Tang & Co.

Rooms 1508–1513, Nan Fung Tower
88 Connaught Road Central
Central
Hong Kong

PRINCIPAL BANKERS

DBS Bank (HK) Limited

16/F The Center
99 Queen's Road Central
Hong Kong

Bank of Communications Co., Ltd., Hong Kong Branch

10/F., Fortis Tower
No. 77 Gloucester Road
Wan Chai
Hong Kong

Corporate Information

Affin Bank Berhad

17th Floor, Menara Affin
80, Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

AmBank Islamic Berhad

Level 31, Metropolis Tower
Jalan Dato' Abdullah Tahir
80300 Johor Bahru
Malaysia

Maybank Islamic Berhad

Level 8, Office Tower
Johor Bahru City Square
No. 108, Jalan Wong Ah Fook
80000 Johor Bahru
Malaysia

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS IN MALAYSIA

No. 20–01, Jalan Sri Perkasa 2/18
Taman Tampoi Utama
81200 Johor Bahru
Malaysia

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1222, 12/F, Soundwill Plaza II — Midtown
1–29 Tang Lung Street
Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK NAME/CODE

JBB BUILDERS/1903

COMPANY'S WEBSITE

www.jbb.com.my

Chairman's Statement

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "**Board**" or "**Directors**"), I am pleased to present you with the first chairman's statement and the annual results of JBB Builders International Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") for the year ended 30 June 2019 since our successful listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 10 May 2019 (the "**Listing Date**") (the "**Listing**"). The Listing marks a new milestone for us. The Listing enhances our corporate profile, brand awareness and competitiveness among industry players, which in turn fosters our business relationship with our customers and subcontractors. Furthermore, it provides us the financial resources to expand our operations, implement our future plans and achieve our business opportunities and strategies which will further strengthen the Group's market position.

RESULTS

The Group's revenue for the year ended 30 June 2019 was approximately RM329.9 million, representing a decrease of approximately RM207.9 million, or 38.7% from approximately RM537.8 million for the year ended 30 June 2018 as a result of the decrease in volume of work on marine construction services. The Group recorded profit for the year attributable to the owners of the Company of approximately RM19.6 million as compared to approximately RM23.1 million for the year ended 30 June 2018. The decrease was mainly attributable to the decrease in revenue and so as the gross profit. The Group's results are discussed in details under the section headed "Management Discussion and Analysis" in this annual report.

DEVELOPMENT

Despite the above, we do see positive signs in our business. We continue focusing on developing our core business in marine construction services and building and infrastructure services. We also actively source new projects in Malaysia and expand our customer base. During the year ended 30 June 2019, the Group had submitted 3 tenders and 17 quotations for marine construction contracts and 10 tenders and 7 quotations for building and infrastructure contracts with aggregate original contract sum of approximately RM957.5 million. Together with 2 tenders and 4 quotations with an expected contract sum of approximately RM598.3 million submitted which had yet to receive results as at 30 June 2018, the Group had been awarded 23 contracts with an aggregate original contract sum of approximately RM788.6 million. Amongst of which the awarded contracts, 7 were awarded from new customers. As at 30 June 2019, the Group had 4 tenders and 8 quotations with an aggregate expected contract sum of approximately RM706.1 million submitted which had yet to receive results. It is expected that revenue of approximately RM479.4 million and RM307.4 million will be recognised from marine construction contracts and building and infrastructure contracts on hand as at 30 June 2019 (taking into account the adjustment and variation orders known as of 30 June 2019), respectively, subsequent to the financial year ended 30 June 2019.

Chairman's Statement

OUTLOOK

Changes in the local and global economy and the evolving political development make the future at best difficult to predict. Although the Group anticipates challenging period ahead, the Group's strong financial position, coupled with favorable initiative from the Malaysian Government in the form of the 11th Malaysia Plan in which the Government continues to invest in enhancing its citizens' welfare and quality of life especially by prioritising housing construction and good infrastructure for transport and other communication linkages, and together with the Transformasi National, a 30-year transformation plan which leads to expected rise of megacities due to continued trend of urbanisation, the Board is confident of the future prospects of the marine construction, building and infrastructure business. The Board is sure that the Group's enhanced financial resources from the global offering shall enable us to further expand the operations and achieve stable growth of the business.

The Group is going to set up a wholly-owned subsidiary in Hong Kong which will be engaged in the trading business of sand and construction. The Board believes that with the Group's extensive networks of sand source in Malaysia on one hand and the stable demand of various types of sand from the People's Republic of China (the "**PRC**") and Hong Kong on the other hand, the sand trading business may not only contribute additional profit but also facilitate the Group to explore business opportunities of the marine construction industry in the PRC and Hong Kong. The Group views this new venture outside Malaysia optimistically and is confident that it will bring about positive impact on the Group's business in the time to come.

With the solid experiences in doing business in Malaysia, the Group assured that its own corporate culture shall guide it through the challenges ahead, as it had in the past. To complement the above, upon Listing, the Group has also put in place various corporate governance measures to ensure that the Company, the Board and the management of the Group are working towards the expected standard of corporate ethics and governance.

APPRECIATION

The Board would like to express its sincere gratitude to the shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

Dato' Ng Say Piyu
Chairman
Hong Kong, 26 September 2019

Management Discussion and Analysis

BUSINESS REVIEW

On Listing Date, the ordinary shares of the Company (the "**Shares**") were listed on the Main Board of the Stock Exchange.

The Group is an established engineering contractor based in Malaysia. The business is divided into two major types of services:

- Marine construction services — core business, which can be categorised into:

  (a) reclamation and related works, which include land reclamation and other marine civil works. Reclamation may involve soil investigation, hydrographic survey, pre-reclamation design, sand handling/filling, ground treatment, sand surcharge removal work and other related works. Marine civil works generally include construction of jetty, channel-crossing works, maintenance dredging and river diversion; and

  (b) marine transportation, which involves transportation of marine sand, the filling material normally used in land reclamation, including the loading of marine sand extracted from the approved sand source onto sand carriers, carriage and delivery of marine sand to designated sites where the marine sand is unloaded to be used for land reclamation.

- Building and infrastructure services — the services include general building works in construction of properties and infrastructure works.

During the year ended 30 June 2019, the Group had completed a total of 13 marine construction contracts, which comprised of 8 reclamation and related works contracts and 5 marine transportation contracts with an aggregate original contract sum of approximately RM299.5 million, and total of 6 building and infrastructure contracts with an aggregate original contract sum of approximately RM33.2 million.

As at 30 June 2019, the Group had 8 ongoing marine construction contracts comprising 5 reclamation and related works contracts, 2 marine transportation contracts and 1 reclamation and related works and marine transportation contract with an aggregate original contract sum of approximately RM508.0 million, and 12 ongoing building and infrastructure contracts with an aggregate original contract sum of approximately RM493.2 million.

During the year ended 30 June 2019, the Group had submitted 3 tenders and 17 quotations for marine construction contracts and 10 tenders and 7 quotations for building and infrastructure contracts with aggregate original contract sum of approximately RM957.5 million. Together with 2 tenders and 4 quotations with an expected contract sum of approximately RM598.3 million submitted which had yet to received results as at 30 June 2018, the Group had been awarded 23 contracts with an aggregate original contract sum of approximately RM788.6 million. Amongst of which the awarded contracts, 7 were awarded from new customers. As at 30 June 2019, the Group had 4 tenders and 8 quotations with an aggregate expected contract sum of approximately RM706.1 million submitted which had yet to receive results.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

Revenue decreased by approximately RM207.9 million or 38.7% from approximately RM537.8 million for the year ended 30 June 2018 to approximately RM329.9 million for the year ended 30 June 2019. Such decrease was mainly due to the reduction in volume of work for marine construction services for the year ended 30 June 2019 following the completion of certain key contracts which contributed to a substantial portion of the revenue for the year ended 30 June 2018. The reduction of volume is further affected by the unexpected delay in the commencement of new constructions contracts secured during the current financial year as longer time was required to obtain approval on the commencement of marine construction work from the authorities by the customers and/or due to the change of design layout by the customers. Subsequently, one of the contracts has been gradually executed since July 2019. However, it takes time for the customers to get the approval from the authorities and/or confirm the change of design layout for the remaining contracts. Based on the latest discussion with customers, our Directors expected that these contracts may be commenced by late 2019.

Marine construction services

Revenue from marine construction services represented approximately 50.8% of the total revenue for the year ended 30 June 2019. It decreased by approximately RM291.1 million or 63.4% from approximately RM458.8 million for the year ended 30 June 2018 to approximately RM167.7 million for the year ended 30 June 2019.

Revenue from reclamation and related works, which represented approximately 11.3% of the total revenue from marine construction services for the year ended 30 June 2019, decreased by approximately RM79.3 million or 80.8% from approximately RM98.2 million for the year ended 30 June 2018 to approximately RM18.9 million for the year ended 30 June 2019. Such decrease was mainly due to the reduction in volume of work following the completion of certain key contracts such as contracts for the Forest City Project and the R&F Princess Cove Project which contributed to a substantial portion of the revenue for the year ended 30 June 2018.

Revenue from marine transportation, which represented approximately 88.7% of the total revenue from marine construction services for the year ended 30 June 2019, decreased by approximately RM211.8 million or 58.7% from approximately RM360.6 million for the year ended 30 June 2018 to approximately RM148.8 million for the year ended 30 June 2019. Such decrease was mainly due to the reduction in volume of sand transported during the year ended 30 June 2019 following the completion of certain key contracts such as contracts for the marine transportation of sand to Tuas, Singapore and marine transportation of sand for the golf course of the Forest City Project which contributed to a substantial portion of the revenue for the year ended 30 June 2018.

Building and infrastructure services

Revenue from building and infrastructure services represented approximately 49.2% of the total revenue for the year ended 30 June 2019. Revenue from building and infrastructure services increased by approximately RM83.2 million or 105.3% from approximately RM79.0 million for the year ended 30 June 2018 to approximately RM162.2 million for the year ended 30 June 2019. Such increase was mainly due to the new contracts secured by the Group and substantial works conducted for the ongoing contracts during the year ended 30 June 2019 compared with the year ended 30 June 2018.

Gross profit and gross profit margin

As a result of the decrease in revenue for the year ended 30 June 2019, gross profit dropped by approximately RM32.6 million or 45.9% from approximately RM71.0 million for the year ended 30 June 2018 to approximately RM38.4 million for the year ended 30 June 2019.

The overall gross profit margin decreased from 13.2% for the year ended 30 June 2018 to 11.6% for the year ended 30 June 2019. The decrease was mainly due to the lower gross profit margin for marine construction services which incurred higher construction costs as a result of speeding up the progress as requested by customers for the year ended 30 June 2019, but offsetting by the higher gross profit margin for building and infrastructure services.

Other revenue

The other revenue decreased from approximately RM2.9 million for the year ended 30 June 2018 to approximately RM1.7 million for the year ended 30 June 2019, which was mainly due to the decrease in transportation income from providing transportation to the workers of subcontractors to commute to construction sites and the decrease in handling service fee for the provision of diesel, and offsetting by the increase in the bad debts recovered of approximately RM0.9 million.

Other net income/(loss)

Other net income was approximately RM358,000 for the year ended 30 June 2019, mainly due to the gain on disposal of certain motor vehicles of the Group of approximately RM0.7 million, net foreign exchange gain of approximately RM0.2 million but netting off the fair value loss on investment properties of approximately RM0.6 million, whereas the Group recorded other net loss of approximately RM2.0 million for the year ended 30 June 2018, which was mainly due to the net foreign exchange loss.

Reversal/(allowance) for impairment loss on trade receivables and contract assets

Reversal for impairment loss on trade receivables and contract assets was approximately RM3.4 million for the year ended 30 June 2019 whereas impairment losses on trade receivables of approximately RM0.2 million was recorded for the year ended 30 June 2018. Due to the initial application of HKFRS 9, the Group has measured the expected credit losses and recognised approximately RM3.9 million as the additional impairment losses at 1 July 2018. Such amounts were mainly attributable to the past due trade receivables and contract assets following the implementation of expected credit losses under HKFRS 9. As at 30 June 2019, the past due trade receivables and contract assets were greatly reduced. The Group has remeasured the loss allowances and a reversal of impairment loss of approximately RM3.4 million was recognised for the year ended 30 June 2019.

Management Discussion and Analysis

General and administrative expenses

General and administrative expenses decreased by approximately RM10.2 million or 37.8% from approximately RM27.0 million for the year ended 30 June 2018 to approximately RM16.8 million for the year ended 30 June 2019. Such decrease was mainly due to the significative reduction of provision for performance bonuses to the Directors for the year ended 30 June 2019 following the decrease in profit recorded for the same period, as compared with the year ended 30 June 2018.

Income tax expenses

Income tax expenses decreased by approximately RM4.9 million or 38.9% from approximately RM12.6 million for the year ended 30 June 2018 to approximately RM7.7 million for the year ended 30 June 2019. The decrease was mainly due to the reduction in profit before tax for the year ended 30 June 2019 as compared with the year ended 30 June 2018.

Finance costs

Finance costs remained relatively stable at approximately RM0.2 million for the year ended 30 June 2019 as compared with approximately RM0.3 million for the year ended 30 June 2018.

Profit for the year attributable to owners of the Company

The Group reported profit attributable to owners of the Company of approximately RM19.6 million for the year ended 30 June 2019, representing a decrease of approximately 15.2% from approximately RM23.1 million for the year ended 30 June 2018. Excluding the one-off listing expenses for the year ended 30 June 2019 of approximately RM5.5 million (2018: RM 7.1 million), profit attributable to owners of the Company would have been approximately RM25.1 million (2018: RM30.2 million), representing a decrease of approximately 16.9% compared with the year ended 30 June 2018.

Final dividends

The Board have resolved to recommend the payment of a final dividend of HK$0.02 per Share for the year ended 30 June 2019 to the shareholders of the Company (the "**Shareholders**") whose names appeared on the register of members of the Company on 29 November 2019, which will be amounting to HK$10,000,000 in aggregate. The proposed final dividend will be paid on 13 December 2019 following the approval at the forthcoming annual general meeting of the Company to be held on 20 November 2019.

Management Discussion and Analysis

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and Financial Resources

The Group finances its working capital requirements through a combination of cash generated from operations, shareholder's equity and banking facilities.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

As at 30 June 2019, the Group had cash and cash equivalents of approximately RM114.6 million (2018: RM41.6 million) and pledged bank deposits of approximately RM5.6 million (2018: RM5.6 million). The increment is mainly contributed from the net proceeds received from the Listing. All are denominated in Hong Kong dollars and RM.

As at 30 June 2019, the Group had bank loan of approximately RM0.5 million (2018: RM0.7 million) carrying interest rate at 5.78% (2018: 5.83%) and obligations under finance leases of approximately RM2.3 million (2018: RM3.5 million) carrying interest rate ranging from 4.6% to 6.8% (2018: ranging from 4.6% to 6.9%). All are denominated in RM.

The Group continued to maintain a healthy liquidity position. As at 30 June 2019, the current ratio remained stable at approximately 1.6 times (2018: 1.1 times). The increment was mainly due to the proceeds received upon the Listing of the Company and the Group has maintained sufficient liquid assets to finance its operations. The gearing ratio decreased from approximately 9.7% as at 30 June 2018 to approximately 2.1% as at 30 June 2019 which was mainly due to the increase in total equity arising from the Listing of the Company.

Capital structure

The Shares were successfully listed on the Main Board of the Stock Exchange on the Listing Date. Since then, there had been no change in the capital structure of the Group up to 30 June 2019. The capital structure of the Company comprises of issued share capital and reserves. As at 30 June 2019, the Company had 500,000,000 Shares in issue.

Capital commitments

As at 30 June 2019, the Group had no capital commitments (2018: nil).

Operating lease commitments

As at 30 June 2019, the Group had future aggregate minimum lease rental expenses in respect of offices premises and equipment under non-cancellable operation leases of approximately RM192,000 (2018: RM197,000).

Management Discussion and Analysis

Pledge of assets

As at 30 June 2019, pledged bank deposits of approximately RM5.6 million (2018: RM5.6 million) have been pledged to banks as security for banking facilities granted to the Group with approximately RM5.6 million (2018: RM5.4 million) related to performance bond. Pledged bank deposits related to performance bond includes (i) back-to-back cash; (ii) minimum amount of deposits pledged to a bank for a facility line for performance bond; (iii) sinking fund (calculated at 6% of the progress payment from the particular contract related to the corresponding performance bond); and (iv) interest income of deposits pledged to bank.

Investment properties with carrying amount of approximately RM3.3 million (2018: nil) as at 30 June 2019 was pledged to a bank as security for bank facilities granted to the Group.

Contingent liabilities

As at 30 June 2019, the Group had contingent liabilities in respect of performance bonds for contracts in favour of customers of approximately RM991,000 (2018: RM786,000).

The performance bonds were given by banks in favour of some of Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks accordingly. The performance bonds will be released based on the terms of the respective contracts for the relevant customers. The performance bonds were secured and guaranteed by i) deposits with licensed bank of RM5.6 million; and ii) joint and several guarantees given by the Directors of the Group for the year ended 30 June 2019.

Risk management

Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, contract assets, pledged bank deposits and cash at banks. Management had a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group had significant exposure to individual customers. As at 30 June 2019, 43% (2018: 69%) of the total gross trade and retention receivables and contract assets was due from the Group's largest customer and 98% (2018: 97%) of the total gross trade and retention receivables and contract assets were due from the Group's five largest customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

Effective on 1 July 2018, the Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime expected credit losses, which is calculated using a provision matrix. Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Cash and cash equivalents and pledged bank deposits are mainly placed with reputable financial institutions with high credit-ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these financial institutions.

Interest rate risk

The Group exposed to fair value interest rate risk in relation to the Group's fixed-rate short-term pledged bank deposits and obligations under finance leases. The management of the Group considers that the Group's exposure from these fixed-rate short-term pledged bank deposits and obligations under finance leases to interest rate risk is not significant.

The Group's interest rate risk arises primarily from cash at banks and bank loan. Cash at banks and bank loan at variable rates expose the Group to cash flow interest rate risk. The Group does not anticipate significant impact to cash at banks and bank loan because the interest rates are not expected to change significantly.

Foreign currency exchange risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and to keep the net exposure to an acceptable level. The Group will consider hedging significant foreign currency exposure should the need arise.

For the risks and uncertainties facing the Group, please refer to the section headed "Risk Factors" in the prospectus of the Company dated 25 April 2019 (the "**Prospectus**") and section headed "Directors' Report" (on pages 22 to 42) of this annual report.

SIGNIFICANT INVESTMENTS HELD

Save as disclosed in the Prospectus, the Group did not hold any significant investments during the year ended 30 June 2019.

Management Discussion and Analysis

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets as at 30 June 2019.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in the section headed "History, Development and Reorganisation" in the Prospectus, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the year ended 30 June 2019.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this annual report, there were no other important events affecting the Group that have occurred since 30 June 2019 and up to the date of this annual report.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, excluding the Directors, the total number of full-time employees of the Group was approximately 76 (2018: 86). The Group determines the remuneration of its employees with references to market rates and individual's qualifications, experience, skills, performance and contributions. The Group regularly reviews compensation and benefits policies as well as the individual performance of employees and encourages the employees to pursue their professionalism and personal goals. The Company adopted a share option scheme so that the Company may grant options to the eligible persons as incentives or rewards for their contributions to the Group.

In addition, employees are always encouraged to attend job-related seminars, courses and programs organised by professional or educational institutions, in Malaysia, Hong Kong or other jurisdiction.

PROSPECTS

During the year ended 30 June 2019, there was slowdown on the progress of certain projects and delay in the commencement of new construction contracts given the longer time required to obtain approval on the commencement of marine construction work from the authorities by the customers and change of design layout by the customers. The delays in provision of the Group's works to the customers was therefore resulting in decrease in the Group's revenue from approximately RM537.8 million for the year ended 30 June 2018 to approximately RM329.9 million for the year ended 30 June 2019.

Management Discussion and Analysis

Changes in the local and global economy and the evolving political development make the future at best difficult to predict. Although the Group anticipates challenging period ahead, the Group's strong financial position, coupled with favorable initiative from the Malaysian Government in the form of the 11th Malaysia Plan in which the Government continues to invest in enhancing its citizens' welfare and quality of life especially by prioritising housing construction and good infrastructure for transport and other communication linkages, and together with the Transformasi National, a 30-year transformation plan which leads to expected rise of megacities due to continued trend of urbanisation, the Board is confident of the future prospects of the marine construction, building and infrastructure business. The Board is sure that the Group's enhanced financial resources from the global offering shall enable us to further expand the operations and achieve stable growth of the business.

With the solid experiences in doing business in Malaysia, the Group assured that its own corporate culture shall guide it through the challenges ahead, as it had in the past. To complement the above, upon Listing, the Group has also put in place various corporate governance measures to ensure that the Company, the Board and the management of the Group are working towards the expected standard of corporate ethics and governance.

The Group is going to set up a wholly-owned subsidiary in Hong Kong which will be engaged in the trading business of sand and construction. The Board believes that with the Group's extensive networks of sand source in Malaysia on one hand and the stable demand of various types of sand from the PRC and Hong Kong on the other hand, the sand trading business may not only contribute additional profit but also facilitate the Group to explore business opportunities of the marine construction industry in the PRC and Hong Kong. The Group views this new venture outside Malaysia optimistically and is confident that it will bring about positive impact to the Group's business in the time to come.

Going forward, the Group will continue to focus on the existing projects on hand while continue to explore new business opportunities including projects in public and private sector. Despite the future is hard to predict, the Group will implement the future plans as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus cautiously. The Directors believe that the government's long-term policies for large scale infrastructure projects and land supply to public and private sectors will favour the demand of the Group's business and the Group is well-positioned to take up new projects in the coming year.

Management Discussion and Analysis

USE OF PROCEEDS

The net proceeds of the global offering of the Shares received by the Company were approximately HK$125.2 million (approximately RM62.6 million) (Note 1), after deduction of underwriting fees and related listing expenses, of which HK$15.0 million of the total amount of fees and expenses in connection with the global offering of the Shares had been paid from the proceeds of the pre-IPO investments. Set out below is the breakdown of use of net proceeds from the global offering of the Shares from the Listing Date up to 30 June 2019:

Use of net proceeds as at 30 June 2019	Percentage of net proceeds %	Amount RM million	Amount utilised RM million	Actual balance as at 30 June 2019 RM million
Acquiring one rebuilt sand carrier from one of the existing subcontractors for marine transportation services	57.8	36.2	—	36.2
Purchasing new land-based machineries	7.3	4.6	—	4.6
Satisfying performance bonds requirement of prospective projects	23.5	14.7	—	14.7
Upgrading the information technology and project management systems	0.7	0.4	—	0.4
Recruiting and expanding management team for the building and infrastructure works	3.4	2.1	—	2.1
Working capital and general corporate purposes	7.3	4.6	(4.6)	—
	100.0	62.6	(4.6)	58.0

Such utilisation of the net proceeds was in accordance with the proposed allocations as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. As at 30 June 2019, approximately RM58.0 million (representing approximately 92.7%) of the net proceeds from the global offering had not yet been utilised (Note 2). The unutilised portion of the net proceeds were deposited in the Group's banks in Hong Kong and Malaysia and is intended to be utilised in the manner consistent with the proposed allocation as set forth in the Prospectus.

Notes:

(1) The net proceeds allocated for each specific use have been adjusted proportionally in the manner as stated in the Prospectus due to the difference between the estimated net proceeds and the actual net proceeds received.

(2) Subsequent to the Listing, there was delay in the commencement of new construction contracts secured during the year ended 30 June 2019. The relevant portion of proceeds is expected to be utilised starting from early 2020.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Dato' Ng Say Piyu ("**Dato' Ng**"), aged 66, is the co-founder of our Group and has been appointed as our Chairman and executive Director since 30 April 2018. Dato' Ng is primarily responsible for overall business planning, corporate strategies and overall management of our Group. Dato' Ng is also the chairman of nomination committee, member of remuneration committee and a director of various subsidiaries of the Company. Dato' Ng has over 39 years of experience in the construction industry. From 1980 to 1983, he was a quantity surveyor in Jabatan Kerja Raya (Public Works Department Malaysia), during which he was mainly responsible for negotiation, procurement and construction management. From 1983 to 1993, Dato' Ng briefly worked as a project manager in PC Holdings Sdn. Bhd., a construction company in Malaysia; and subsequently served in SBBU Sdn. Bhd. (a subsidiary of Urban Development Authority Malaysia) with his last position as a senior project manager, where he was responsible for managing property development projects. From 1994 to 1997, he was appointed as a director of Idealland Sdn. Bhd., a company engaged in mixed property development projects. From 1998 to 2006, he became an entrepreneur actively investing in mixed property development in Malaysia. Since 2007, he began actively investing in the business of sand processing and trading.

Dato' Ng graduated from the Polytechnic of Wales (presently known as University of Glamorgan), United Kingdom, with a Bachelor of Science in Quantity Surveying in July 1980.

Dato' Ng is the spouse of Datin Ngooi Leng Swee ("**Datin Ngooi**") (a non-executive Director), and the uncle of Mr. Lam Fung Eng (an executive Director) and Mr. Ng Chong Boon (an executive Director).

Mr. Lam Fung Eng, aged 43, has been appointed as our executive Director since 10 May 2018. Mr. Lam is primarily responsible for overall corporate strategies and policies formulation, business development and general management of our Group. He is currently a director of various subsidiaries of the Company. Mr. Lam has over 19 years of experience in contract management in Malaysia's construction industry. Prior to joining our Group, Mr. Lam was a contract executive from November 1999 to August 2001 in Perwik Sdn. Bhd., in which he was responsible for the preparation of tender and negotiation with subcontractors and suppliers. From September 2001 to December 2003, he worked in Kumpulan Jayaputera Sdn. Bhd. with his last position as an assistant contract manager, and was responsible for assisting in the contract management of construction projects. From April 2004 to April 2008, he served as a contract manager of Prosmier Construction Sdn. Bhd., during which he was responsible of pre and post-contract management, including tender procurement and site valuation. From May 2008 to April 2012, he was appointed as a director of Full Alliance Sdn. Bhd., during which he was primarily responsible for overseeing the contract department of the company.

Mr. Lam graduated from the Nottingham Trent University, United Kingdom, with a Bachelor of Science majoring in quantity surveying in June 2000.

Mr. Lam is the nephew of Dato' Ng (an executive Director) and Datin Ngooi (a non-executive Director), and a cousin of Mr. Ng Chong Boon (an executive Director).

Biographical Details of Directors and Senior Management

Mr. Ng Chong Boon, aged 48, has been appointed as our executive Director since 10 May 2018. Mr. Ng is primarily responsible for the overall management of our business operation as well as project management and supervision. He is currently a director of various subsidiaries of the Company. Mr. Ng has over 24 years of experience in project management in Malaysia's construction industry. Prior to joining our Group, he was a quantity surveyor from January 1995 to February 1996 in JB Bergabung Consult, a consulting quantity surveying firm, and was mainly responsible for tender preparation. From March 1996 to May 1997, he served as a senior project executive of Seri Alam Properties Sdn. Bhd., a company engaged in mixed property development, and was responsible for risk management and operation of construction projects. From May 1997 to May 2000, he served as a contract manager of Dubon Berhad, a construction company, and was responsible for overseeing project operation and financial management of projects. From June 2000 to April 2011, he served as a project manager of SSB Construction Sdn. Bhd., a construction company, where he was responsible for conducting general project management.

Mr. Ng graduated from Glasgow Caledonian University, United Kingdom, with a Bachelor of Science majoring in quantity surveying in November 1995.

Mr. Ng is the nephew of Dato' Ng (an executive Director) and Datin Ngooi (a non-executive Director), and a cousin of Mr. Lam Fung Eng (an executive Director).

NON-EXECUTIVE DIRECTOR

Datin Ngooi, aged 65, has been appointed as our non-executive Director since 30 April 2018. Datin Ngooi is primarily responsible for the overall strategic management and corporate development. She is the co-founder of our Group and has been serving as a director of JBB Builders (M) Sdn. Bhd. ("**JBB Builders**") since its incorporation. Datin Ngooi has over 24 years of experience in management. From 1995 to 2000, Datin Ngooi was a senior IT manager of Malaysia Shipyard & Engineering Sdn. Bhd., a company engaged in ship repairing and conversion, where she was responsible for planning and directing the responsibilities of the IT department. In May 1996, she founded Computer Landmark Sdn. Bhd. (presently known as JBB Builders) and commenced business of computers trading in the capacity of a director. She remained as a director of JBB Builders since it commenced business as a subcontractor in the marine construction industry in 2012.

Datin Ngooi graduated from Aston University, United Kingdom, with a Bachelor of Science majoring in computer science in June 1982.

Datin Ngooi is the spouse of Dato' Ng (an executive Director), and the aunt of Mr. Lam Fung Eng (an executive Director) and Mr. Ng Chong Boon (an executive Director).

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tai Lam Shin, aged 61, has been appointed as our independent non-executive Director since 11 April 2019. He is mainly responsible for supervising and providing independent judgement to our Board. He is also the chairman of audit committee and remuneration committee and a member of nomination committee. Mr. Tai has over 35 years of experience in management and accounting services. From January 1984 to January 2007, Mr. Tai worked at Ernst & Young with his last position being a senior manager, and he was responsible for overseeing accounting and financial activities, as well as advising his clients on corporate governance matters. From April 2008 to December 2016, he served as an audit director of Moore Stephens Associates & Co., and was responsible for providing audit services to public and private companies of various industries. Since June 2014, Mr. Tai has been serving as an independent non-executive director of Keck Seng (Malaysia) Berhad, a company listed on Bursa Malaysia (stock code: 3476). Since June 2016, he has also been serving as an independent non-executive director of MCE Holdings Berhad, a company listed on Bursa Malaysia (stock code: 7004), and is currently the chairman of its nomination and remuneration committee. On 1 July 2019, Mr. Tai is appointed as an independent non-executive director and chairman of its audit committee of White Horse Berhad, a company listed on Bursa Malaysia (stock code: 5009).

Mr. Tai has been admitted as a Chartered Accountant of the Malaysian Institute of Accountants (MIA) in June 1987, and has been certified as a Fellow of The Chartered Association of Certified Accountants (FCCA), United Kingdom in February 1992.

Mr. Wong Kwok Wai, Albert (**黃國偉**), aged 60, has been appointed as our independent non-executive Director since 11 April 2019. He is mainly responsible for supervising and providing independent judgement to our Board. He is also a member of audit committee, remuneration committee and nomination committee. Mr. Wong has extensive experience in accounting and assurances. Since December 2009, he has been serving as the managing director of Yong Zheng CPA Limited, an accounting firm, and was responsible for overseeing the audit works. Since June 2017, Mr. Wong has been serving as the chairman, chief executive officer and executive director of Shen You Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8377). On 31 May 2019, Mr. Wong is appointed as an independent non-executive director of Yi Hua Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2213), and is currently the chairman of its audit committee and member of its nomination and remuneration committee.

Mr. Wong received his higher diploma in accountancy from the Hong Kong Polytechnic (presently known as Hong Kong Polytechnic University) in November 1982. He was admitted as a fellow of the Hong Kong Institute of Certified Public Accountants and as an associate of the Institute of Chartered Accountants in England and Wales in November 1992 and February 2008, respectively. Mr. Wong served on the Panel B of the disciplinary panel of the Hong Kong Institute of Certified Public Accountants from February 2005 to February 2018, and previously served on various committees, including administration and finance committee, China affairs committee, disciplinary panel, ethics committee, legal committee and taxation committee. He was the president of the Hong Kong Institute of Accredited Accounting Technicians Limited from May 1995 to June 1998, and became its honorary life member since June 1999.

Biographical Details of Directors and Senior Management

Ms. Chan Pui Kwan (陳佩君), aged 53, has been appointed as our independent non-executive Director since 11 April 2019. She is mainly responsible for supervising and providing independent judgement to our Board. She is also a member of audit committee, remuneration committee and nomination committee. Ms. Chan has over 17 years of experience in the corporate consultancy industry. In April 2002, she founded SINOVA Management Consultancy Limited (later renamed to ANT-SINOVA (Hong Kong) Limited), a company engaged in the provision of advice and support to investors entering into the PRC market, and remained as the chief executive officer until September 2012. Since September 2012, Ms. Chan was appointed as the chief executive officer of Delta Think (HK) Limited, a company engaged in the provision of business development consultancy services to private and public companies. Since July 2014, she has been serving as the non-executive director of DT Capital Limited, a company listed on the Main Board of the Stock Exchange (stock code: 356), and was subsequently appointed as the chairman of its board in July 2014.

Ms. Chan has been acting as a licensed representative of Hua Yu Investment Management Limited for Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities since June 2016 and September 2015 respectively. Ms. Chan also actively participates in community service and holds advisory positions in various institutions. She is currently a member of the Competition Commission (Hong Kong). She is also acting as a general committee member, chairman of women executive club, as well as the chairman of the Europe committee of the Hong Kong General Chamber of Commerce. In addition, she has been serving as an adviser for Les Beatitudes, a social enterprise that supports underprivileged women who want to work in a more flexible arrangement while taking home with some earnings. In December 2009, Ms. Chan was selected as one of "China's 100 Outstanding Female Entrepreneurs".

SENIOR MANAGEMENT

Mr. Eddy Bin Daud, aged 58, joined our Group in March 2015 and is the general manager (contract and planning) of our Company. He is mainly responsible for overseeing the contracts and planning department of our Group. Mr. Daud has over 29 years of experience in the construction industry of Malaysia. Prior to joining our Group, he worked in BW Perunding Sdn. Bhd., an engineering firm, from June 1990 to July 1994 with his last position as a project manager, where he was responsible for management of turnkey construction projects. From July 1994 to September 1997, he served as a general manager (operations) in Southern Water Corporation Sdn. Bhd., a water treatment plant operator, and was in charge of the operations and maintenance of water treatment plants. From July 2000 to September 2004, he worked in Dr Nik & Associates Sdn. Bhd., an engineering and project management consultant firm, with his last position as a senior project manager, and was responsible for the management of dredging and reclamation works of construction projects. From October 2004 to February 2015, he served as a senior manager (contracts and commercial) in Malaysian Maritime & Dredging Corporation Sdn. Bhd., a dredging and reclamation contractor, during which he was in charge of the design and operation of construction projects.

Mr. Daud obtained a degree of Bachelor of Science in Civil Engineering from Aston University, United Kingdom, in July 1984. He is a registered engineer (CIVIL) with practicing certificate with the Board of Engineers of Malaysia and has been certified as a member of the Institution of Engineers Malaysia in July 1989.

Biographical Details of Directors and Senior Management

COMPANY SECRETARY

Ms. Lam Lam (林琳), aged 31, joined our Group as a financial controller in April 2018, and was also appointed as our company secretary since 10 May 2018. She is mainly responsible for managing the financial operations as well as overseeing the company secretarial and compliance affairs of our Group. Prior to joining our Group, she was employed by the Hong Kong office of Deloitte Touche Tohmatsu from October 2010 to April 2018 with her last position being a manager in the audit function, where she was responsible for providing audit services for Hong Kong and overseas clients.

Ms. Lam obtained a degree of Bachelor of Business Administration in Accounting and Finance from the University of Hong Kong in November 2010, and was included on the Dean's Honor List of Faculty of Business and Economics for the academic year 2009/2010. She has been certified as a member of the Hong Kong Institute of Certified Public Accountants since January 2014, and has been certified as a financial risk manager of the Global Association of Risk Professionals since April 2016.

Directors' Report

The Directors are pleased to present their annual report and the audited consolidated financial statements for the year ended 30 June 2019.

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands under the Companies Law of the Cayman Islands as an exempted company with limited liability on 30 April 2018.

In preparation for the listing of the Shares on the Main Board of the Stock Exchange, the Group underwent corporate reorganisation (the "**Reorganisation**"). The Company became the holding company of the companies now comprising the Group.

For details of the Reorganisation, please refer to section headed "History, Reorganisation and Corporate Structure — Reorganisation" in the Prospectus.

The Shares were listed on the Main Board of the Stock Exchange on 10 May 2019 by way of global offering.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries and joint venture are set out in notes 28 and 15 to the consolidated financial statements, respectively. There were no significant changes to the Group's principal activities during the year.

BUSINESS REVIEW

Review of the Group's business and analysis of the Group's performance using financial key performance indicators during the year and an indication of the likely future development of the Group's business are provided in the sections headed "Chairman's Statement" (on pages 4 to 6), "Management Discussion and Analysis" (on pages 7 to 16), "Corporate Governance Report" (on pages 43 to 59), "Financial Summary" (on page 172) and "Notes to the Consolidated Financial Statements" (on pages 89 to 171) of this annual report.

Principal risks and uncertainties facing the Group

The Group's business operation, financial condition and results may be affected by certain risks and uncertainties pertaining to the Group's business. The principal risks and uncertainties identified by the Group are set out as follows which are by no means exhaustive or comprehensive:

The Group's future business is dependent on the contracts on hand and its ability to secure new contracts

The Group's contracts are on a non-recurring and project-by-project basis and secured through tendering or quotation process. There is no guarantee that the Group will continue to secure new contracts after the completion of the existing awarded contracts and that the Group will always be able to maintain similar levels of profitability in the future.

The Group's profitability may be adversely affected by the delay or change of sizable contracts

There are unforeseeable conditions after the contracts are awarded and/or during the execution of the contracts, such as time required to obtain approval on the commencement of marine construction work from the authorities from the customers, change of design layout requested by the customers, adverse weather conditions, unexpected geological conditions, unexpected technical problems and additional resources required, etc. These may cause the Group's project costs to increase unexpectedly, affect the timing on generating the revenue for the Group and so the Group's profitability and gross profit margin.

The Group's revenue may be substantially different from the original contract sum due to factors such as variation orders/adjustments

The aggregate amount of revenue that the Group is able to derive from a contract may be different from the original contract sum specified in the relevant contract due to factors such as variation orders (including additions, modifications and/or cancellations of certain contract works) placed by its customers from time to time during the course of execution or adjustments made. As such, there is no assurance that the amount of revenue derived from the ongoing contracts will not be substantially different from the original contract sum as specified in the relevant contracts. The Group's financial condition may be adversely affected by any decrease in the Group's revenue and gross profit margin as a result of variation orders/adjustments.

The Group's performance is dependent on the general economic conditions and government policies of the markets in which the Group operated

The construction industry is cyclical in nature and depends on the market conditions. Any downturn in the construction sector and/or reduction in the overall value and number of contracts due to, amongst other reasons, economic downturn, change of government policies and/or civil unrest, delay on approval for funding proposals for public works contracts may correspondingly reduce the demand for the Group's services. As such, the Group's revenue and profitability may be adversely affected.

For others risks and uncertainties facing the Group, please refer to the section headed "Risk Factors" in the Prospectus.

For review of the Group's environmental policies and performance, compliance with the relevant laws and regulations that have a significant impact on the Group and understanding of the Group's key relationships with its employees, customers and suppliers and others that have a significant impact on the Group, please see section headed "Corporate Governance Report" (on pages 43 to 59) and "Environmental, Social and Governance Report" (on pages 60 to 76) of this annual report and discussions as follows:

Environmental policies and performance

We are environmentally aware and we ensure that environmental compliance and protection measures are properly implemented for the contracts. The Group has adopted measures and work procedures governing environmental protection compliance that are required to be followed under the relevant contract. Such measures and procedures include, amongst others: (i) installation of silt curtains; (ii) marine water sampling and quality monitoring; (iii) air and noise pollution control; and (iv) material and waste management.

Directors' Report

Please refer to more details as per section headed "Environmental, Social and Governance Report" (on pages 60 to 76) of this annual report.

Compliance with relevant laws and regulations

Our Group has adopted internal control measures to monitor the continuous compliance with relevant laws and regulations such as the Companies Law of the Cayman Islands, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Securities and Futures Ordinance, the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and other rules and regulations implemented in relevant jurisdictions. During the year, as far as the Board is aware, having made all reasonable queries, there was no non-compliance in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of our Group during the year ended 30 June 2019.

Our Group continues to commit to comply with the relevant laws and regulations.

Key relationships with employees, customers and suppliers and other stakeholders

Employees

We recognise our employees as one of the most important assets to our Group. As at 30 June 2019, we had a total of 76 (2018: 86) employees (excluding the Directors) in Hong Kong and Malaysia. To attract new talents, retain high quality employees and bring our Group's continued success in the future, we value their supports and contributions at all times. Our Group regularly reviews compensation and benefits policies as well as the individual performance of employees and encourages our employees to pursue their professionalism and personal goals. Employees' handbook and code of conduct are established and communicated with our employees and emphasis on honesty, integrity and fairness with an aim to protect our Group's interests and reputation. In addition, whistleblowing policy and anti-fraud policy are established to encourage employees to report any violation within our Group.

We are committed to providing a respectable, safe and healthy working environment for both our employees and employees of our subcontractors and encourages collaboration and cooperation between employees and across departments. We also strive to promote a motivating and supportive culture, workforce diversity and equal opportunity in our offices and sites.

Customers

Over the years, we have built a solid and diversified base of customers with whom we have maintained stable business relationships. Our key customers include property developers based in Malaysia and overseas as well as the preferred transportation agent of the sole authorised agent of sand concession owners in Johor and government-linked company.

Relationship with customers is one of the key success of our Group. We provide integrated solutions with strong execution capabilities to our customers throughout different stages of a project to ensure the execution of marine construction projects to be efficient and organised. Professional and quality services are provided for building and infrastructure projects. We will continue to improve our customer relationship and build a strong reputation in the industry in Malaysia and maintain long term profitability and business growth.

Suppliers and subcontractors

Our Group has established and maintained a stable working relationship with a network of suppliers and subcontractors. Our Directors believe that our Group's network of and relationship with our suppliers and subcontractors enables us to have flexibility in pricing and selection and secures our competitive position in bidding for new projects. It could reduce the risk of shortage or delay in delivery causing material disruption to project execution.

We proactively communicate with our suppliers and subcontractors to ensure that they are committed to deliver high quality services. We establish a comprehensive management system, supply our subcontractors with our safety manuals on workplace safety and provide regular updates regarding safety matters to ensure our subcontractors' meet our quality standards, including all the relevant rules and regulations in connection with the works and the subcontractor's responsibilities and policies relating to quality control, work safety and environmental protection. We evaluate the existing subcontractors at least annually to determine performance of subcontractors based on delivery promptness, cost, workmanship quality, responsiveness and corrective actions in order to decide to sustain, discontinue or increase the business.

RESULTS

The results of the Group for the year ended 30 June 2019 and the Group's financial position at that date are set out in the Group's consolidated financial statements on page 83 to 85 of this annual report.

DIVIDENDS

The Board have resolved to recommend the payment of a final dividend of HK$0.02 per Share for the year ended 30 June 2019 to the Shareholders whose names appeared on the register of members of the Company on 29 November 2019, which will be amounting to HK$10,000,000 in aggregate. The proposed final dividend will be paid on 13 December 2019 following the approval at the forthcoming annual general meeting of the Company to be held on 20 November 2019.

No dividend has been declared or paid by the Company during the year ended 30 June 2018. Dividends of approximately RM57,500,000 during the year ended 30 June 2018, represented dividends declared by the respective companies now comprising the Group to the then owners of the respective companies. The rates for dividend and the number of Shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

Directors' Report

DIVIDEND POLICY

The recommendation of the payment of any dividends is subject to the discretion of the Board, and any declaration of final dividend will be subject to the approval of our Shareholders.

In proposing any dividend payout, the Board shall take into account the following criteria, including:

- the Company and its subsidiaries' actual and expected financial results;
- general financial conditions of the Group;
- current and future business conditions and strategies;
- retained earnings and distributable reserves of the Company;
- the level of the Group's debts to equity ratio, return on equity and financial covenants to which the Group is subject;
- any contractual restrictions on payment of dividends by the Company to its Shareholders or by the Company's subsidiaries to the Company;
- the Group's expected working capital requirements and future expansion plans;
- liquidity position;
- statutory and regulatory restrictions; and
- other factors that the Board deems appropriate.

The Company's ability to pay dividends is also subject to the requirements of the Listing Rules and all relevant applicable laws, rules and regulations in the Cayman Islands, Hong Kong and the amended and restated Memorandum and Articles of Association of the Company.

Dividends may be paid out by way of cash or by other means that the Directors consider appropriate.

The Board will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the right to attend and vote at the annual general meeting, the register of members of the Company will be closed from 15 November 2019 to 20 November 2019, both days inclusive, during which no transfer of Shares of the Company will be registered. In order to be entitled to attend and vote at the annual general meeting, unregistered holders of Shares of the Company should ensure that all transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 14 November 2019.

Subject to the approval of shareholders of the Company at the annual general meeting, the proposed final dividend will be payable to shareholders of the Company whose names appear on the register of members of the Company on 29 November 2019. The register of members of the Company will be closed from 26 November 2019 to 29 November 2019, both days inclusive, during which no transfer of Shares of the Company will be registered. In order to be entitled to the proposed final dividend, unregistered holders of Shares of the Company should ensure that all transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company's share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 25 November 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Shares of the Company have been listed on the Main Board of the Stock Exchange on the Listing Date. During the period from the Listing Date and up to the date of this report, the Board is of view that the Company had adopted and complied with all applicable code provisions set out in the Corporate Governance Code in the Appendix 14 to the Listing Rules ("**CG Code**").

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company adopted the Model Code for Securities Transactions by the Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions of the Company by the Directors. The Company had made specific enquiry with all the Directors and the Directors confirmed that they have complied with the required standard as set out in the Model Code regarding securities transactions by the Directors since the Listing Date and up to the date of this annual report.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last four financial years is set out on page 172 of this annual report.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 25(b) to the consolidated financial statements.

SHARE OPTION SCHEME

Pursuant to the written resolutions passed on 11 April 2019, the Company has conditionally adopted a share option scheme (the "**Share Option Scheme**"), which became unconditional and effect on the Listing Date.

(a) Purpose and Participants of the Share Option Scheme

The purpose of the Share Option Scheme is to enable our Company to grant options to the employee, director, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of our Company or any subsidiary who is in full-time or part-time employment with or otherwise engaged by our Company or any subsidiary at the time when an option is granted to such employee, director, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of the Board (the "**Eligible Participants**"), has contributed or may contribute to our Group as incentive or reward for their contribution to our Group to subscribe for the Shares thereby linking their interest with that of our Group.

(b) Grant and acceptance of options

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years after the adoption date of the Share Option Scheme to make an offer to any Eligible Participants as the Board may in its absolute discretion select to subscribe for such number of Shares as the Board may determine. An offer shall be made to an Eligible Participant in writing in such form as our Directors may determine from time to time and shall remain open for acceptance by the Eligible Participant concerned for a period of 21 days from the date upon which it is made provided that no such offer shall be open for acceptance after the 10th anniversary of the adoption date of the Share Option Scheme or the termination of the same.

An offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the offer duly signed by the Eligible Participant, together with a remittance in favour of our Company of HK$1.00 by way of consideration for the grant thereof is received by our Company within 21 days from the date of offer or within such time as may be determined by the Board.

Any offer may be accepted by an Eligible Participant in respect of less than the total number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof.

(c) Subscription price of Shares

The subscription price for Shares under the Share Option Scheme shall be determined at the discretion of our Directors but in any event will not be less than the highest of:

(i) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the offer date of the particular option, which must be a business day;

(ii) the average closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the offer date of that particular option; and

(iii) the nominal value of a Share on the offer date of particular option.

(d) Maximum number of Shares

(i) Subject to (ii) below, the maximum number of Shares in respect of which option may be granted at any time under the Share Option Scheme together with options which may be granted under any other share option schemes for the time being of our Company shall not in aggregate exceed such number of Shares as equals 10% issued share capital of our Company at the Listing Date (the "**Scheme Mandate Limit**") unless Shareholders' approval has been obtained pursuant to the subparagraph immediately below. On the basis of a total of 500,000,000 Shares in issue as at the Listing Date, the relevant limit will be 50,000,000 Shares which represent 10% of the issued Shares at the Listing Date.

Our Company may seek approval by its Shareholders in general meeting to refresh the Scheme Mandate Limit provided that the total number of Shares available for issue upon exercise of all options which may be granted under the Share Option Scheme and any other schemes of our Group must not exceed 10% of the issued share capital of our Company at the date of approval of refreshing of the Scheme Mandate Limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Group (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option schemes or exercised options) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. Our Company shall send a circular to our Shareholders containing the information required under the Listing Rules.

Our Company may authorise our Directors to grant options to specified Eligible Participants beyond the Scheme Mandate Limit if the grant of such options is specifically approved by our Shareholders in general meeting. In such case, our Company must send a circular to our Shareholders in connection with the general meeting at which their approval will be sought containing a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the option to be granted, the purpose of granting options to the specified Participants with an explanation as to how the terms of the options serve such purpose, the information and disclaimer required under the Listing Rules and such further information as may be required by the Stock Exchange from time to time.

(ii) The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share options schemes of our Group must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Group if this will result in the limit being exceeded.

(iii) Unless approved by our Shareholders in the manner set out below, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue. Where any further grant of options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by Shareholders in general meeting with such Eligible Participant and his close associates (or his associates if the Eligible Participant is a connected person) abstaining from voting. Our Company must send a circular to our Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the options to be granted (and options previously granted to such Eligible Participant), and such information as may be required under the Listing Rules from time to time. The number and terms (excluding the subscription price) of options to be granted to such Eligible Participant must be fixed before Shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(iv) The exercise of any option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company. Subject thereto, our Directors shall make available sufficient of the then authorised but unissued share capital of our Company to allot the Shares on the exercise of any option.

(e) Exercise of options

An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant.

Subject to terms of the Share Option Scheme, an option shall be exercisable in whole or in part in the circumstances by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a remittance for the full amount of the subscription price for Shares in respect of which the notice is given. After receipt of the notice and remittance and, where appropriate, receipt of the auditors' certificate, our Company shall within 30 days of the date upon which an option is effectively exercised (being the date of such receipt by the secretary of our Company) allot the relevant Shares to the grantee (or his personal representative(s)) credited as fully paid and instruct the relevant share registrar to issue to the grantee (or his personal representative(s)) a share certificate in respect of the Shares so allotted.

Though there is no specified minimum period under the Share Option Scheme for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms and conditions of the Share Option Scheme, our Directors may make such grant of options, subject to such terms and conditions in relation to the minimum period of such options to be held and/or the performance targets to be achieved as our Directors may determine in their absolute discretion.

(f) Duration, administration and remaining life of the Share Option Scheme

The Share Option Scheme shall be valid and effective commencing from the adoption date of the Share Option Scheme until the termination date as provided therein (which being the close of business of our Company on the date which falls 10 years from the date of the adoption of the Share Option Scheme), after which period no further options will be granted but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

The Share Option Scheme shall be subject to the administration of our Board whose decision on all matters arising in relation to the Share Option Scheme or its interpretation or effect shall (save as otherwise provided therein and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

The remaining life of the Share Option Scheme is approximately 9 years and 6.5 months (to be expired on 10 April 2029).

No option had been granted, exercised, lapsed nor cancelled under the Share Option Scheme since the adoption of the Share Option Scheme up to the date of this report.

For details of the Share Option Scheme, please refer to the section headed "Statutory and General Information — E. Share Option Scheme" in Appendix IV to the Prospectus.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into during the year or subsisted at the end of the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities from the Listing Date to 30 June 2019.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's amended and restated Memorandum and Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

RESERVES

Details of the movements of the reserves of the Group during the year are set out in the consolidated statements of changes in equity to the consolidated financial statements on page 86 of this annual report.

Details of the movements of the reserves of the Company during the year are set out in note 33 to the consolidated financial statements.

Directors' Report

The Company's reserves available for distribution to Shareholders as at 30 June 2019 amounted to approximately RM106.4 million.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of the movements in the investment properties of the Group during the year are set out in note 14 to the consolidated financial statements.

BANK LOAN

Particulars of bank loan of the Group as at 30 June 2019 are set out in note 22 to the consolidated financial statements.

CHARITABLE DONATIONS

During the year, the Group made charitable and other donations amounting to approximately RM254,000 (2018: RM673,000).

MAJOR CUSTOMERS AND SUBCONTRACTORS

During the year ended 30 June 2019, the aggregate revenue attributable to the Group's largest and five largest customers amounted to approximately 70.8% and 93.1% of the Group's revenue, respectively. The largest and five highest suppliers accounted for approximately 21.2% and 58.9% of the Group's direct costs, respectively.

Dato' Ng, an executive director and one of the controlling shareholders (as defined in the Listing Rules) ("**Controlling Shareholders**") of the Company, had purchased shares in Astaka Holdings Limited, a holding company of one of the companies controlled by our top customer, from the open market representing approximately 0.2% of its issued share capital. Kimlun Sdn. Bhd. ("**Kimlun**"), a connected person of our Company at the subsidiary level, is one of our top five largest suppliers for the year ended 30 June 2019. Kimlun is a shareholder holding 40% issued share capital of our joint venture, JBB Kimlun Sdn. Bhd. ("**JBB Kimlun**").

Save as disclosed above, none of the Directors of the Company or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's number of issued shares) had any beneficial interest in the Group's five largest customers or suppliers.

Directors' Report

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors:
Dato' Ng Say Piyu *(Chairman)*
Mr. Lam Fung Eng
Mr. Ng Chong Boon

Non-executive Director:
Datin Ngooi Leng Swee

Independent non-executive Directors:
Mr. Tai Lam Shin
Mr. Wong Kwok Wai, Albert
Ms. Chan Pui Kwan

In accordance with article 83(3) of the Company's articles of association (the "**Articles of Association**"), all Directors shall hold office until the forthcoming annual general meeting and, being eligible, will offer themselves for re-election at the annual general meeting.

The Company has received from each independent non-executive Directors of the Company written annual confirmations of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors are independent.

Biographical details of Directors and senior management of the Group are set out on pages 17 to 21 of this annual report.

DIRECTORS' SERVICE CONTRACTS

The Directors have entered into service agreements or letters of appointment with the Company for a term of three years unless and until terminated by a three months' notice in writing served by either party, the details are as follows:

Name of Directors	Date of Commencement
Dato' Ng	10 May 2019
Lam Fung Eng	10 May 2019
Ng Chong Boon	10 May 2019
Datin Ngooi	10 May 2019
Mr. Tai Lam Shin	10 May 2019
Mr. Wong Kwok Wai, Albert	10 May 2019
Ms. Chan Pui Kwan	10 May 2019

Each of the Directors shall also be entitled to a bonus for each financial year of the Company which is at the discretion of the Board and determined by reference to performance of each Director concerned and the Group's performance for the financial year concerned and based on the recommendation from the remuneration committee of our Company.

Save as disclosed above, none of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director shall be entitled to be indemnified out of the assets or profits of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

The Company has taken out and maintained directors' and officer's liability insurance that provides appropriate cover for the Directors and officers of the Company.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in the paragraph headed "Connected Transactions" and note 29 to the consolidated financial statement in this annual report, there were no transactions, arrangements or contracts of significance to which the Company or the Company's holding companies, subsidiaries or fellow subsidiaries was a party and in which a Director or a connected entity of a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the date of this report, none of the Directors and their respective close associates are considered to be interested in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

DIRECTORS' REMUNERATION

The Directors' fees are subject to Shareholders' approval at general meetings. Their emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group.

Details of the remuneration of the Directors of the Company during the year are set out in note 8 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

At as 30 June 2019, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("**SFO**")) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules were as follows:

Long positions in the Shares of the Company

Name of Director	Capacity/Nature of interests	Total number of Shares/ underlying Shares held	Approximate percentage of issued share capital
Dato' Ng	Interest in a controlled corporation[2]	181,816,500(L)	36.36%
	Interest of spouse[3]	161,233,500(L)	32.25%
Datin Ngooi	Interest in a controlled corporation[4]	161,233,500(L)	32.25%
	Interest of spouse[5]	181,816,500(L)	36.36%

Notes:

(1) The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.

(2) Dato' Ng beneficially owns 100% of the share capital of JBB Jade Investment Limited. By virtue of the SFO, Dato' Ng is deemed to be interested in 181,816,500 Shares held by JBB Jade Investment Limited, representing approximately 36.36% of the entire issued share capital of our Company.

(3) Dato' Ng is the spouse of Datin Ngooi. Accordingly, Dato' Ng is deemed, or taken to be, interested in all the Shares in which Datin Ngooi is interested for the purpose of SFO.

(4) Datin Ngooi beneficially owns 100% of the share capital of JBB Berlian Investment Limited. By virtue of the SFO, Datin Ngooi is deemed to be interested in 161,233,500 Shares held by JBB Berlian Investment Limited, representing approximately 32.25% of the entire issued share capital of our Company.

(5) Datin Ngooi is the spouse of Dato' Ng. Accordingly, Datin Ngooi is deemed, or taken to be, interested in all the Shares in which Dato' Ng is interested for the purpose of SFO.

Save as disclosed above, as at 30 June 2019, none of the Directors and chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) or pursuant to section 352 of the SFO, required to be recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate with the exception of granting of share options to subscribe for Shares under the Share Option Scheme.

CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, at no time during the year had the Company or any of its subsidiaries entered into any contract of significance with the Controlling Shareholder or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by the Controlling Shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2019, so far as is known to the Directors, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the Shares or underlying Shares of the Company which are required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Long positions in the Shares of the Company

Name of Shareholders	Capacity/Nature of interests	Total number of Shares/ underlying Shares held	Approximate percentage of issued share capital
JBB Jade Investment Limited	Beneficial owner	181,816,500(L)	36.36%
JBB Berlian Investment Limited	Beneficial owner	161,233,500(L)	32.25%

Note:

(1) The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.

(2) The 181,816,500 Shares are held by JBB Jade Investment Limited, which is wholly owned by Dato' Ng, the executive Director of the Company. Dato' Ng is the spouse of Datin Ngooi.

(3) The 161,233,500 Shares are held by JBB Berlian Investment Limited, which is wholly owned by Datin Ngooi, the non-executive Director of the Company. Datin Ngooi is the spouse of Dato' Ng.

Save as disclosed above, as at the date of this report, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section headed "Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" above, had registered an interest or short position in the Shares or underlying Shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

DEED OF NON-COMPETITION UNDERTAKING

In order to confirm that competition will not occur in the future, each of our Controlling Shareholders as covenantors (each a "**Covenantor**", and collectively, the "**Covenantors**") have signed the Deed of Non-competition dated 11 April 2019 ("**Deed of Non-Competition**") with us to the effect that they will not, and will confirm each of their respective associates not to, directly or indirectly take part in, or hold any rights or interests or otherwise be involved in, any business which may be in competition with our business.

In accordance with the Deed of Non-Competition, each Covenantor undertakes that, from the Listing date and ending on the occurrence of the earliest of (i) the date on which, in relation to any Covenantor, it/he/she, together with its/his/her associates, whether individually or taken together, ceases to be interested in 30% (or such other amount as may from time to time be specified in the Listing Rules as being the threshold for determining a controlling shareholder of a company) or more of the entire issued share capital of our Company, provided that the Deed of Non-Competition shall continue to be in full force an effect as against the other Covenantors; or (ii) the date on which the Shares cease to be listed on the Main Board of the Stock Exchange (other than suspension of trading of the Shares for any other reason); or (iii) the date on which the Covenantors beneficially own or become interested jointly or severally in the entire issued share capital of our Company; it/he/she will not, and will use its/his/her best endeavours to procure any Covenantor, its/his/her associates and any company directly or indirectly controlled by the Covenantor not to, either on its/his/her own or in conjunction with any body corporate, partnership, joint venture or other contractual agreement, whether directly or indirectly, whether for profit or not, carry on, participate in, hold, engage in, acquire or operate, or provide any form of assistance to any person, firm or company (except members of our Group) to conduct any business which, directly or indirectly, competes or may compete with the business of our Company or any of its subsidiaries, including the provision of marine construction services, building and infrastructure services and any related services.

For details of the Deed of Non-Competition, please refer to the section headed "Relationship with the Controlling Shareholders — Deed of Non-Competition" in the Prospectus. The Company has received confirmations from the Controlling Shareholders confirming their compliance with the Deed of Non-Competition for disclosure in this annual report for the period from the Listing Date to the date of this report. The independent non-executive Directors have also reviewed the compliance and enforcement status of the Deed of Non-Competition, and are of the view that the Controlling Shareholders have abided by the undertakings contained in the Deed of Non-Competition for the period from the Listing Date to the date of this report.

Directors' Report

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 30 June 2019 and up to the date of this annual report.

CONNECTED TRANSACTIONS

During the year ended 30 June 2019, the Group had entered into the following transactions which constitute the continuing connected transactions under Chapter 14A of the Listing Rules, details of which are set out below:

Continuing Connected Transactions with Southern Diggers Enterprise Sdn. Bhd. ("Southern Diggers")

Part of the infrastructure works in a buildings and infrastructure project in relation to a mixed development at Pengerang, Kota Tinggi, Johor, Malaysia awarded by Bukit Pelali Properties Sdn. Bhd. (the "**Bukit Pelali Project Works**") have been subcontracted to Southern Diggers, which is 33.3% owned by Mr. Toh Ang Poo, a connected person of our Company at the subsidiary level, by four subcontract agreements according to our Group's policy in selection of subcontractors (the "**Southern Diggers' Subcontract Agreements**").

The details of the Southern Diggers' Subcontract Agreements are as follows:

No. of contract	Date of the contract	Parties involved	Contract	Original contract sum	Completion date/ Anticipated completion date
1	24 December 2016	JBB Builders; Southern Diggers	Letter of Award – Infrastructure Works and supplementary agreement dated 31 March 2019	RM7,834,868.56	First quarter of 2019[(1)]
2	15 February 2018	JBB Builders; Southern Diggers	Subcontract Agreement – Infrastructure Works Phase 1B and supplementary agreement dated 31 March 2019	RM10,590,464.70	First quarter of 2020[(2)]
3	28 December 2017	JBB Builders; Southern Diggers	Letter of Acceptance – Infrastructure Works (Phase 2A & 2B) and supplementary agreement dated 31 March 2019	RM16,819,227.39	Fourth quarter of 2019[(3)]
4	1 July 2018	JBB Builders; Southern Diggers	Subcontract Agreement – Completion of Road Access and supplementary agreement dated 31 March 2019	RM1,086,953.10	Second quarter of 2019[(2)]

Notes:

(1) with a defects liability period of 18 months from the date of completion.

(2) with a defects liability period of 12 months from the date of completion.

(3) with a defects liability period of 27 months from the date of completion.

During the year ended 30 June 2019, JBB Builders received subcontracting work from Southern Diggers in relation to Southern Diggers' Subcontract Agreements with an aggregate amount of approximately RM17.5 million (annual cap for 2019: RM41.8 million). The aggregate amount does not exceed the relevant amount capped for the year ended 30 June 2019.

Continuing Connected Transactions with Kimlun

MBJB Tower Project

On 2 May 2017, JBB Kimlun was established by JBB Builders and Kimlun as a special purpose joint venture to tender for the MBJB Tower Project. On 8 May 2017, JBB Kimlun successfully obtained the MBJB Tower Project from Astaka Padu Sdn. Bhd. (the "**First Awarded Work Package**") with contract sum of RM263.0 million (the "**Contract Sum of the First Awarded Work Package**").

In accordance with the shareholders' agreement dated 3 May 2017, the first supplemental shareholders' agreement dated 9 May 2017, the second supplemental shareholders' agreement dated 16 May 2017 and the third supplemental shareholders' agreement dated 31 March 2019 (collectively the "**JBB Kimlun Shareholders' Agreements**") entered into between JBB Builders, Kimlun and JBB Kimlun, it is agreed that:—

(i) JBB Kimlun shall award to Kimlun each and every construction project which is awarded to JBB Kimlun from time to time (the "**Awarded Work Package**") on a total subcontracting basis and shall award the First Awarded Work Package at the provisional subcontract sum of RM263.0 million (being 100% of the Contract Sum of the First Awarded Work Package); and

(ii) Kimlun shall appoint JBB Builders to provide project coordination services in relation to the First Awarded Work Package and pay JBB Builders a coordination fee at 2.5% of the final contract sum of the First Awarded Work Package as certified by Astaka Padu Sdn. Bhd..

Directors' Report

As per the JBB Kimlun Shareholders' Agreements, JBB Kimlun and JBB Builders entered into subcontracts with Kimlun with details as below:

No. of contract	Date of the contract	Parties involved	Contract	Original contract sum	Anticipated completion date
1	8 May 2017	JBB Kimlun; Kimlun	Subcontract Letter of Award and supplementary agreement dated 31 March 2019 (collectively the "**Kimlun Subcontract Agreement**")	RM263,000,000.00	Fourth quarter of 2019[1]
2	3 July 2017	JBB Builders; Kimlun	Letter of Appointment for Project Management Services and Supplementary Agreement dated 31 March 2019 (collectively the "**Project Management Services Agreement**")	RM6,419,558.00	Fourth quarter of 2019[1]

Note:

(1) with a defects liability period of 24 months from the date of completion.

During the year ended 30 June 2019, JBB Kimlun received subcontracting work from Kimlun in relation to Kimlun Subcontract Agreement amounted to approximately RM112.5 million (annual cap for 2019: RM173.7 million) while JBB Builders provided project management services as per Project Management Services Agreement of approximately RM2.5 million (annual cap for 2019: RM3.1 million). Both transactions do not exceed the relevant amount capped for the year ended 30 June 2019.

Bukit Pelali Project Works

On 7 November 2017, JBB Builders entered into a letter of award with Kimlun and supplementary agreement dated 31 March 2019 (collectively the "**Main Building Work Agreement**") for subcontracting the building works in the Bukit Pelali Project Works to Kimlun with original contract sum of RM35,850,554.78. The contract is expected to be completed in the fourth quarter of 2019 with a defects liability period of 27 months from the date of completion.

During the year ended 30 June 2019, JBB Builders subcontracting work receiving from Kimlun in relation to Main Building Work Agreement amounted to approximately RM26.3 million (annual cap for 2019: RM35.7 million). The transaction amount does not exceed the relevant amount capped for the year ended 30 June 2019.

For further details of the continuing connected transactions as mentioned above, please refer to the section headed "Continuing Connected Transactions" in the Prospectus.

Annual Review of Non-exempt Continuing Connected Transaction

The independent non-executive Directors have reviewed and confirmed that the above non-exempt continuing connected transaction has been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740, Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 to the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

In respect of the continuing connected transactions, the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules for the year ended 30 June 2019.

Related Party Transactions

Details of the material related party transactions under normal course of business are set out in note 29 to the consolidated financial statements. These transactions did not fall under the definition of connected transactions or continuing connected transactions, which are required to comply with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Save as disclosed above and in note 29 to the consolidated financial statements, the Group has not engaged in any other connected transactions and/or related party transactions during the year ended 30 June 2019.

EVENTS AFTER THE REPORTING PERIOD

There have been no important events affecting our Group that have occurred after 30 June 2019 and up to the date of this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the best knowledge of its Directors, as at the date of this annual report, the Company has maintained a sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

Directors' Report

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 43 to 59 of this annual report.

AUDIT COMMITTEE

The Company established the audit committee on 11 April 2019 with written terms of reference in compliance with Rules 3.21 of the Listing Rules and paragraph C.3.3 of the Corporate Governance Code as set out in the CG Code. The primary duties of the audit committee are, amongst other things, to review and supervise the financial reporting processes and internal control systems and risk management of the Group.

The audit committee of the Company had reviewed the accounting principles and policies adopted by the Group and the financial reporting matters including annual results and the audit of the consolidated financial statements of the Group for the year ended 30 June 2019.

INDEPENDENT AUDITOR

The consolidated financial statements for the year ended 30 June 2019 have been audited by Crowe (HK) CPA Limited ("**Crowe**"). A resolution will be submitted to the forthcoming annual general meeting to reappoint Crowe, being eligible and offering themselves for reappointment as auditor of the Company.

On behalf of the Board

Dato' Ng Say Piyu
Chairman

Hong Kong, 26 September 2019

Corporate Governance Report

INTRODUCTION

The Company is committed to achieving high standards of corporate governance to safeguard the interests of Shareholders and other stakeholders. The Board believes that good and effective corporate governance practices are essential to enhance the corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

CORPORATE GOVERNANCE PRACTICES

The Shares have been listed on the Main Board of the Stock Exchange on the Listing Date. During the period from the Listing Date and up to the date of this report, the Board is of the view that the Company had adopted and complied with all applicable code provisions set out in the CG Code.

The Company will continue reviewing and enhancing its corporate governance practices to comply with the increasingly tightened regulatory requirements, and to meet the rising expectation on the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company had adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions of the Company by the Directors.

Having made specific enquiry, all Directors confirmed that they have complied with the required standard as set out in the Model Code since the Listing Date and up to the date of this report. The Company was not aware of any non-compliance with the Model Code by the Directors.

The Company had also established model code no less exacting than the Model Code (the "**Employees Model Code**") for securities transactions by employees who are likely to be in possession of inside information of the Company. The Company was not aware of any non-compliance with the Employees Model Code by the employees since the Listing Date and up to the date of this report.

BOARD OF DIRECTORS

The Board oversees the Group's businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company.

Corporate Governance Report

Board Composition

As at the date of this report, the Board comprised three executive Directors, one non-executive Director and three independent non-executive Directors. The list of all Directors is set out below:

Executive Directors:

Dato' Ng Say Piyu *(Chairman)*
Mr. Lam Fung Eng
Mr. Ng Chong Boon

Non-executive Director:

Datin Ngooi Leng Swee

Independent non-executive Directors:

Mr. Tai Lam Shin
Mr. Wong Kwok Wai, Albert
Ms. Chan Pui Kwan

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business. The Board also includes a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board which can effectively exercise independent judgement.

Biographical details and the relationships among the members of the Board are set out in section headed "Biographical Details of Directors and Senior Management" on pages 17 to 21 of this annual report.

A list showing the role and functions of Directors and whether they are independent non-executive Directors is maintained on the website of Stock Exchange and the Company and will be updated when necessary.

BOARD MEETINGS

Provision A.1.1 of the CG Code stipulates that the Board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communications. As the Company was only listed on 10 May 2019, the Board convened only one meeting on 11 April 2019 with all Directors namely, Dato' Ng, Mr. Lam Fung Eng, Mr. Ng Chong Boon, Datin Ngooi, Mr. Tai Lam Shin, Mr. Wong Kwok Wai, Albert and Ms. Chan Pui Kwan presented.

From the Listing Date and up to the date of this report, three Board meetings were held involving the active participation, either in person or through electronic means of communication, of all Directors, with each held in July 2019, August 2019 and September 2019, respectively. The Company will take appropriate arrangements for holding at least four regular Board meetings in the forthcoming financial year. Apart from regular Board meetings, Chairman also held a meeting with the independent non-executive Directors without the presence of executive Directors in July 2019.

Notices of regular Board meetings are sent to all Directors at least 14 days before the meetings. The agenda together with all relevant meeting materials are sent to all Directors at least 3 days before each regular Board meetings and meeting of Board committees to enable them to make informed decisions with adequate information. The Board and each Director also have direct and independent access to the management whenever necessary.

All minutes of Board meetings and general meetings are kept by the company secretary and are open for inspection at reasonable time on reasonable notice by any Director. Every Director is entitled to have access to Board papers and related materials and access to the advice and services of the company secretary. In addition, the Company enables the Directors, in discharge of their duties, to seek independent professional advice in appropriate circumstances.

A summary of the attendance record of each Director at the Board and Board committee meetings held during the period from the Listing Date and up to the date of this report is set out in the table below:

	No. of meeting attended/No. of meeting held			
Name of Director	Board	Audit Committee	Nomination Committee	Remuneration Committee
Executive Directors:				
Dato' Ng	3/3	N/A	1/1	1/1
Mr. Lam Fung Eng	3/3	N/A	N/A	N/A
Mr. Ng Chong Boon	3/3	N/A	N/A	N/A
Non-executive Director:				
Datin Ngooi	3/3	N/A	N/A	N/A
Independent non-executive Directors:				
Mr. Tai Lam Shin	3/3	2/2	1/1	1/1
Mr. Wong Kwok Wai, Albert	3/3	2/2	1/1	N/A
Ms. Chan Pui Kwan	3/3	2/2	1/1	1/1

Corporate Governance Report

Chairman and Chief Officer

Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The position of the Chairman is held by Dato' Ng. The responsibility of the Chairman is clearly established and set out in writing. The Chairman is responsible for providing leadership and management of the Board to ensure that the Board acts in the best interests of the Group and Board meetings are planned and conducted effectively. With the support of the company secretary and other senior management, the Chairman is responsible for ensuring that all Directors are properly briefed on issues arising at Board meetings and receive adequate, clear, complete and reliable information in a timely manner. The Chairman is primarily responsible for ensuring the Board works effectively, performs its responsibilities and discusses all key and appropriate issues in a timely manner, and approving the agenda for each Board meeting, taking into account, where appropriate, matters proposed by other Directors for inclusion in the agenda. The Chairman actively encourages Directors to make a full and active contribution to the Board's affairs and encourages Directors with different views to voice their concerns, allows sufficient time for discussion of issues and ensures Board decisions fairly reflect Board consensus.

The Company has no position as the chief executive officer. The day-to-day management of the Group's business is handled by the executive Directors of the Company and senior management collectively without the involvement of Chairman. The Board believes that the present arrangement is adequate to ensure an effective management and control of the Group's present business operations with the balance of power and authority. The Board continually reviews the effectiveness of the Group's corporate governance structure to assess whether any changes, including the appointment of a chief executive officer, are necessary.

Independent Non-executive Directors

During the period from the Listing Date to and up to 30 June 2019, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing at least one-third of the Board with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise. Independent non-executive Directors are appointed for a term of three years, subject to retirement by rotation and re-election in accordance with the Company's Articles of Association.

The Company has received from each independent non-executive Directors of the Company written annual confirmations of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors are independent.

Appointment and Re-election of Directors

Each of the executive Directors, non-executive Director and independent non-executive Directors has entered into service agreement or letter of appointment with the Company for a term of three years commencing from the Listing Date unless and until terminated by not less than three months' notice in writing served by either party on the other.

Independent non-executive Directors are appointed for a term of three years, subject to re-election. In determining the independence of the Directors, the Board follows the requirements set out in the Listing Rules.

In accordance with article 83(3) of the Company's Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Shareholders after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with article 84(1) of the Company's Articles of Association, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company, and is collectively responsible for promoting its success by directing and supervising the Company's affairs. Directors take decisions objectively in the interests of the Company.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

The management of the Company provides and updates the Directors with information on the business activities and development of the Group in a timely manner to enable them to make informed decisions on all major matters of the Company.

All Directors have full and timely access to all the information of the Company advice and services of the company secretary. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

Corporate Governance Report

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management under the supervision of the executive Directors.

Directors' Liabilities Insurance

From the Listing Date to date of this report, the Company has arranged for appropriate insurance cover in respect of the legal actions against the Directors.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a comprehensive, formal and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

During the year ended 30 June 2019, in-house briefings and relevant reading materials including legal and regulatory updates have been provided to the Directors for their reference and studying.

The training records of the Directors for the year ended 30 June 2019 are summarised as follows:

Name of Director	Training activities including in-house briefings, seminars/ talks held by professional organisations and/or reading materials on relevant topics
Executive Directors:	
Dato' Ng	√
Mr. Lam Fung Eng	√
Mr. Ng Chong Boon	√
Non-executive Director:	
Datin Ngooi	√
Independent non-executive Directors:	
Mr. Tai Lam Shin	√
Mr. Wong Kwok Wai, Albert	√
Ms. Chan Pui Kwan	√

BOARD COMMITTEES

The Board has established three committees, namely, the audit committee, remuneration committee and nomination committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the audit committee, remuneration committee and nomination committee are posted on the Stock Exchange's website and the Company's website and are available to Shareholders upon request.

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out in the section headed "Corporate Information" on page 2 of this annual report.

Audit Committee

The Company established the audit committee on 11 April 2019 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3.3 of the CG Code. The audit committee consists of three independent non-executive Directors, namely Mr. Tai Lam Shin, Mr. Wong Kwok Wai, Albert and Ms. Chan Pui Kwan. Mr. Tai Lam Shin is the chairman of the audit committee.

The primary duties of the audit committee include, but not limited to the following:

(a) to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor, and deal with any questions of its resignation or dismissal;

(b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(c) to discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

(d) to develop and implement policy on engaging an external auditor to supply non-audit services;

(e) to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and review significant financial reporting judgments contained in them;

(f) to review the Company's financial controls, risk management and internal control systems;

(g) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems;

(h) to review the Group's financial and accounting policies and practices;

(i) to review the external auditor's management letter, any material queries raised by the external auditor to management about accounting records, financial accounts or systems of control and management's response;

(j) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter; and

(k) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

The full terms of reference of the audit committee are available on the Stock Exchange's website and the Company's website.

The audit committee schedules to hold at least two meetings a year. Since the Company was listed on the Stock Exchange on 10 May 2019, no meeting was held during the year ended 30 June 2019. The audit committee held two meetings during the period from the Listing Date and up to the date of this report during which the audit committee had, among other things:

(a) reviewed the accounting principles and policies adopted by the Group and the financial reporting matters including annual results and audited consolidated financial statements of the Group for the year ended 30 June 2019;

(b) reviewed the effectiveness of the Group's risk assessment and internal control systems;

(c) reviewed the arrangements employees of the Company to use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters;

(d) reviewed the Company's corporate governance compliance matters; and

(e) made recommendations to the Board on the reappointment of external auditor, and reviewed the independence of external auditor.

The audit committee also met the external auditors once without the presence of the executive Directors.

Remuneration Committee

The Company established the remuneration committee on 11 April 2019 with written terms of reference in compliance with Rules 3.25 to 3.27 of the Listing Rules and paragraph B.1 of the CG Code. The remuneration committee consists of three members, including Dato' Ng, and two independent non-executive Directors, namely Mr. Tai Lam Shin and Ms. Chan Pui Kwan. Mr. Tai Lam Shin is the chairman of the remuneration committee.

The primary duties of the remuneration committee include, but not limited to the following:

(a) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(c) to make recommendations to the Board on the remuneration of non-executive Directors;

(d) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

(e) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(f) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

(g) to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

The full terms of reference of the remuneration committee are available on the Stock Exchange's website and the Company's website.

The remuneration committee schedules to hold at least one meeting a year. Since the Company was listed on the Stock Exchange on 10 May 2019, no meeting was held during the year ended 30 June 2019. The remuneration committee held one meeting during the period from the Listing Date and up to the date of this report during which the remuneration committee had reviewed the remuneration packages of the executive Directors, non-executive Directors, independent non-executive Directors and senior management for the year ended 30 June 2019 and made recommendations to the Board on the remuneration packages of the executive Directors and senior management for the year ending 30 June 2020.

Details of the remuneration of the senior management are set out in note 29(a) to the consolidated financial statements for the year ended 30 June 2019 and as follows:

	Number of employee(s)
HK$Nil to HK$1,000,000	4
HK$1,000,001 to HK$1,500,000	1

Nomination Committee

The Company established the nomination committee on 11 April 2019 with written terms of reference in compliance with paragraph A.5 of the CG Code. The nomination committee consists of four members, including Dato' Ng and three independent non-executive Directors, namely Mr. Tai Lam Shin, Mr. Wong Kwok Wai, Albert and Ms. Chan Pui Kwan. Dato' Ng is the chairman of the nomination committee.

The primary duties of the nomination committee include, but not limited to the following:

(a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to establish and review the policies and procedures on how to identify individuals suitably qualified to become Board members and to select or make recommendations to the Board on the selection of individuals nominated for directorships;

(c) to assist the Board in establishing the diversity policy;

(d) to establish and review the policies and procedures on the selection, appointment and reappointment of Directors, which shall at all times consider the potential contributions one could bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;

(e) to assess the independence of independent non-executive Directors; and

(f) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman.

The full terms of reference of the nomination committee are available on the Stock Exchange's website and the Company's website.

In assessing the Board composition, the nomination committee would take into account various aspects as well as factors concerning Board diversity as set out in section headed "Board Diversity Policy" in this annual report. The nomination committee will discuss any revisions which may be required, and recommend any such revisions to the Board for consideration and approval.

In identifying and selecting suitable candidates for directorships, the nomination committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The nomination committee schedules to hold at least one meeting a year. Since the Company was listed on the Stock Exchange on 10 May 2019, no meeting was held during the year ended 30 June 2019. The nomination committee held one meeting during the period from the Listing Date and up to the date of this report during which the nomination committee had, among other things:

(a) reviewed the Board diversity policy;

(b) reviewed the structure, size, diversity and composition of the Board and Board Committees;

(c) considered and recommended to the Board the re-election of the retiring Directors at the forthcoming annual general meeting; and

(d) assessed the independence of the independent non-executive Directors.

BOARD DIVERSITY POLICY

The Company has a Board Diversity Policy whereby it recognises and embraces the benefits of a diversity of Board members with an aim to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. Board diversity has been achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members.

Corporate Governance Report

During the year ended 30 June 2019 and as at the date of this report, the Board comprises seven Directors, two of which are female. The following tables further illustrate the diversity of the Board members as of the date of this report:

Name of Director	Age group 40–49	50–59	60–69
Executive Directors:			
Dato' Ng (M)			√
Mr. Lam Fung Eng (M)	√		
Mr. Ng Chong Boon (M)	√		
Non-executive Director:			
Datin Ngooi (F)			√
Independent non-executive Directors:			
Mr. Tai Lam Shin (M)			√
Mr. Wong Kwok Wai, Albert (M)			√
Ms. Chan Pui Kwan (F)		√	

Note: "M" denotes male; "F" denotes females.

Name of Director	Professional experience Construction industry	Administrative management	Accounting and Finance	Corporate consultancy
Executive Directors:				
Dato' Ng	√			
Mr. Lam Fung Eng	√			
Mr. Ng Chong Boon	√			
Non-executive Director:				
Datin Ngooi		√		
Independent non-executive Directors:				
Mr. Tai Lam Shin			√	
Mr. Wong Kwok Wai, Albert			√	
Ms. Chan Pui Kwan				√

At present, the nomination committee considered that the Board is sufficiently diverse and will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

The Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Employees Model Code, and the Company's compliance with the CG Code and disclosure in this report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has the responsibility to maintain an effective risk management and internal control systems in order to safeguard the Group's assets and investments and the Shareholders' interest and conducts a review on an annual basis. The Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. During the year under review, the Board had conducted review of the effectiveness of the risk management and internal control systems of the Company in aspects of the Group's financial, operational, compliance controls and risk management functions through the effort of the audit committee.

The Group currently has no internal audit function and during the year under review, the Company engaged an external independent consultant ("**Consultant**") instead of recruiting a team of an internal audit staff to conduct review of the risk management and internal control systems as the Board considers that it is more cost effective.

The Board has the overall responsibility to maintain the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function and the Board had reached the conclusion that the Group's risk managements and internal control systems were adequate and effective from the Listing Date to date of this annual report. No significant areas of concern were identified.

Main Features of the Risk Management and Internal Control Systems

The Board is responsible to determine the business strategies and objectives of the Group, and evaluate and determine the nature and extent of risks it is willing to take in achieving the Group's strategic objectives; ensures that the Group establishes and maintains appropriate and effective risk management and internal control systems; and oversees management in the design, implementation and monitoring of the risk management and internal control systems.

The audit committee is responsible for assisting the Board to perform its responsibilities of risk management and internal control systems; overseeing the Group's risk management and internal control systems on an ongoing basis; reviewing the effectiveness of the Group's risk management and internal control systems at least annually, and such review should cover all material controls including financial, operational and compliance control; ensures the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions; and considers major findings on risk management and internal control matters, and reports and makes recommendations to the Board.

Corporate Governance Report

Management of the Group designs, implements and maintains appropriate and effective risk management and internal control systems; identifies, evaluates and manages the risk that may potentially impact the major processes of the operations; monitors risk and takes measures to mitigate risk in day-to-day operations; gives prompt responses to and follow up the findings on risk management and internal control matters raised by the Consultant and provides confirmation to the Board and the audit committee on the effectiveness of the risk management and internal control systems.

The Consultant worked closely with the Group to identify risk components in different aspects through interviews with the Group's management. The Consultant assisted the Group to evaluate the adequacy and effectiveness of the Group's risk management and internal control systems. Findings and recommendations resulting from the review were reported to and discussed with the audit committee and the Board. The Consultant concluded that no significant internal control failings or weakness have been identified during the review.

DISCLOSURE OF INSIDE INFORMATION

The Group set up "Inside Information Policy" which set out the disclosure requirements, procedures for the handling and dissemination of inside information which ensure Shareholders and the public are provided with full, accurate and timely information about the activities and the financial condition of the Group.

The Inside Information Policy covers the following:

- the Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;

- the Group has formulated inside information policies and disclosed its policies on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and its website;

- the Group has strictly prohibited unauthorised use of confidential or inside information; and

- the Group regularly reminds the Directors and employees about due compliance with all policies regarding the inside information, as well as keeps them appraised of the latest regulatory updates.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 30 June 2019, and confirmed that the consolidated financial statements of Company were prepared in accordance with statutory requirements and applicable accounting standards.

The Directors confirm that, to the best of their knowledge and having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 77 to 82 of this annual report.

AUDITORS' REMUNERATION

The audit committee had reviewed and ensured the independence and objectivity of the external auditors, Crowe. Details of the fees paid or payable to Crowe for the year ended 30 June 2019 are as follows:

Types of services provided by the external auditors	For the year ended 30 June 2019 RM'000
Audit services	624
Non-audit services	
— Review of continuing connected transactions	53
— Services provided in connection with initial public offering of the Company	922
Total	1,599

COMPANY SECRETARY

The Company has appointed Ms. Lam Lam, who is an employee of the Company as its company secretary to oversee the company secretarial and compliance affairs of the Group. The biography of Ms. Lam is set out in the section headed "Biographical Details of Directors and Senior Management" in this annual report. Ms. Lam has confirmed that during the year ended 30 June 2019, she has taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

The Board is responsible for the approval of the selection, appointment or dismissal of the company secretary. The company secretary has knowledge of the Company's affairs and reports to the Chairman. All Directors have access to the advice and services of the company secretary on corporate governance and Board practices and matters. The company secretary helps ensure good information flow within the Board and that the Board policy and procedures are followed.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules, unless otherwise required by the Listing Rules and poll results will be posted on the websites of the Stock Exchange and of the Company after each general meeting.

Convening an Extraordinary General Meeting by Shareholders

Pursuant to Article 58 of the Company's Articles of Association, any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting ("**EGM**") to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If the Board fails to proceed to convene such EGM within 21 days from the date of the deposit of the requisition, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

For the avoidance of doubt, the requisitionists must state his/her/their full name, contact details, identification, shareholdings in the Company, reasons to convene an EGM, the agenda of the EGM including the details of the business(es) proposed to be transacted at the EGM clearly in the originally signed written requisition and deposit the same to the Board or company secretary of the Company.

Putting Forward Enquiries to The Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Putting Forward Proposals at General Meetings

There are no provisions governing Shareholders' rights to put forward proposals or move resolutions at an annual general meeting under the Company's Articles of Association or the laws of the Cayman Islands. Shareholders who wish to put forward proposals or move a resolution may however, require an EGM to be called by the Board as set out in above procedures.

As regards to the procedures for Shareholders to propose a person for election as a Director, please refer to "Procedures for Shareholders to Propose a Person for Election as a Director of the Company" which is available on the Company's website at www.jbb.com.my.

Contact Details

Shareholders may send their enquiries or proposed resolutions or requests as mentioned above to the following:

Name:	Ms. Lam Lam, the company secretary
Address:	Room 1222, 12/F, Soundwill Plaza II — Midtown, 1–29 Tang Lung Street, Causeway Bay, Hong Kong
Fax:	(852) 3896 1015/(607) 2414 889
Email:	enquiry@jbb.com.my; lamlam@jbb.com.my

For the avoidance of doubt, Shareholder must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings.

At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

Enquiries and suggestions from Shareholders or investors to the Board are welcomed by mail to the Company's principal place of business in Hong Kong at Room 1222, 12/F, Soundwill Plaza II — Midtown, 1–29 Tang Lung Street, Causeway Bay, Hong Kong or via email to enquiry@jbb.com.my for the attention of the Investor Relations Department. Inquiries are dealt with in an informative and timely manner.

For effective communication, the Company maintains a website at www.jbb.com.my, where information and updates on the Company's business developments, financial information and other information are available for public access.

The Company has not made any changes to its Articles of Association since the Listing Date. An up to date version of the Company's Articles of Association is also available on the Stock Exchange's website and the Company's website.

For the information of Dividend Policy of the Company, please refer to the section headed "Directors' Report" (on page 26) in this annual report.

Environmental, Social and Governance Report

ABOUT THE REPORT

We are an established contractor based in Malaysia and have been engaging in providing marine construction services, and building and infrastructure services. We have built a solid base of customers, including property developers based in Malaysia and overseas as well as the preferred transportation agent of the sole authorised agent of sand concession owners in Johor and government-linked company. The Group is delighted to publish its first environmental, social and governance ("**ESG**") report (the "**Report**"), which aims to demonstrate our efforts and performance in pursuing sustainability for the year ended 30 June 2019 (the "**Reporting Period**").

Going forward, the Group will continue to improve the internal data collection and implement sustainable development policies in order to meet the changing needs of the society.

Reporting Scope

The Report covers the Company's major subsidiary — JBB Builders in Malaysia and an office in Hong Kong. Taking into account of the scale, the number of staff and revenue distribution of Hong Kong office, the disclosure of key performance indicators ("**KPIs**") does not include the Hong Kong office unless specified otherwise, based on the principle of materiality.

Reporting Standard

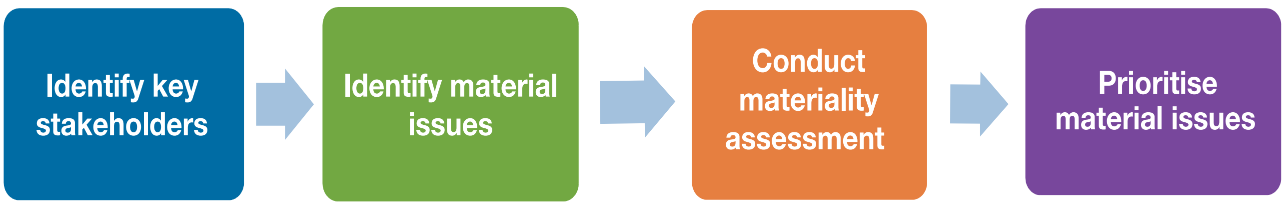
This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Listing Rules. The Board acknowledges its responsibility for ensuring the truthfulness, accuracy and completeness of the Report.

Contact & Feedback

We value your opinion and feedback on the Report. If you have any comments or suggestions on how we could further improve our ESG performance, please email to enquiry@jbb.com.my.

STAKEHOLDER ENGAGEMENT & MATERIALITY ASSESSMENT

The Group has been maintaining a close relationship with our stakeholders as we believe they play a crucial role in our sustainability journey. Through ongoing communication, we collect their views and opinions, helping us understand the stakeholders' needs and expectations, identify ESG-related risks and formulate our sustainability framework to address those risks.



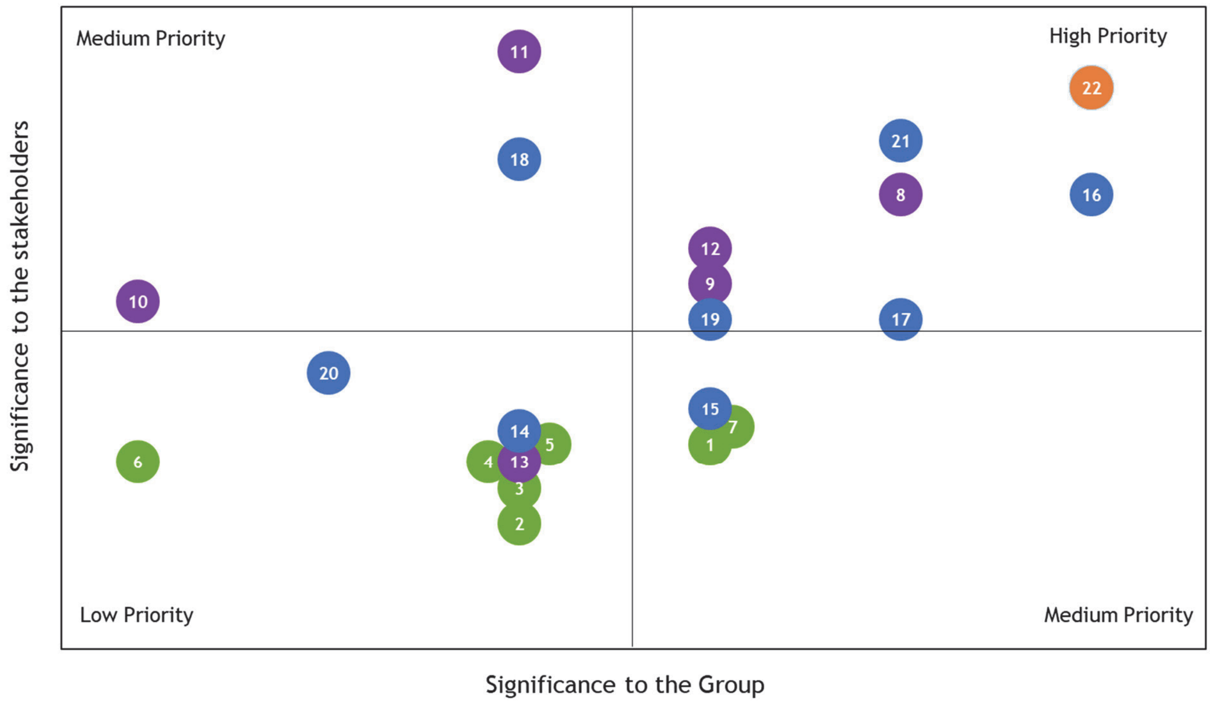
Key stakeholder	Communication Channel
Investors	• Company website • Annual and interim reports • Annual general meeting
Customers	• Company website • Annual and interim reports • Customer service and complaint channels • Regular meetings
Employees	• Orientation and training • Employee performance appraisal • Team building activities • Regular meetings
Suppliers or contractors	• Selection assessment • Performance evaluation • Procurement process • Regular meetings

In order to identify material ESG issues to the Group, we have conducted an online survey to prioritise ESG issues in terms of their significance to the Group and the stakeholders. We have invited internal and external stakeholders, such as customers, employees, suppliers, contractors, to express their opinions and to understand their main concerns. The survey consists of 27 ESG-related issues, covering areas on environmental protection, community involvement, operational practices and employment.

Environmental, Social and Governance Report

A materiality matrix is plotted to present the results of the online survey:

Materiality Assessment Matrix



High Priority		Medium Priority		Low Priority	
8	Labour rights	1	Air emission	2	Greenhouse gas emissions
9	Diversity and equal opportunity	7	Use of materials	3	Hazardous waste generation
12	Child labour	10	Occupational health and safety	4	Non-hazardous waste generation
16	Product and service labelling	11	Employee development	5	Energy use
17	Marketing communication	15	Product quality and safety	6	Water use
19	Customer privacy	18	Intellectual properties	13	Forced labour
21	Ethical business			14	Customer satisfaction
22	Community support			20	Supply chain management

Based on the materiality assessment, we categorise those ESG topics into high, medium and low priority to facilitate strategic planning and resource allocation. Looking forward, we will continue to look for improvement opportunities and achieve sustainable development.

EMPLOYMENT AND LABOUR PRACTICES

We value and recognise employees' contribution to the Group and have maintained a good relationship with our employees. We believe all employees should work in a fair, respectful and inclusive environment. To promote mutual growth and success with our staff, we are committed to offering competitive remuneration, safeguarding their health and safety and providing development opportunities. The Group will continue to review the remuneration, career development of our colleagues to optimise the direction of talent management and maintain our competitiveness in the industry.

Employment Conditions

The Group strictly abides to the labour related regulations and standards including Industrial Relations Act 1967, Employment Act 1955, Minimum Wage Order 2012, Minimum Retirement Age Act 2012, Employment Provident Fund Act 1991 and Employers' Social Security Act 1969 in Malaysia; and Employment Ordinance and Mandatory Provident Fund Scheme Ordinance in Hong Kong. Employee handbook is in line with the employment laws and regulations and have been adopted for the purpose of protecting the basic rights and interests of the employees.

Our people are remunerated with competitive remuneration packages, fixed working hours and social security such as Employees Social Security and Employee Provident Fund in accordance with the Malaysian statutory provisions. All employees are entitled to paid leaves such as statutory holidays, annual leave, medical leave, paternity leave, maternity leave, marriage leave, compassionate leave and emergency leave.

Child and forced labour are strictly prohibited. To make sure our people are above the statutory working age, identification documents are checked at the beginning of the employment process. Frequent inspections are also conducted to ensure strict compliance. In addition, we also ensure all of our staff work consensually and are free from any form of forced labour.

We treat our staff with fairness and open-mindedness and thus we support anti-discrimination at work and strive to maintain an equal and fair workplace. All employees and job applicants are treated equally, regardless of their race, sex, marital status, pregnancy, disability status or other forms of difference that is unrelated to the job requirements. All decisions on recruitment, promotion, performance evaluation and salary adjustment are benchmarked against qualifications, experiences, capabilities and performances. Whistleblowing policy and anti-fraud policy are established to encourage our employees to report any violations within our Group.

Realising the importance of work-life balance, we have arranged various recreational and team-building activities to let our people relax from work and to strengthen the collaboration among colleagues.

Sports events

Team lunch

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare, child and forced labour in Malaysia and Hong Kong.

Occupational Health & Safety

Occupational Safety, Health & Environment Policy

- Providing adequate resources to identify and manage occupational risks
- Reviewing the risk registers at least annually to ensure effective risk management
- Implementing audit and inspection programmes to monitor compliance with local laws and regulations
- Arranging training and awareness programmes to ensure all employees are aware of risks associated with occupational activities

We strive to maintain a safe and healthy workplace for our people while operate in an environmentally responsible and sustainable manner. To safeguard employees' health and safety, the Group formulates the Occupational Safety, Health and Environment Policy, applicable to all employees and the Group's affiliates.

In addition to the policy, a safety management system is established to identity and manage risks, increase awareness of hazards and improve emergency preparedness. Some control measures implemented under the safety management system include:

- Providing sufficient personal protective equipment to all of our staff;

- Establishing safe work practices and prescribed instructions to ensure that all works are carried out in a safe manner to minimise the occurrence of incident and injury;

- Conducting management review meetings and group meetings to address safety and health issues at project sites, as well as to take appropriate actions; and

- Providing adequate training to promote safety and health consciousness and awareness.

To effectively manage occupational risks at project sites, safety audits are carried out to ensure our contractors have shown full compliance and commitment towards health and safety issues, as well as identifying improvement areas. 13 key areas are assessed in our safety audits by means of documentation verification, interview and site visit. In addition, contractors' performance on health and safety issues is one of the criteria in our contractor evaluation.

In April 2019, the JBB Builders Occupational Safety and Health Day ("**JBB Builders OSH Day**") was held, aiming to raise our employees' and subcontractors' awareness on occupational health and safety. Besides, we also participated in the World Health and Safety Day ("**World OSH Day**") organised by the Department of Occupational Health and Safety.

Safety audit checklist

- Top management philosophy and commitment
- Organisational structure and resources
- Update of applicable permits and legislation
- Machine guarding compliance
- Electrical safety compliance
- Provision for a safe workplace
- Work in confined space
- Fire prevention
- Lifting equipment
- Personal protective equipment
- Chemical safety data sheet
- Reporting of accidents
- Occupational health and welfare

JBB Builders OSH Day

World OSH Day

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards in Malaysia and Hong Kong.

Environmental, Social and Governance Report

Development & Training

Aiming to create a satisfying and professional workplace, we provide our employees with a working environment filled with fulfillment and growth opportunities. Through annual employee performance appraisal, employees' performances are assessed in an objective and fair manner to guide every employee's future career development.

We actively encourage our staff to further develop their strengths by participating in various training programmes so that they can grow with us. New hires will go through induction briefing and safety training (for staff assigned to project sites) to help them swiftly adapt to the new working environment, covering topics such as company profile, code of conduct and on-site safety requirements. During the Reporting Period, we provided various internal trainings according to the needs of different departments and positions of our staff. We also arranged training sessions instructed by external professional personnel on topics such as corporate governance, law, waste management, tax strategies and safety operation to improve the management ability, refresh the professional knowledge and skills of our Directors and employees.

CIDB Training

Oil Spill Training

OPERATING PRACTICES

Being a responsible corporate, we are accountable not simply to our customers and also for fostering ethical business practices with our business partners.

Product Responsibility

We strive to provide high-quality services and products that satisfy our customers. By carefully selecting quality-oriented and reputable subcontractors, we ensure the services and products delivered to our customers are of great quality and do not pose risks to the public.

Through establishing an effective quality management system, we ensure the high quality of our services and products, reduce construction risks and thereby enhancing customer satisfaction and confidence. Some of the quality control measures under our quality management system include:

- Ensuring sufficient planning prior to project implementation to make sure that quality standards and procedures are adhered to and that the works completed will be of satisfactory quality;

- Maintaining a list of approved subcontractors and only engaging those on the list for our contracts to ensure the quality of materials and services used;

- Assigning a site manager, who is responsible for monitoring the performance of subcontractors, at each of the construction sites to ensure our works meet the required standards and specifications;

- Conducting an internal audit on the quality management system on an annual basis for the purpose of assessing the extent to which the quality objectives have been achieved; and

- Maintaining records such as inspection and test records, submissions, approvals and certificates of practical completion.

We also constantly look for areas where we could improve and do better in the future. In addition, any advertisements that contain false or misleading information are forbidden by the Group.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to health and safety, advertising and labelling matters of products and services in Malaysia and Hong Kong.

Customer Satisfaction & Privacy

The Group is committed to maintaining good relationships with customers. In addition to ensuring quality to drive customer satisfaction, it is also the responsibility for all our employees to maintain confidentiality at all times. Taking confidentiality in a serious manner, we have established clear guidelines in our code of conduct and inside information policy, to ensure our employees understand the ways of dealing with the Group's sensitive information like customer information, trade secrets and intellectual property such as patents and inventions. We will take prompt actions if there is any violation.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to privacy matters of products and services in Malaysia and Hong Kong.

Supply Chain Management

The Group has established and maintained a stable working relationship with a network of suppliers and subcontractors. We believe the efficient management of our supply chain can help maintain high quality services. We carefully select our new business partners from subcontractors to contractors through a series of comprehensive assessment procedures. They are assessed based on their performance on product assurance, health and safety, as well as environmental management. We will only select subcontractors who possess the relevant licenses required qualifications in their field of expertise for the various works they perform.

For existing subcontractors, we perform regular performance evaluation to determine the performance of subcontractors based on delivery promptness, cost, workmanship quality, responsiveness and corrective actions in order to decide to sustain, discontinue or increase the business with relevant subcontractors. We also encourage continuous improvement in supply chain and support our business partners to implement improvement action plans when necessary. We proactively communicate with our subcontractors and suppliers and provide regular updates regarding safety matters to ensure that they are up to our quality standards.

Business Ethics

We believe that integrity and honesty are important assets in our business. Strictly complying with all relevant laws and regulations, we prohibit any forms of bribery, extortion, fraud and money laundering in the operation. Our code of conduct has clearly set out guidelines as well as defined behaviours and situations that our employees should be aware of when conducting all our business. Employees are not allowed to receive or solicit any entertainment, gifts or other benefits.

All of our employees have the responsibility to report any suspected business improprieties. A whistleblowing system is in place to encourage reporting of business misconduct. If any case of unethical business practices is found, the employee involved will be subject to disciplinary actions which may include dismissal.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to bribery, extortion, fraud and money laundering in Malaysia and Hong Kong.

ENVIRONMENTAL PROTECTION

Environmental Policy

- To ensure that all operations and services provided are in accordance with industry best management practices and all applicable environmental laws and regulations, including but not limited to the Environmental Quality Act of Malaysia
- To establish, maintain and regularly review the Environmental Management System, which clearly states our environmental targets, for continuous improvement
- To minimise the burdens on the environment by reducing the generation of municipal waste, lowering the use of energy and resources, as well as controlling impacts on the air quality, water, soil, ambient noise and biodiversity
- To encourage subcontractors and suppliers to adopt an environmentally-friendly attitude during our procurement process

The Group is strongly committed to protecting natural resources and the environment and raising the environmental awareness of our employees through continuous execution of established policies and measures. Under the Group's Environment Policy, all employees, subcontractors and suppliers are required to strictly adhere to.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, generation of waste and use of resources in Malaysia and Hong Kong.

Energy & Resource Use

In our daily operation, electricity and fuels for company vehicles are the major types of energy consumed. The total energy and resource consumption as well as respective intensities during the Reporting Period are as follows:

Type of Energy & Resource	Unit	Consumption
Electricity	kWh	80,615.00
Intensity	kWh per employee	1,135.42
Diesel oil	litre	30,635.62
Intensity	litre per employee	431.49
Unleaded petrol	litre	58,883.53
Intensity	litre per employee	829.35
Office paper	tonne	2.21
Intensity	tonne per employee	0.03

We aware that saving resources not only reduces the emissions, but also effectively save our expenses and operating costs. We have taken different measures to achieve our goal of resources saving and have been looking for opportunities to lower our energy usage by increasing energy efficiency. For example, we prefer to purchase machineries and electrical appliances which are certified with energy-saving labels. In the meantime, we actively raise employees' awareness of energy conservation by reminding employees to turn off the lights, air-conditioning, computers and equipment that are not in use.

Our operations do not involve the use of packaging materials while office paper is consumed. With an aim to further reduce our paper consumption, we encourage our employees to make full use of electronic communication channels to eliminate unnecessary use of paper. We also encourage printing and copying on both sides of paper and recycling single-sided printed papers for reuse. During the Reporting Period, the Group consumed a total of 2.21 tonnes of paper, with an intensity of 0.03 tonnes per employee.

Air & Greenhouse Gas Emissions

The major sources of air emissions[1] of the Group are dust from construction works and exhaust from vehicles and machineries. To reduce the level of air pollutants in our emissions, we are committed to strengthening our air emission controls. Guided by our Air Quality Control Procedure, several controls and mitigation initiatives are implemented at our project sites:

- Wet down road surface and clean vehicle tires before entering public roads to minimise fugitive dust emission;
- Implement dust abatement for dusty mechanical working;
- Equip and regularly maintain machineries and tools according to manufacturers' specifications;
- Keep vehicles and machineries well-tuned and tires inflated properly to reduce exhaust emissions;
- Avoid machinery and vehicles idling;
- Install additional particle trap system for critical vehicles or machineries onsite;
- Conduct regular maintenances of air pollution control facilities; and
- Carry out periodic monitoring and sampling of air quality onsite to ensure that the air quality meets the Malaysia Ambient Air Quality Standard.

[1] The Group's operations do not involve material air emissions and thus air emission figures are not available. We will enhance the measurement methodology in the future if feasible.

The greenhouse gas ("**GHG**") emissions of the Group are mainly from the use of purchased electricity, combustion of fuels by motor vehicles and business air travels. During the Reporting Period, the Group emitted a total of 349.32 tCO_2e of GHG, with an intensity of 4.85 tCO_2e per employee.

GHG	Unit	Emission
Scope 1[2]	tCO_2e	222.48
Scope 2[3]	tCO_2e	59.74
Scope 3[4]	tCO_2e	67.1
Total GHG emission	tCO_2e	349.32
Intensity	tCO_2e per employee	4.85

Water Conservation

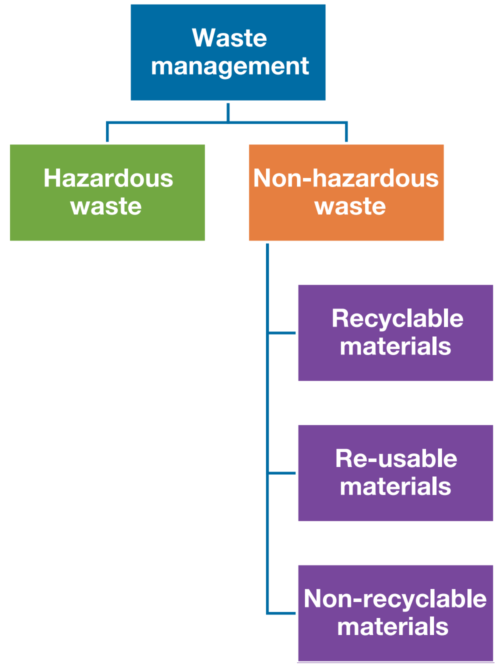
The Group is committed to conserving our water resources by using it responsibly and efficiently. To maximise water utilisation, water-saving initiatives, such as regularly inspecting water facilities to prevent water leakage and placing water-saving signs next to water taps to remind our staff of conserving water resources, are implemented. During the Reporting Period, there was no issue in sourcing water and the total water consumption was 1,042.00 m^3, with an intensity of 14.68 m^3 per employee.

Freshwater	Unit	Consumption
Total	m^3	1,042.00
Intensity	m^3 per employee	14.68

To ensure the quality of wastewater discharged complies with national and local standards, relevant discharge permits are obtained. Domestic wastewater, construction wastewater and surface runoff are segregated and handled by licensed contractors. Regular self-monitoring checks are also conducted to ensure the quality of effluent discharged meet the standards of the Environmental Quality Act of Malaysia.

2 Scope 1 represents direct GHG emissions generated from the use of unleaded petrol and diesel oil by company vehicles in Malaysia.
3 Scope 2 represents indirect GHG emissions generated from the use of purchased electricity in office, project sites and hostel in Malaysia.
4 Scope 3 represents other indirect GHG emissions generated from business air travels by employees in both Hong Kong and Malaysia.

Waste Management



All waste is separated into two main types, hazardous waste and non-hazardous waste, according to the First Schedule of the Regulations of the Environmental Quality (Scheduled Wastes) Regulations of Malaysia. Hazardous waste, which falls within the categories listed, is stored at designated area and labelled properly guided by our Hazardous Waste Management Procedure. Only licensed contractors are appointed for the disposal of hazardous waste. During the Reporting Period, the Group's operations did not involve material hazardous waste generation.

Non-hazardous waste is separated at source to divert recyclable, re-usable and non-recyclable materials:

- Recyclable materials are collected and sold to scrap or other vendors;
- Re-usable materials are collected, stored and re-used when necessary; and
- Non-recyclable materials are disposed of by licensed contractors.

In our operations, non-hazardous wastes generated are mainly domestic wastes such as waste plastic, waste paper and food waste. During the Reporting Period, the Group generated a total of 6.96 tonnes of non-hazardous waste, with an intensity of 0.10 tonnes per employee.

Type of Non-hazardous Waste[5]	Unit	Generation
Waste plastic	tonne	1.36
Waste paper	tonne	3.28
Food waste	tonne	2.32
Total	tonne	6.96
Intensity	tonne per employee	0.10

COMMUNITY INVOLVEMENT

As a corporate citizen, we fully recognise our corporate social responsibilities and contribution to our community where we operate. During the Reporting Period, we had made total donation and contribution of approximately RM254,000 which included some sponsorship on local sports events and supports on activities organised by the university in Malaysia. We see our stakeholders have shown great attention to our performance in supporting the communities. Looking forward, the Group will continue encouraging our staff to actively participate in charitable activity and volunteer work and looking for more opportunities to contribute to the society.

[5] The weight figures are derived by estimation. We will enhance the measurement methodology in the future if feasible.

THE STOCK EXCHANGE ESG REPORTING GUIDE INDEX

The Stock Exchange ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
Aspect A Environmental		
A1 Emission	Information on: — the policies; and — compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.	ENVIRONMENTAL PROTECTION — Air & Greenhouse Gas Emission, Waste Management
KPI A1.1	The types of emissions and respective emissions data.	The Group's operations do not involve material air emissions and thus air emission figures are not available. We will enhance the measurement methodology in the future if feasible. ENVIRONMENTAL PROTECTION — Air & Greenhouse Gas Emission
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL PROTECTION — Air & Greenhouse Gas Emission
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	The Group's operations do not involve material hazardous waste generation. ENVIRONMENTAL PROTECTION — Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL PROTECTION — Waste Management

The Stock Exchange ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
KPI A1.5	Description of measures to mitigate emissions and results achieved.	ENVIRONMENTAL PROTECTION — Air & Greenhouse Gas Emission
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	ENVIRONMENTAL PROTECTION — Waste Management
A2 Use of Resource	Policies on efficient use of resources including energy, water and other raw materials.	ENVIRONMENTAL PROTECTION — Energy & Resource Use, Water Conservation
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL PROTECTION — Energy & Resource Use
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL PROTECTION — Water Conservation
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	ENVIRONMENTAL PROTECTION — Energy & Resource Use
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	ENVIRONMENTAL PROTECTION — Water Conservation
KPI A2.5	Total packaging material used for finished products (in tonnes), and, if applicable, with reference to per unit produced.	Not applicable. The Group's operations do not involve the use of packaging materials. ENVIRONMENTAL PROTECTION — Energy & Resource Use
A3 The Environment and Natural Resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	ENVIRONMENTAL PROTECTION
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	ENVIRONMENTAL PROTECTION

The Stock Exchange ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
Aspect B Social		
B1 Employment	Information on: — the policies; and — compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	EMPLOYMENT AND LABOUR PRACTICES — Employment Conditions
B2 Health and Safety	Information on: — the policies; and — compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	EMPLOYMENT AND LABOUR PRACTICES — Occupational Health & Safety
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	EMPLOYMENT AND LABOUR PRACTICES — Development & Training
B4 Labour Standard	Information on: — the policies; and — compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	EMPLOYMENT AND LABOUR PRACTICES — Employment Conditions

Environmental, Social and Governance Report

The Stock Exchange ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
B5 Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	OPERATING PRACTICES — Supply Chain Management
B6 Product Responsibility	Information on: — the policies; and — compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	OPERATING PRACTICES — Product Responsibility
B7 Anti-corruption	Information on: — the policies; and — compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	OPERATING PRACTICES — Business Ethics
B8 Community Investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	COMMUNITY INVOLVEMENT

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77 Leighton Road,
Causeway Bay, Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JBB BUILDERS INTERNATIONAL LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of JBB Builders International Limited ("**the Company**") and its subsidiaries ("**the Group**") set out on pages 83 to 171, which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the "*Auditor's responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("**the Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

REVENUE FROM CONSTRUCTION SERVICES

Refer to Note 5 to the consolidated financial statements and the accounting policies in Note 2(q) to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The Group recorded revenue from construction services of approximately RM181,168,000 for the year ended 30 June 2019. The Group recognises revenue from construction services progressively overtime using the cost-to-cost method based on the proportion of the actual total contract costs incurred at the end of the reporting period compared to the estimated total budgeted contract costs to complete the construction contract. The revenue recognition therefore relies on estimations of total budget contract costs which requires significant management estimations and judgments. We identified the revenue recognition from construction services as a key audit matter because it is significant to the consolidated statement of profit or loss and other comprehensive income and management judgment is needed in estimating total budgeted contract costs and the amount of revenue to be recognised by the Group.	Our procedures in relation to recognition of revenue from construction services mainly included: • Testing and evaluating the effectiveness of the key internal controls in place on budget preparation and revenue recognition of the construction operations; • Evaluating the basis in determining the expected total costs to complete the contract. Checking the budgeted costs to complete the contract on a sample basis and evaluated the appropriateness of the key estimations and assumptions adopted by the management of the Company; • Checking to the key terms and conditions of construction contracts on a sample basis, and assessing whether they had been appropriately reflected in the estimation of total budgeted contract costs; • Checking construction costs incurred during the year by tracing to supporting documentation on a sample basis; • Performing recalculation of revenue recognised from construction services on a sample basis; • Performing site visits, on a sample basis, to observe the progress of individual contract and discussing with the site personnel the status of each project and evaluating whether the project progress was consistent with the agreed time table and the Group's financial accounting records; and • Assessing the related disclosures in the consolidated financial statements with reference to the requirements of the HKFRS 15.

RECOVERABILITY OF TRADE RECEIVABLES AND CONTRACT ASSETS

Refer to Note 16 and Note 17 to the consolidated financial statements and the accounting policies in Note 2(i)(i), Note 2(j) and Note 2(r) to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
Trade receivables and contract assets of the Group carried at approximately RM91,448,000 and RM102,282,000 respectively as at 30 June 2019. The Group measures loss allowance on trade receivables and contract assets at amounts equal to lifetime expected credit losses. Expected credit losses ("ECL") on these financial assets are estimated using a provision matrix which involved significant management judgement in estimating expected loss rate based on historical credit loss experience, adjusting factors that are specific to the debtors and assessment of both current and forecast general economic conditions. We identified impairment assessment of trade receivables and contract assets as a key audit matter because of the significance of the Group's trade receivables and contract assets balances to the consolidated financial statements, combined with the significant degree of estimations by the management of the Group in estimation of ECL of trade receivables and contract assets which may affect their carrying values at the end of the reporting period.	Our procedures in relation to the loss allowance for trade receivables and contract assets mainly included: • Obtaining an understanding of how the management assess the ECL of trade receivables and contract assets; • Testing the mathematical accuracy of the ECL model on trade receivables and contract assets prepared by the management; • Testing whether items in the ageing report were categorised appropriately on a sample basis; • Assessing the reasonableness of the ECL by testing the accuracy of the historical default rate and examining the reasonableness of the forward looking information used by the management; and • Assessing the related disclosures in the consolidated financial statements with reference to the requirements of the HKFRS 9.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. 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 Audit Committee 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.

Independent Auditor's Report

We also provide the Audit Committee 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 Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Lau Kwok Hung.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 26 September 2019

Lau Kwok Hung
Practising Certificate Number: P04169

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019
(Expressed in Malaysian Ringgit)

	Note	2019 RM'000	2018 RM'000
Revenue	5	**329,929**	537,816
Direct costs		**(291,542)**	(466,821)
Gross profit		**38,387**	70,995
Other revenue	6	**1,691**	2,901
Other net income/(loss)	6	**358**	(2,034)
Reversal/(allowance) for impairment loss on trade receivables and contract assets	7(c)	**3,376**	(231)
General and administrative expenses		**(16,780)**	(26,956)
Profit from operations		**27,032**	44,675
Share of loss of a joint venture		**(66)**	(47)
Finance costs	7(a)	**(199)**	(291)
Profit before taxation	7	**26,767**	44,337
Income tax expenses	11	**(7,707)**	(12,569)
Profit for the year		**19,060**	31,768
Other comprehensive (loss) for the year			
Items that will not be reclassified to profit or loss:			
Currency translation differences		**(948)**	–
Total comprehensive income for the year		**18,112**	31,768
Profit/(loss) for the year attributable to:			
Owners of the Company		**19,632**	23,077
Non-controlling interests		**(572)**	8,691
		19,060	31,768
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**18,684**	23,077
Non-controlling interests		**(572)**	8,691
		18,112	31,768
Earnings per share (Sen per share)			
— Basic	12	**5.00**	6.15
— Diluted	12	**5.00**	6.15

The notes on pages 89 to 171 form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2019
(Expressed in Malaysian Ringgit)

	Note	2019 RM'000	2018 RM'000
Non-current assets			
Property, plant and equipment	13	**9,068**	14,462
Investment properties	14	**3,300**	–
Interest in a joint venture	15	**335**	401
Deposits paid for acquisition of investment properties	16	**–**	3,766
Deferred tax assets	24(b)	**318**	296
		13,021	18,925
Current assets			
Trade and other receivables	16	**105,440**	288,953
Contract assets	17(a)	**102,282**	–
Amount due from a related company	29(c)	**–**	72
Amounts due from contract customers	17(c)	**–**	44,252
Tax recoverable	24(a)	**2,528**	257
Pledged bank deposits	19	**5,593**	5,555
Cash and cash equivalents	20(a)	**114,638**	41,644
		330,481	380,733
Current liabilities			
Trade and other payables	21	**199,628**	320,546
Contract liabilities	17(b)	**89**	–
Amounts due to contract customers	17(c)	**–**	7,788
Bank loan	22	**501**	704
Dividend payable		**–**	7,200
Obligations under finance leases	23	**1,191**	1,517
Amount due to former immediate holding company	29(c)	**–**	2,574
Amounts due to directors	18, 29(c)	**–**	3,107
Provision for taxation	24(a)	**2,174**	9,765
		203,583	353,201
Net current assets		**126,898**	27,532
Total assets less current liabilities		**139,919**	46,457

Consolidated Statement of Financial Position

As at 30 June 2019
(Expressed in Malaysian Ringgit)

	Note	2019 RM'000	2018 RM'000
Non-current liabilities			
Obligations under finance leases	23	**1,155**	1,949
Deferred tax liabilities	24(b)	**626**	1,322
		1,781	3,271
Net assets		**138,138**	43,186
Capital and reserves			
Share capital	25(b)	**2,672**	6,500
Reserves		**123,264**	23,639
Total equity attributable to owners of the Company		**125,936**	30,139
Non-controlling interests		**12,202**	13,047
		138,138	43,186

Approved and authorised for issue by the board of directors on 26 September 2019

Ng Say Piyu
Chairman and Executive Director

Lam Fung Eng
Executive Director

The notes on pages 89 to 171 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019
(Expressed in Malaysian Ringgit)

	Attributable to owners of the Company							
	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Exchange reserve RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2017	6,500	–	–	–	50,862	57,362	11,556	68,918
Changes in equity for the year ended 30 June 2018:								
Profit and total comprehensive income for the year	–	–	–	–	23,077	23,077	8,691	31,768
Interim dividend declared in respect of current year (Note 10)	–	–	–	–	(50,300)	(50,300)	(7,200)	(57,500)
At 30 June 2018	6,500	–*	–*	–*	23,639*	30,139	13,047	43,186
At 1 July 2018	6,500	–	–	–	23,639	30,139	13,047	43,186
Impact on initial application of HKFRS 9	–	–	–	–	(2,709)	(2,709)	(273)	(2,982)
Adjusted balance at 1 July 2018	6,500	–	–	–	20,930	27,430	12,774	40,204
Changes in equity for the year ended 30 June 2019:								
Profit/(loss) for the year	–	–	–	–	19,632	19,632	(572)	19,060
Other comprehensive loss for the year								
Currency translation differences	–	–	–	(948)	–	(948)	–	(948)
Total comprehensive income/(loss) for the year	–	–	–	(948)	19,632	18,684	(572)	18,112
Effect of reorganisation (Note 25(b)(iii))	(6,316)	–	6,316	–	–	–	–	–
Loan capitalisation (Note 25(b)(iv))	17	7,892	–	–	–	7,909	–	7,909
Capitalisation issue (Note 25(b)(v))	1,803	(1,803)	–	–	–	–	–	–
Issue of shares upon global offering (Note 25(b)(vi))	668	78,160	–	–	–	78,828	–	78,828
Share issue expenses	–	(6,915)	–	–	–	(6,915)	–	(6,915)
At 30 June 2019	2,672	77,334*	6,316*	(948)*	40,562*	125,936	12,202	138,138

* These reserve accounts comprise consolidated reserves of approximately RM123,264,000 (2018: RM23,639,000) in the consolidated statement of financial position.

The notes on pages 89 to 171 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2019
(Expressed in Malaysian Ringgit)

	Note	2019 RM'000	2018 RM'000
Operating activities			
Profit before taxation		**26,767**	44,337
Adjustments for:			
(Reversal)/allowance for impairment loss on trade receivables and contract assets	7(c)	**(3,376)**	231
Bad debts (recovered)/written off	7(c)	**(946)**	18
Depreciation	7(c)	**5,290**	6,256
Fair value loss on investment properties	6	**581**	–
(Gain) on disposal of property, plant and equipment	6, 7(c)	**(721)**	–
Share of loss of a joint venture		**66**	47
Interest expenses	7(a)	**199**	291
Interest income	6	**(665)**	(365)
Operating cash flow before movements in working capital		**27,195**	50,815
Decrease/(increase) in trade and other receivables		**128,709**	(75,508)
Decrease in amounts due from contract customers		**–**	67,341
(Increase) in contract assets		**(2,800)**	–
(Decrease)/increase in trade and other payables		**(120,951)**	50,492
(Decrease) in amounts due to contract customers		**–**	(29,334)
(Decrease) in contract liabilities		**(7,699)**	–
Cash generated from operations		**24,454**	63,806
Income tax paid		**(17,345)**	(14,647)
Net cash generated from operating activities		**7,109**	49,159

Consolidated Statement of Cash Flows

For the year ended 30 June 2019
(Expressed in Malaysian Ringgit)

	Note	2019 RM'000	2018 RM'000
Investing activities			
Interest received		**665**	365
Payments for purchases of property, plant and equipment		**(419)**	(280)
Deposits paid for acquisition of investment properties		**–**	(15,544)
Payments for purchases of investment properties		**(115)**	–
Deposits paid for acquisition of property, plant and equipment		**–**	600
Repayment from related companies		**72**	41,846
(Advance to) directors		**–**	(3,000)
Repayment from directors		**–**	14,000
(Increase)/decrease in pledged bank deposits		**(38)**	319
Net cash generated from investing activities		**165**	38,306
Financing activities			
Issue of shares		**78,828**	–
Expenses on issue of shares		**(6,915)**	–
Advance from former immediate holding company		**5,273**	2,574
Advance from directors		**–**	10,739
Dividends paid		**(7,200)**	(50,300)
(Repayment to) directors		**(1,540)**	(21,135)
Proceeds from bank borrowings		**5**	200
(Repayment of) bank borrowings		**(208)**	(200)
Capital element of finance leases rentals paid		**(1,446)**	(1,490)
Interest element on finance leases rental paid		**(36)**	(247)
Interest on bank borrowings		**(163)**	(44)
Net cash generated from/(used in) financing activities		**66,598**	(59,903)
Net increase in cash and cash equivalents		**73,872**	27,562
Cash and cash equivalents at the beginning of the year		**41,644**	14,082
Effect of foreign exchange rate changes		**(878)**	–
Cash and cash equivalents at the end of the year	20	**114,638**	41,644

The notes on pages 89 to 171 form part of these financial statements.

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liabilities on 30 April 2018 under the Companies Law (Cap. 22) (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 10 May 2019 (the "**Listing**").

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 28. As at 30 June 2019, the directors consider that the Company is ultimately controlled by Dato' Ng Say Piyu and Datin Ngooi Leng Swee (the "**Controlling Shareholders**"), who have entered into a concert party deed on 16 May 2018.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 June 2019 comprise the Company and its subsidiaries (together referred to as the "**Group**") and the Group's interest in a joint venture.

Pursuant to the completion of the Group's reorganisation in preparation for the listing of the Company's shares on the Stock Exchange (the "**Reorganisation**"), the Company became the holding company of the companies now comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 25 April 2019 (the "**Prospectus**"). The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements have been prepared as if the Reorganisation had been completed at 1 July 2017 and the current group structure had always been in existence.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements (Continued)

All the companies now comprising the Group that took part in the Reorganisation were controlled by the same Controlling Shareholders before and after the Reorganisation. As the control is not transitory and consequently, there was a continuation of risks and benefits to the Controlling Shareholders and the Reorganisation is considered to be a restructuring of entities under common control. The consolidated financial statements have been prepared using the merger basis of accounting as if the Group has always been in existence and the net assets of the companies now comprising the Group are combined using the existing book values from the Controlling Shareholders' perspective.

The consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group include the financial performance and cash flows of the Company and its subsidiaries as if the current group structure had been in existence throughout the years ended 30 June 2019 and 2018 (or where the Company and its subsidiaries were incorporated/established at a date later than 1 July 2017, for the period from date of incorporation/establishment to 30 June 2019). The consolidated statement of financial position of the Group as at 30 June 2018 have been prepared to present the assets and liabilities of the Company and its subsidiaries as at that date as if the current group structure had been in existence at that date.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gain but only to the extent that there is no evidence of impairment.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional currency of the Company is Hong Kong dollars ("**HK$**") and the consolidated financial statements are presented in Malaysian Ringgit ("**RM**"), rounded to the nearest thousand, unless otherwise stated, as the Group's principal activities were carried out in Malaysia.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

— Investment properties (see Note 14)

The preparation of the consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and key sources of estimation uncertainty are discussed in Note 4.

(c) Business combinations

(i) Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets and liabilities of the entities being combined are measured at the carrying amounts as recorded by the entity being combined at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination (or the total face value of shares issued) is adjusted to equity. The combination date is the date on which one combining entity effectively obtains control of the other combining entities.

(ii) Business combinations involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. The acquirer, at the acquisition date, allocates the cost of the business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at their fair value at that date.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Subsidiaries and non-controlling interests (Continued)

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(i)(iii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Joint venture

A joint venture is an arrangement whereby the Group or the Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year and the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income are recognised in the consolidated statements of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses (see Note 2(i)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment (Continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives. The principal annual rates used for this purpose are as follows:

Leasehold improvements	40%
Plant and machinery	20%
Motor vehicles	20%
Furniture, fittings and equipment	10% to 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are recognised in profit or loss during the reporting period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(g) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss.

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see Note 2(h)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in Note 2(h).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset or, if lower, the present value of the minimum lease payments of such assets are recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in Note 2(f). Impairment losses are accounted for in accordance with the accounting policy as set out in Note 2(i). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(iii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Credit loss and impairment of assets

(i) Credit losses from financial instruments and contract assets

(a) Policy applicable from 1 July 2018

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

— financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables); and

— contract assets as defined in HKFRS 15 (see Note 2(r)).

Financial assets measured at fair value, including equity securities measured at FVPL and equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (that is, the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Credit loss and impairment of assets (Continued)

(i) Credit losses from financial instruments and contract assets (Continued)

(a) Policy applicable from 1 July 2018 (Continued)

Measurement of ECLs (Continued)

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Credit loss and impairment of assets (Continued)

(i) Credit losses from financial instruments and contract assets (Continued)

(a) Policy applicable from 1 July 2018 (Continued)

Significant increases in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(q)(iv) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (that is, the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Credit loss and impairment of assets (Continued)

(i) Credit losses from financial instruments and contract assets (Continued)

(a) Policy applicable from 1 July 2018 (Continued)

Basis of calculation of interest income (Continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Credit loss and impairment of assets (Continued)

(i) Credit losses from financial instruments and contract assets (Continued)

(b) Policy applicable prior to 1 July 2018

Prior to 1 July 2018, an "incurred loss" model was used to measure impairment losses on financial assets not classified as at FVPL (for example, trade and other receivables and available-for-sale investments). Under the "incurred loss" model, an impairment loss was recognised only when there was objective evidence of impairment. Objective evidence of impairment included:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For trade and other receivables and other financial assets carried at amortised cost, impairment loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where the effect of discounting was material. This assessment was made collectively where these financial assets share similar risk characteristics, such as similar past due status, and had not been individually assessed as impaired. Future cash flows for financial assets which were assessed for impairment collectively were based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreased and the decrease could be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss was reversed through profit or loss. A reversal of an impairment loss was only recognised to the extent that it did not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Credit loss and impairment of assets (Continued)

(i) Credit losses from financial instruments and contract assets (Continued)

(b) Policy applicable prior to 1 July 2018 (Continued)

When the recovery of a trade debtor or other financial assets carried at amortised cost was considered doubtful but not remote, the associated impairment losses were recorded using an allowance account. When the Group was satisfied that recovery was remote, the amount considered irrecoverable was written off against the gross carrying amount of those assets directly. Subsequent recoveries of amounts previously charged to the allowance account were reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly were recognised in profit or loss.

— For investment in a joint ventures accounted for under the equity method in the consolidated financial statements (see Note 2(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount. The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (that is, the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "**holder**") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within "trade and other payables" at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Credit loss and impairment of assets (Continued)

(ii) Credit losses from financial guarantees issued (Continued)

(a) Policy applicable from 1 July 2018

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in "trade and other payables" in respect of the guarantees (that is, the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in Note 2(i)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(b) Policy applicable prior to 1 July 2018

Prior to 1 July 2018, a provision would be recognised if and when it became probable that (i) the holder of the guarantee would call upon the Group under the guarantee and (ii) the amount of the claim on the Group was expected to exceed the amount carried in "trade and other payables" in respect of the guarantee.

(iii) Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- Property, plant and equipment
- Deposits paid for acquisition of investment properties
- Investments in subsidiaries and joint venture in the Company's statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Credit loss and impairment of assets (Continued)

(iii) Impairment of non-financial assets (Continued)

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (that is, a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see Note 2(r)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(i)(i)).

(k) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(t)).

(l) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with Note 2(i)(ii), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statements of cash flows. Cash and cash equivalents are assessed for expected credit losses (ECLs) in accordance with the policy set out in Note 2(i)(i).

(n) Employee benefits

Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax loses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future or, in the case of deductible differences, unless it is probable that they will reverse in the future.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Income tax (Continued)

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates (and tax laws) enacted or substantively enacted at the end of the reporting period.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the deferred tax assets and settle the deferred tax liabilities on a net basis or realise and settle simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Provisions and contingent liabilities

(i) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

(q) Revenue and other income recognition

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Revenue and other income recognition (Continued)

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Construction contracts

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the cost-to-cost method, that is, based on the proportion of the actual costs incurred relative to the estimated total costs.

The likelihood of the Group earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with the policy set out in Note 2(p)(ii).

Revenue for construction contracts was recognised on a similar basis in the previous year under HKAS 11.

(ii) Marine transportation services

Revenue is recognised upon the transportation services have been provided to customers.

(iii) Sales of goods

Revenue is recognised when the customer takes possession of and accepts the products.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (that is, gross carrying amount net of loss allowance) of the asset (see Note 2(i)(i)).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Revenue and other income recognition (Continued)

(v) Rental income

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable.

(r) Construction contracts

(i) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(q)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(i)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(j)).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see Note 2(q)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(j)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(q)(iv)).

Policy prior to 1 July 2018

In the comparative period, contract balances were recorded for construction contracts at the net amount of costs incurred plus recognised profit less recognised losses and progress billings. These net balances were presented as the “Amounts due from contract customers” (as an asset) or the “Amounts due to contract customers” (as a liability), as applicable, on a contract-by-contract basis. Progress billings not yet paid by the customer were presented as “Trade receivables” under “Trade and other receivables”. Amounts received before the related work was performed were presented as “Advance received” under “Trade and other payables”. These balances have been reclassified on 1 July 2018 as shown in Note 3.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Construction contracts (Continued)

(ii) Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory, property, plant and equipment or intangible assets.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained for example, an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised.

(s) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Translation of foreign currencies (Continued)

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The functional currency of the Company is Hong Kong Dollars ("**HK$**"). The results of companies comprising the Group are translated into RM at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Consolidated statement of financial position items are translated into RM at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(u) Related parties

A party is considered to be related to the Group if:

a) the party is a person, or a close member of that person's family and that person:

   (i) has control or joint control over the Group;

   (ii) has significant influence over the Group; or

   (iii) is a member of the key management personnel of the Group or the Group's parent.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Related parties (Continued)

b) the party is an entity where any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's board of directors (the chief operating decision maker) for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's consolidated financial statements:

HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers
HK(IFRIC) 22	Foreign currency transactions and advance consideration

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see Note 32).

HKFRS 9, Financial instruments

HKFRS 9 replaces HKAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 July 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 July 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on retained earnings and reserves and the related tax impact as at 1 July 2018.

	RM'000
Retained earnings	
Recognition of additional expected credit losses on:	
— financial assets measured at amortised cost	(3,424)
— contract assets	(141)
Related tax	856
Net decrease in retained earnings as at 1 July 2018	(2,709)
Non-controlling interests	
Recognition of additional expected credit losses on financial assets measured at amortised cost and contract assets, net of tax, and decrease in non-controlling interests as at 1 July 2018	(273)

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 9, Financial instruments (Continued)

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(a) Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The following table shows the original measurement categories for each class of the Group's financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS 39 carrying amount as at 30 June 2018 RM'000	Reclassification RM'000	Remeasurement RM'000	HKFRS 9 carrying amount as at 1 July 2018 RM'000
Financial assets carried at amortised cost				
Cash and cash equivalents	41,644	–	–	41,644
Pledged bank deposits	5,555	–	–	5,555
Trade and other receivables (note (i))	288,953	(55,321)	(3,783)	229,849
Amount due from a related company	72	–	–	72
	336,224	(55,321)	(3,783)	277,120

Note:

(i) Trade and other receivables of RM55,321,000 were reclassified to contract assets as at 1 July 2018 as a result of the initial application of HKFRS 15.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 9, Financial instruments (Continued)

(a) Classification of financial assets and financial liabilities (Continued)

For an explanation of how the Group classifies and measures financial assets and recognises related gains and losses under HKFRS 9, see the respective accounting policy notes in Notes 2(i)(i), (j) and (r).

The measurement categories for all financial liabilities remain the same, except for financial guarantee contracts (see Note 2(i)(ii)). The carrying amounts for all financial liabilities (including financial guarantee contracts) at 1 July 2018 have not been impacted by the initial application of HKFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 July 2018.

(b) Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" (ECL) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

— financial assets measured at amortised cost;

— contract assets as defined in HKFRS 15 (see Note 2(r)); and

— financial guarantee contracts issued (see Note 2(i)(ii)).

For further details on the Group's accounting policy for accounting for credit losses, see Note 2(i)(i) and (ii).

The following table reconciles the closing loss allowance determined in accordance with HKAS 39 as at 30 June 2018 with the opening loss allowance determined in accordance with HKFRS 9 as at 1 July 2018.

	RM'000
Loss allowance as at 30 June 2018 under HKAS 39	867
Additional credit loss recognised at 1 July 2018 on:	
— Trade receivables	3,783
— Contract assets recognised on adoption of HKFRS 15	141
Loss allowance at 1 July 2018 under HKFRS 9	4,791

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 July 2018. Therefore, comparative information has not been restated and continues to be reported under HKASs 11 and 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 July 2018. There are no significant impact of the requirements of HKFRS 15 on the Group's retained earnings and reserves as at 1 July 2018.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

(a) Timing of revenue recognition

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

(i) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(ii) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

(iii) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 15, Revenue from contracts with customers (Continued)

(a) Timing of revenue recognition (Continued)

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue, the Group continues to recognise revenue from reclamation and related works and building and infrastructure services over time and continue to recognise its revenue on marine transportation services at a point in time.

(b) Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue (see Note 2(q)) before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis (see Note 2(r)).

To reflect these changes in presentation, the Group has made the following adjustments at 1 July 2018, as a result of the adoption of HKFRS 15:

(i) Amounts due from contract customers and trade and other receivables amounting to RM44,252,000 and RM55,321,000 respectively are now included under contract assets (Note 17); and

(ii) Amounts due to contract customers amounting to RM7,788,000 are now included under contract liabilities (Note 17).

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 15, Revenue from contracts with customers (Continued)

(c) Disclosure of the estimated impact on the amount reported in respect of the year ended 30 June 2019 as a result of the adoption of HKFRS 15 on 1 July 2018

The following table summarises the estimated impact of adoption of HKFRS 15 on the Group's consolidated financial statements for the year ended 30 June 2019, by comparing the amounts reported under HKFRS 15 in these consolidated financial statements with estimates of the hypothetical amounts that would have been recognised under HKASs 18 and 11 if those superseded standards had continued to apply after 1 July 2018 instead of HKFRS 15. The table shows only those line items impacted by the adoption of HKFRS 15:

	Amounts reported in accordance with HKFRS 15 RM'000	Hypothetical amounts under HKASs 18 and 11 RM'000	Difference: Estimated impact of adoption of HKFRS 15 RM'000
Line items in the consolidated statement of financial position as at 30 June 2019 impacted by the adoption of HKFRS 15:			
Trade and other receivables	105,440	160,969	(55,529)
Contract assets	102,282	—	102,282
Amounts due from contracts customers	—	46,753	(46,753)
Contract liabilities	89	—	89
Amounts due to contracts customers	—	89	(89)
Line items in the reconciliation of profit before taxation to cash generated from operations for the year ended 30 June 2019 impacted by adoption of HKFRS 15:			
Profit before taxation	26,767	26,767	—
(Increase) in amounts due from contract customers	—	(2,543)	2,543
(Increase) in contract assets	(2,800)	—	(2,800)
Decrease in trade and other receivables	128,709	128,452	257
(Decrease) in amounts due to contract customers	—	(7,699)	7,699
(Decrease) in contract liabilities	(7,699)	—	(7,699)

The significant difference arises as a result of the changes in accounting policies described above.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HK(IFRIC) 22, Foreign currency transactions and advance consideration

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to be used on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC) 22 does not have any material impact on the financial position and the financial result of the Group.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The Group's financial position and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the consolidated financial statements. Management bases the assumptions and estimates on historical experience and on other factors that the management believes to be reasonable and which form the basis for making judgments about matters that are not readily apparent from other sources. On an on-going basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of significant accounting policies, the judgments and other uncertainties affecting the application of those policies and the sensitivity of reporting results to changes in conditions and assumptions are factors to be considered when reviewing the consolidated financial statements. The significant accounting policies are set out in Note 2 above. Management believes the following significant accounting policies involve the most significant judgments and estimates used in the preparation of the consolidated financial statements.

Key sources of estimation uncertainty

(i) Revenue recognition from construction contracts

As explained in accounting policy Note 2(q)(i), revenue from construction contracts is recognised over time. Such revenue and profit recognition on uncompleted projects is dependent on estimating the total budgeted contract costs of the contract, as well as the contract costs incurred to date. The actual outcomes in the terms of total costs may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in the future years as an adjustment to the amounts recorded to date.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (Continued)

(ii) Impairment of trade and other receivables and contract assets

Trade receivables and contract assets are reviewed by management at the end of each reporting period to determine the expected credit losses. The management bases the estimates on the historical credit loss experience, adjusted for factors that are specific to the debtors and assessments of both current and forecast general economic conditions. Credit risk assessments focus on the customers' past history of making payments when due and current ability and willingness to pay, taking into account the financial position of the customers and the macroeconomic environment in which the customers operate.

The assessment of the credit risk involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise.

(iii) Impairment of property, plant and equipment

If circumstances indicate that the carrying amounts of property, plant and equipment may not be recoverable, the assets may be considered impaired, and an impairment loss may be recognised to reduce the carrying amounts to the recoverable amount in accordance with the accounting policy for impairment of these assets as described in Note 2(i)(iii). The recoverable amount is the greater of the fair value less costs of disposal and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to level of revenue and amount of operating costs. Management uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and the amount of operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (Continued)

(iv) Depreciation of property, plant and equipment

Management estimates the useful lives of property, plant and equipment based on the periods over which the assets are expected to be available for use. Management reviews annually their estimated useful lives, based on factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase depreciation charges and decrease the carrying amount of property, plant and equipment.

Critical accounting judgements in applying the Group's accounting policies

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgment on the future tax treatment of certain transactions. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised in respect of deductible temporary differences, unused tax losses and unused tax credits. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax loses and unused tax credits can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

5. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the provision of marine construction services and buildings and infrastructure services.

Disaggregation of revenue from contracts with customers by major products or services lines is as follows:

Revenue from contracts with customers within the scope of HKFRS 15

	2019 **RM'000**	2018 RM'000 (Note)
Construction contracts		
— Reclamation and related works	**18,923**	98,186
— Building and infrastructure	**162,245**	78,983
	181,168	177,169
Marine transportation	**148,761**	360,647
	329,929	537,816

Note: The Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with HKAS 18 and HKAS 11 (see Note 3).

Revenue from construction contracts is recognised over time and revenue from marine transportation is recognised at a point in time.

As at 30 June 2019, the aggregate amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RM786,825,000. This amount represents revenue expected to be recognised in future from construction contracts and marine transportation contracts entered into between the customers and the Group. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to be during the years ending 30 June 2020 to 30 June 2022.

(b) Segment reporting

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the board of directors of the Company, being the chief operating decision maker (the "**CODM**"), for the purpose of allocating resources to segments and assessing their performance.

5. REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

For management purpose, the Group is organised into business units based on their products and services and has three reportable segments as follows:

Marine construction services

— Reclamation and related works, which includes land reclamation and other marine civil works and may involve soil and site investigation, land and hydrographic survey, pre-reclamation design, sand handling/filling, ground treatment and sand surcharge and removal work.

— Marine transportation, which involves transportation of marine sand including the extraction of marine sand from the approved sand source onto sand carriage and delivery of marine sand to designated sites where the marine sand is unloaded to be used for land reclamation.

Building and infrastructure services

— General building works in construction of properties and infrastructure works.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of central administrative and corporate expenses (including listing expenses), unallocated other revenue, finance costs and share of loss of a joint venture. This is the measure reported to the CODM, for the purposes of resources allocation and performance assessment.

No segment assets and liabilities are presented as they were not regularly provided to the CODM for the purpose of resources allocation and performance assessment.

Information regarding the above segments is reported below.

5. REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

The following is an analysis of the Group's revenue and results by reportable segments:

For the year ended 30 June 2019

	Marine construction				
	Reclamation and related works RM'000	Marine transportation RM'000	Building and infrastructure RM'000	Elimination of inter-segment revenue RM'000	Total RM'000
Revenue					
Revenue from external customers	18,923	148,761	162,245	–	329,929
Inter-segment revenue	11,824	17,969	–	(29,793)	–
Reportable segment revenue	30,747	166,730	162,245	(29,793)	329,929
Reportable segment profit	984	18,320	22,051	–	41,355
Unallocated central administrative and corporate expenses:					
– General and administrative expenses					(9,617)
– Listing expenses					(5,510)
Unallocated other revenue					804
Finance costs					(199)
Share of loss of a joint venture					(66)
Profit before taxation					26,767
Other segment information					
Depreciation	4,329	41	381	–	4,751
(Reversal) for impairment loss on trade receivables and contract assets	(820)	(2,143)	(413)	–	(3,376)
Bad debts (recovered)	(946)	–	–	–	(946)

5. REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

For the year ended 30 June 2018

	Marine construction				
	Reclamation and related works RM'000	Marine transportation RM'000	Building and infrastructure RM'000	Elimination of inter-segment revenue RM'000	Total RM'000
Revenue					
Revenue from external customers	98,186	360,647	78,983	–	537,816
Inter-segment revenue	27,760	147,730	–	(175,490)	–
Reportable segment revenue	125,946	508,377	78,983	(175,490)	537,816
Reportable segment profit	11,148	45,195	8,689	–	65,032
Unallocated central administrative and corporate expenses:					
— General and administrative expenses					(13,587)
— Listing expenses					(7,135)
Unallocated other revenue					365
Finance costs					(291)
Share of loss of a joint venture					(47)
Profit before taxation					44,337
Other segment information					
Depreciation	5,682	40	–	–	5,722
Allowance for impairment loss on trade receivables	231	–	–	–	231
Bad debts written off	18	–	–	–	18

5. REVENUE AND SEGMENT REPORTING (CONTINUED)

Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, investment properties, deposits paid for acquisition of investment properties and interest in a joint venture. The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of property, plant and equipment, investment properties and deposits paid for acquisition of investment properties are based on the physical location of the asset under consideration. In the case of interests in a joint venture, it is the location of operations of such joint venture.

(a) Revenue from external customers

	2019 **RM'000**	2018 RM'000
Malaysia (place of domicile)	**329,929**	416,636
Singapore	**–**	121,180
	329,929	537,816

(b) Non-current assets

No geographical information is presented as all of the Group's non-current assets are located in Malaysia as at 30 June 2019 and 2018.

Information about major customers

Revenue from customers contributing individually 10% or more of the Group's revenue is as follows:

	2019 **RM'000**	2018 RM'000
Customer A[1]	**233,695**	300,984
Customer B[2]	**–**	121,180
	233,695	422,164

1 Revenue from the Group's Marine construction services — marine transportation and Building and infrastructure services.

2 Revenue from the Group's Marine construction services — marine transportation.

6. OTHER REVENUE AND OTHER NET INCOME/(LOSS)

	2019 RM'000	2018 RM'000
Other revenue		
Interest income on financial assets measured at amortised cost	665	365
Handling service fee on provision of diesel	31	903
Bad debts recovered	946	–
Others	49	1,633
	1,691	2,901
Other net income/(loss)		
Net foreign exchange gain/(loss)	218	(2,034)
Fair value loss on investment properties	(581)	–
Gain on disposal of property, plant and equipment	721	–
	358	(2,034)

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2019 RM'000	2018 RM'000
Interest on bank loan	36	44
Finance charge on obligations under finance leases	163	247
Total interest expenses on financial liabilities not at fair value through profit or loss	199	291

7. PROFIT BEFORE TAXATION (CONTINUED)

(b) Staff costs (including directors' emoluments)

	2019 RM'000	2018 RM'000
Salaries, wages and other benefits	8,554	17,318
Contributions to defined contribution retirement plan	773	1,126
	9,327	18,444
Less: Amount included in direct costs	(1,975)	(2,780)
	7,352	15,664

(c) Other items

	2019 RM'000	2018 RM'000
Depreciation	5,290	6,256
Less: Amount included in direct costs	(4,507)	(5,078)
	783	1,178
Operating lease charges: minimum lease payments in respect of		
— properties	339	316
— equipment	1,370	7,252
	1,709	7,568
Less: Amount included in direct costs	(1,566)	(7,465)
	143	103
(Reversal)/allowance for impairment loss on trade receivables and contract assets	(3,376)	231
Bad debts (recovered)/written off	(946)	18
Auditors' remuneration	689	207
Listing expenses	5,510	7,135
Net foreign exchange (gain)/loss	(218)	2,034
Fair value loss on investment properties	581	–
(Gain) on disposal of property, plant and equipment	(721)	–

8. DIRECTORS' EMOLUMENTS

Dato' Ng Say Piyu and Datin Ngooi Leng Swee were appointed as directors on 30 April 2018 and Mr. Lam Fung Eng and Mr. Ng Chong Boon were appointed on 10 May 2018. Mr. Tai Lam Shin, Mr. Wong Kwok Wai, Albert and Ms. Chan Pui Kwan were appointed as independent non-executive directors of the Company on 11 April 2019.

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Year ended 30 June 2019

	Directors' fees RM'000	Salaries, allowances and benefits in kind RM'000	Discretionary bonus RM'000	Contributions to defined contribution retirement plan RM'000	Total RM'000
Executive directors					
Dato' Ng Say Piyu *(Chairman)*	16	–	–	–	16
Mr. Lam Fung Eng	16	189	(183)	26	48
Mr. Ng Chong Boon	16	189	(183)	26	48
Non-executive director					
Datin Ngooi Leng Swee	16	–	–	–	16
Independent non-executive director					
Mr. Tai Lam Shin	16	–	–	–	16
Mr. Wong Kwok Wai, Albert	16	–	–	–	16
Ms. Chan Pui Kwan	16	–	–	–	16
	112	378	(366)*	52	176

* Representing discretionary bonus of Mr. Lam Fung Eng and Mr. Ng Chong Boon for the year ended 30 June 2019 of RM32,000 and RM32,000 respectively and overprovision of discretionary bonus for previous year of RM215,000 and RM215,000 respectively.

8. DIRECTORS' EMOLUMENTS (CONTINUED)

Year ended 30 June 2018

	Directors' fees RM'000	Salaries, allowances and benefits in kind RM'000	Discretionary bonus RM'000	Contributions to defined contribution retirement plan RM'000	Total RM'000
Executive directors					
Dato' Ng Say Piyu *(Chairman)*	–	–	3,920	–	3,920
Mr. Lam Fung Eng	–	189	1,763	225	2,177
Mr. Ng Chong Boon	–	189	1,763	225	2,177
Non-executive director					
Datin Ngooi Leng Swee	–	–	–	–	–
	–	378	7,446	450	8,274

Notes:

(i) No director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 30 June 2019 and 2018. No director waived or agreed to waive any emoluments during the years ended 30 June 2019 and 2018.

(ii) Executive and non-executive directors of the Group are entitled to discretionary bonus payments which are determined with reference to individual performance of the director.

(iii) No remuneration was paid to the independent non-executive directors during the year ended 30 June 2018.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, 2 (2018: 3) are directors of the Company whose emoluments are disclosed in Note 8. The aggregate of the emoluments of the remaining 3 (2018: 2) individuals were as follows:

	2019 RM'000	2018 RM'000
Salaries allowances and benefits in kind	**1,224**	545
Contributions to defined contribution retirement plan	**69**	47
	1,293	592

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS (CONTINUED)

The emoluments of the 3 (2018: 2) individuals with the highest emoluments are within the following bands:

	2019 Number of individuals	2018 Number of individuals
HK$Nil to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**1**	–

No emoluments were paid or payable by the Group to these employees as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 30 June 2019 (2018: HK$Nil).

10. DIVIDENDS

(i) Dividends of approximately RM57,500,000 during the year ended 30 June 2018, represented dividends declared by the respective companies now comprising the Group to the then owners of the respective companies for the year ended 30 June 2018 prior to the Reorganisation. The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful.

(ii) The directors recommended the payment of a final dividend of HK$0.02 per share amounting to approximately HK$10,000,000 in aggregate in respect of the year ended 30 June 2019 (2018: Nil), which is subject to approval of the shareholders at the forthcoming annual general meeting of the Company.

(iii) The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

11. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2019 RM'000	2018 RM'000
Current tax		
Charge for the year	**7,687**	13,123
(Over)/underprovision in prior years	**(204)**	14
Deferred tax (Note 24(b))		
Origination and reversal of temporary differences	**224**	(568)
Income tax expense for the year	**7,707**	12,569

11. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

(a) Income tax in the consolidated statement of profit or loss and other comprehensive income represents: (Continued)

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

(ii) No provision for Hong Kong profit tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

(iii) Corporate income tax in Malaysia is calculated at the statutory rate of 24% of the estimated taxable profit for the years ended 30 June 2019 and 2018.

Group's entities in Malaysia with a paid up capital of RM2,500,000 and below can enjoy lower corporate income tax rate of 17% (2018: 18%) on the first RM500,000 chargeable income and the above statutory rate shall be charged on chargeable income in excess of RM500,000 for the year ended 30 June 2019.

In addition, for the year of assessment 2018 in Malaysia, a further reduction in the corporate income tax rate from 24% to 20%, which applies progressively at 23%, 22%, 21% and 20% on entities with an incremental chargeable income of 5% to 9.99%, 10% to 14.99%, 15% to 19.99% and 20% and above respectively, as compared to the immediate preceding year of assessment is available.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2019 RM'000	2018 RM'000
Profit before taxation	**26,767**	44,337
Notional tax on profit before taxation, calculated at the rates applicable to the profits in the countries concerned	**6,424**	10,641
Tax effect of exemption in respect of the increase in chargeable income from business	**–**	(968)
Tax effect of non-deductible expenses	**1,947**	2,486
Tax effect on non-taxable income	**(397)**	(92)
Tax effect of tax loss not recognised	**–**	470
(Over)/underprovision in prior years	**(204)**	14
Others	**(63)**	18
	7,707	12,569

12. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to owners of the Company of approximately RM19,632,000 (2018: RM23,077,000) and the weighted average of 392,808,219 ordinary shares (2018: 375,000,000 ordinary shares) in issue during the year. The weighted average number of ordinary shares in issue during the years ended 30 June 2019 and 2018 is calculated based on the assumption that 375,000,000 shares were in issue throughout the entire years, taking into consideration of the effect of Reorganisation, loan capitalisation and the capitalisation issue.

	2019 RM'000	2018 RM'000
Earnings		
Profit for the year attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	**19,632**	23,077

	2019 Number of shares	2018 Number of shares
Weighted average number of ordinary shares		
Effect of Reorganisation, loan capitalisation and capitalisation issue (Note 25(b))	**375,000,000**	375,000,000
Effect of shares issued by global offering (Note 25(b))	**17,808,219**	–
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	**392,808,219**	375,000,000

(b) Diluted earnings per share

The diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares in existence during the years ended 30 June 2019 and 2018.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture fittings and equipment RM'000	Total RM'000
Cost:					
At 1 July 2017	176	25,433	4,867	1,311	31,787
Additions	20	65	39	156	280
At 30 June 2018	196	25,498	4,906	1,467	32,067
At 1 July 2018	196	25,498	4,906	1,467	32,067
Additions	42	1	387	315	745
Disposal/written off	–	–	(2,150)	–	(2,150)
At 30 June 2019	238	25,499	3,143	1,782	30,662
Accumulated depreciation:					
At 1 July 2017	74	8,976	1,933	366	11,349
Depreciation for the year	71	5,095	923	167	6,256
At 30 June 2018	145	14,071	2,856	533	17,605
At 1 July 2018	145	14,071	2,856	533	17,605
Depreciation for the year	53	4,523	520	194	5,290
Disposal/written off	–	–	(1,301)	–	(1,301)
At 30 June 2019	198	18,594	2,075	727	21,594
Net book value:					
At 30 June 2019	40	6,905	1,068	1,055	9,068
At 30 June 2018	51	11,427	2,050	934	14,462

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the year ended 30 June 2019, additions to motor vehicles and plant and machinery of the Group which were financed by new finance leases were approximately RM326,000 (2018: RMNil). As at 30 June 2019, the net book value of plant and equipment held under finance leases are as follow:

	2019 RM'000	2018 RM'000
Motor vehicles	**996**	1,077
Plant and machinery	**1,553**	2,506
	2,549	3,583

14. INVESTMENT PROPERTIES

	RM'000
At 1 July 2017, 30 June 2018 and 1 July 2018	–
Additions	3,881
Fair value adjustment	(581)
At 30 June 2019	3,300

Fair value measurement of properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs that is, unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs that is, observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

14. INVESTMENT PROPERTIES (CONTINUED)

Fair value measurement of properties (Continued)

(i) Fair value hierarchy (Continued)

	Fair value at 30 June 2019 RM'000	Fair value measurements as at 30 June 2019 categorised into		
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Recurring fair value measurement				
Investment properties:				
— Commercial — Malaysia	**3,300**	–	3,300	–

During the year ended 30 June 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 30 June 2019. The valuations were carried out by an independent firm, KGV International Property Consultant (Johor) Sdn. Bhd., who have among their valuers registered with The Board of Valuers, Appraisers and Estate Agents, Malaysia, with recent experience in the location and category of property being valued. The Group's management have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of investment properties located in Malaysia is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis using market data which is publicly available.

Investment properties have been pledged to a bank as security for bank facilities granted to the Group.

15. INTEREST IN A JOINT VENTURE

	2019 RM'000	2018 RM'000
Cost of investment in an unlisted joint venture	**450**	450
Share of post-acquisition profits and other comprehensive income, net of dividends received	**(115)**	(49)
	335	401

15. INTEREST IN A JOINT VENTURE (CONTINUED)

The joint venture is accounted for using the equity method in these consolidated financial statements.

The followings are the particulars of a joint venture which is an unlisted corporate entity and which quoted market price is not available:

Name of company	Place of incorporation and business	Class of shares held	Particulars of issued and paid up capital	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activity
JBB Kimlun Sdn. Bhd. (“**JBB Kimlun**”)	Malaysia	Ordinary	RM750,000	60%	50% (Note)	60%	Building construction

JBB Kimlun was incorporated on 2 May 2017 and the Group’s interest in this joint venture is held indirectly by the Company. The Group, together with its joint venture partner, intend to carry out general building construction services.

Pursuant to a shareholders’ agreement dated 3 May 2017 and its supplemental agreements dated 9 May 2017, 16 May 2017 and 31 March 2019 respectively entered into between the Group and the joint venture partner (the “**Parties**”), decisions about the relevant activities of JBB Kimlun require the unanimous consent of the Parties. As such, the interest of the Group in JBB Kimlun is considered to be a joint venture despite that the Group holds more than half of the equity interest therein.

Information of joint venture, JBB Kimlun, that is not individually material:

	2019 RM’000	2018 RM’000
Carrying amount of the Group’s interest in this joint venture	**335**	401
The Group’s share of loss for the year	**(66)**	(47)
The Group’s share of other comprehensive income	**–**	–
The Group’s share of total comprehensive income	**(66)**	(47)

16. TRADE AND OTHER RECEIVABLES

	Note	30 June 2019 RM'000	1 July 2018 RM'000	30 June 2018 RM'000
Trade receivables		**92,771**	217,534	217,534
Less: allowance for doubtful debts (Note 26(a))		**(1,323)**	(4,650)	(867)
	(i), (iv)	**91,448**	212,884	216,667
Deposits, prepayments and other receivable	(ii)	**13,992**	20,731	20,731
Retention receivables (Note 26(a))	(iii)	**–**	–	55,321
		105,440	233,615	292,719
Less: non-current portion				
Deposits paid for acquisition of investment properties		**–**	(3,766)	(3,766)
		105,440	229,849	288,953

Notes:

(i) Upon the adoption of HKFRS 9, an opening adjustment as at 1 July 2018 was made to recognise additional ECLs on trade receivables (see Note 3).

(ii) The amount of deposits, prepayments and other receivable, except for the amounts of approximately RMNil (2018: RM3,766,000) as at 30 June 2019, which are expected to be recognised as assets after one year, all of the remaining balances are expected to be recovered or recognised as expenses within one year.

(iii) Upon the adoption of HKFRS 15, retention receivables, for which the Group's entitlement to the consideration was conditional on achieving certain milestones or satisfactory completion of the retention period, were reclassified to "contract assets" and disclosed in Note 3.

(iv) All of the trade receivables are expected to be recovered within one year.

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

Aging analysis of trade receivables

As at the end of each reporting period, the aging analysis of trade receivables based on the invoice date and net of loss allowance, is as follows:

	2019 RM'000	2018 RM'000
Within 30 days	23,447	44,839
31 to 60 days	22,239	36,146
61 to 90 days	4,378	37,680
Over 90 days	41,384	98,002
	91,448	216,667

Trade receivables are generally due within 14 to 30 days from the date of invoice. Further details on the Group's credit policy and credit risk coming from trade receivables are set out in Note 26(a).

17. CONSTRUCTION CONTRACTS

(a) Contract assets

Amounts represent the Group's rights to considerations from customers for the provision of marine construction services and building and infrastructure services, which arise when: (i) the Group completed the relevant services under such contracts; and (ii) the customers withhold certain amounts payable to the Group as retention money to secure the due performance of the contracts for a period of generally 3 to 27 months (defect liability period) after completion of the relevant works. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it becomes unconditional and is invoiced to the customer.

17. CONSTRUCTION CONTRACTS (CONTINUED)

(a) Contract assets (Continued)

The Group's contract assets are analysed as follows:

	Note	**30 June 2019 RM'000**	1 July 2018 RM'000 (note (i))	30 June 2018 RM'000
Contract assets				
Arising from performance under construction contracts	(ii), (iv)	**46,753**	44,189	–
Retention receivables	(ii), (iii)	**55,529**	55,242	–
		102,282	99,431	–
Receivables from contracts with customers within the scope of HKFRS 15, which are included in "Trade and other receivables" (Note 16)		**91,448**	212,884	

Notes:

(i) The Group had initially applied HKFRS 9 and HKFRS 15 using the cumulative effect method and adjusted the opening balances at 1 July 2018.

(ii) Upon the adoption of HKFRS 9, opening adjustments were made at 1 July 2018 to recognise additional expected credit losses (ECLs) on contract assets. This had resulted in a decrease in this balance as at that date (see Note 3).

(iii) Upon the adoption of HKFRS 15, retention receivables, for which the Group's entitlement to the consideration was conditional on achieving certain milestones or satisfactory completion of the retention period, were reclassified from "Trade and other receivables" to contract assets (see Note 3).

(iv) Upon the adoption of HKFRS 15, amounts previously included as "Amounts due from contract customers" were reclassified to contract assets (see Note 3).

Typical payment terms which impact on the amount of contract assets recognised are as follows:

The Group's construction contracts include payment schedules which require stage payments over the construction period once milestones are reached and progress certificate was issued by customer. The Group also typically agrees to a retention period of 6 to 27 months for 5% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection.

The amount of contract assets that is expected to be recognised after more than one year is RM8,401,000 (2018: RM8,571,000), all of which related to retention.

17. CONSTRUCTION CONTRACTS (CONTINUED)

(b) Contract liabilities

	Note	30 June 2019 RM'000	1 July 2018 RM'000 (note (i))	30 June 2018 RM'000
Contract liabilities				
Construction contracts				
— Billings in advance of performance	(ii)	89	7,788	–

Notes:

(i) The Group had initially applied HKFRS 15 using the cumulative effect method and adjusted the opening balance at 1 July 2018.

(ii) Upon the adoption of HKFRS 15, amounts previously included as "Amounts due to contract customers" were reclassified to contract liabilities (see Note 3).

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

When the Group receives a deposit before the production activity commences this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the project exceeds the amount of the deposit. The amount of the deposit, if any, was negotiated on a case by case basis with customers.

Movements in contract liabilities

	RM'000
Balance as at 1 July 2018	7,788
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(7,788)
Increase in contract liabilities as a result of billing in advance of construction activities	89
Balance as at 30 June 2019	89

17. CONSTRUCTION CONTRACTS (CONTINUED)

(c) Amounts due from/(to) contract customers

	2019 RM'000	2018 RM'000
Contract costs incurred plus recognised profits less recognised losses	–	758,795
Less: progress billings	–	(722,331)
	–	36,464
Analysed for reporting purpose as:		
Amounts due from contract customers	–	44,252
Amounts due (to) contract customers	–	(7,788)
	–	36,464

18. AMOUNTS DUE TO DIRECTORS

	2019 RM'000	2018 RM'000
Non-trade nature:		
Due to Dato' Ng Say Piyu	–	(2,265)
Due to Mr. Lam Fung Eng	–	(421)
Due to Mr. Ng Chong Boon	–	(421)
	–	(3,107)

The amounts due to directors were of non-trade nature, unsecured, interest-free and repayable on demand.

19. PLEDGED BANK DEPOSITS

	2019 RM'000	2018 RM'000
Fixed deposits	5,593	5,555

(a) Pledged bank deposits have been pledged to banks as security for banking facilities granted to the Group.

(b) The effective interest rates of the pledged bank deposits are as follow:

	2019	2018
Pledged bank deposits	1.85%	1.81%

20. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2019 RM'000	2018 RM'000
Deposits with banks	48,978	1,000
Cash and bank balances	65,660	40,644
Cash and cash equivalents in the consolidated statement of cash flows	114,638	41,644

20. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities

	Amounts due to directors RM'000	Amount due to former immediate holding company RM'000	Finance lease liabilities RM'000	Bank loan RM'000	Dividend payable RM'000	Total RM'000
At 1 July 2018	**3,107**	**2,574**	**3,466**	**704**	**7,200**	**17,051**
Non-cash — new finance leases	**–**	**–**	**326**	**–**	**–**	**326**
Non-cash — loan capitalisation	**–**	**(7,909)**	**–**	**–**	**–**	**(7,909)**
Non-cash — disposal of property, plant and equipment	**(1,570)**	**–**	**–**	**–**	**–**	**(1,570)**
Non-cash — interest cost	**–**	**–**	**36**	**163**	**–**	**199**
Cash flow — financing activities	**(1,540)**	**5,273**	**(1,482)**	**(366)**	**(7,200)**	**(5,315)**
Currency translation difference	**3**	**62**	**–**	**–**	**–**	**65**
At 30 June 2019	**–**	**–**	**2,346**	**501**	**–**	**2,847**

	Amounts due to directors RM'000	Amount due to former immediate holding company RM'000	Finance lease liabilities RM'000	Bank loan RM'000	Dividend payable RM'000	Total RM'000
At 1 July 2017	13,503	–	4,956	704	–	19,163
Non-cash — interest cost	–	–	247	44	–	291
Non-cash — dividend declared	–	–	–	–	57,500	57,500
Cash flow — financing activities	(10,396)	2,574	(1,737)	(44)	(50,300)	(59,903)
At 30 June 2018	3,107	2,574	3,466	704	7,200	17,051

21. TRADE AND OTHER PAYABLES

	2019 RM'000	2018 RM'000
Trade payables	**178,544**	284,840
Other payables and accruals	**3,111**	24,592
Retention payables	**17,973**	11,114
	199,628	320,546

Note: Except for the amounts of approximately RM7,994,000 (2018: RM5,688,000) included in the retention payables as at 30 June 2019 which are expected to be settled after one year, all of the trade and other payables are expected to be settled within one year or are repayable on demand.

21. TRADE AND OTHER PAYABLES (CONTINUED)

Aging analysis of trade payables

As of the end of each reporting period, the aging analysis of trade payables, based on the invoice date, is as follows:

	2019 RM'000	2018 RM'000
Within 30 days	59,892	102,611
31 to 90 days	11,766	62,669
Over 90 days	106,886	119,560
	178,544	284,840

22. BANK LOAN

	2019 RM'000	2018 RM'000
Bank loan, secured	501	704

The bank loan was repayable as follows:

	2019 RM'000	2018 RM'000
Within 1 year or on demand	501	704

The Group's banking facilities were secured and guaranteed by:

(i) as security for a loan obtained for the purchase of investment properties, two deeds of assignment that effectively transfer and assign all rights and interest under the sale and purchase agreement and to the properties were assigned to bank as at 30 June 2018. During the year ended 30 June 2019, upon the issuance of individual titles to the investment properties, a legal charge was created over each of these titles in favour of the bank.

(ii) unlimited joint and several personal guarantee and personal guarantee to the extent of RM43,380,000 were given by directors of the Group (Note 29(c)(iv)) as at 30 June 2019.

(iii) deposits with licensed banks of the Group with carrying amounts of approximately RM5,593,000 (2018: RM5,555,000) as at 30 June 2019.

22. BANK LOAN (CONTINUED)

The bank loan during the year bear interest as follow:

	2019	2018
Bank loan	**5.78%**	5.83%

As at 30 June 2019, the Group had aggregate banking facilities of approximately RM49,380,000 (2018: RM33,380,000) for loans and borrowings. Unused facilities as at the same date amounted to approximately RM47,500,000 (2018: RM31,500,000).

23. OBLIGATIONS UNDER FINANCE LEASES

The Group had obligations under finance leases repayable as follows:

	As at 30 June 2019		As at 30 June 2018	
	Present value of the minimum lease payments RM'000	**Total minimum lease payments RM'000**	Present value of the minimum lease payments RM'000	Total minimum lease payments RM'000
Within 1 year	**1,191**	**1,279**	1,517	1,671
After 1 year but within 2 years	**616**	**655**	1,095	1,167
After 2 years but within 5 years	**502**	**539**	795	841
After 5 years	**37**	**40**	59	61
	1,155	**1,234**	1,949	2,069
	2,346	**2,513**	3,466	3,740
Less: total future interest expenses		**(167)**		(274)
Present value of lease obligations		**2,346**		3,466

24. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2019 RM'000	2018 RM'000
Tax recoverable	**2,528**	257
Income tax payables	**(2,174)**	(9,765)
	354	(9,508)

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the years are as follows:

	Depreciation allowances in excess of depreciation RM'000	Unrealised foreign exchange gain/(loss) RM'000	Credit loss allowance RM'000 (Note)	Total RM'000
At 1 July 2017	1,691	56	(153)	1,594
(Credit) to profit or loss (Note 11(a))	(350)	(218)	–	(568)
At 30 June 2018	1,341	(162)	(153)	1,026
Impact on initial application of HKFRS 9 as at 1 July 2018	–	–	(942)	(942)
At 1 July 2018	**1,341**	**(162)**	**(1,095)**	**84**
(Credit)/charge to profit or loss (Note 11(a))	**(693)**	**162**	**755**	**224**
At 30 June 2019	**648**	**–**	**(340)**	**308**

Note: Upon the initial application of HKFRS 9, the Group has recognised deferred tax assets on the additional credit losses recognised under the ECL model (see Note 2(i)(i)).

24. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) Deferred tax assets and liabilities recognised: (Continued)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset in the table above. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2019 RM'000	2018 RM'000
Deferred tax assets	**318**	296
Deferred tax liabilities	**(626)**	(1,322)
	(308)	(1,026)

(c) Deferred tax assets and liabilities not recognised:

There were no other material unrecognised deferred tax assets and liabilities as at 30 June 2019.

25. CAPITAL AND RESERVES

(a) Movement in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

25. CAPITAL AND RESERVES (CONTINUED)

(b) Share capital

	Note	No. of shares	Amount RM'000
Authorised ordinary shares of HK$0.01 each			
At 30 April 2018 (date of incorporation)	(i)	38,000,000	190
At 30 June 2018		38,000,000	190
Increase in authorised share capital	(ii)	1,962,000,000	10,345
At 30 June 2019		2,000,000,000	10,535
Issued and fully paid ordinary shares of HK$0.01 each:			
Issue of shares upon the incorporation	(i)	1	–*
Issue of shares	(i)	9,999	–*
At 30 June 2018		10,000	–*
Issue of shares upon Reorganisation	(iii)	34,295,000	184
Loan capitalisation	(iv)	3,195,000	17
Capitalisation issue	(v)	337,500,000	1,803
Issue of shares upon global offering	(vi)	125,000,000	668
At 30 June 2019		500,000,000	2,672

* The balance represents an amount less than RM1,000

(i) The Company was incorporated in the Cayman Islands on 30 April 2018 with an authorised share capital of HK$380,000 divided into 38,000,000 shares of a par value of HK$0.01 each. As at the date of incorporation, 1 share was allotted and issued. On the same date, a further 9,999 shares were allotted and issued.

(ii) Pursuant to the written resolution of the sole shareholder of the Company on 11 April 2019, the authorised share capital of the Company was increased from HK$380,000 to HK$20,000,000 by the creation of additional 1,962,000,000 shares of HK$0.01 each.

(iii) On 5 December 2018, through the Reorganisation, the Company issued a total of 31,692,000 shares as consideration for the Group's acquisition of the entire issued capital of JBB Builders (M) Sdn. Bhd. ("**JBB Builders**") and 50% issued capital of Gabungan Jasapadu Sdn. Bhd. ("**Gabungan**") respectively.

On 13 December 2018, through the Reorganisation, the Company issued a total of 2,603,000 shares as consideration for the Group's acquisition of the entire issued capital of Pavilion Ingenious Sdn. Bhd. ("**Pavilion**").

25. CAPITAL AND RESERVES (CONTINUED)

(b) Share capital (Continued)

(iv) On 11 April 2019, pursuant to a loan capitalisation agreement with its shareholder, the Company allotted and issued 3,195,000 shares, credited as fully paid to the then shareholder by way of capitalisation of the loan in the amount of HK$15,000,000 (equivalent to approximately RM7,909,000) owing by the Company to the then shareholder.

(v) Pursuant to the written resolutions of the sole shareholder of the Company passed on 11 April 2019, a total of 337,500,000 shares of HK$0.01 each were allotted and issued, credited as fully paid at par, to the then shareholders, by way of capitalisation of a sum of HK$3,375,000 (equivalent to approximately RM1,803,000) standing to the credit of the share premium account of the Company (the "**Capitalisation Issue**") on 10 May 2019.

(vi) On 10 May 2019, 125,000,000 shares of HK$0.01 each of the Company were issued at a price of HK$1.18 per share by global offering. On the same date, the Company's shares were listed on the Main Board of the Stock Exchange. The proceeds of HK$1,250,000 (equivalent to approximately RM668,000) representing the par value of the shares of the Company, were credited to the Company's share capital. The remaining proceeds of HK$146,250,000 (equivalent to approximately RM78,160,000), before issuing expenses, were credited to share premium account of the Company.

(vii) The share capital balances in the consolidated statement of financial position as at 1 July 2017, 30 June 2018 and 1 July 2018 represented the aggregate share capital attributable to the owners of the companies now comprising the Group after elimination of investments in subsidiaries.

(c) Share premium

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company. Under the Companies Law of Cayman Islands, the share premium account of the Company is distributable to the owners of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debt as they fall due in the ordinary course of business.

(d) Merger reserve

Merger reserve of the Group represents the difference between the nominal value of ordinary shares issued by the Company, and the issued share capital of JBB Builders, Gabungan and Pavilion exchanged in connection with the Reorganisation.

(e) Exchange reserve

The exchange reserve represents foreign exchange differences arising from the translation of the financial statements of the operations outside Malaysia. The reserve is dealt with in accordance with the accounting policies set out in Note 2(s).

25. CAPITAL AND RESERVES (CONTINUED)

(f) Distributability of reserve

As at 30 June 2019, the aggregate amount of reserves available for distribution to owners of the Company was RM106,353,000 (2018 RMNil).

(g) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, or sell assets to reduce debt. No changes in the objective, policies or processes for managing capital were made during the year ended 30 June 2019.

The management of the Group reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risk associated with each class of capital. Based on recommendation of the management, the Group will balance its overall capital structure through the payment of dividends as well as issue of new debt or the redemption of the debt.

The Group monitors capital using, inter alia, a gearing ratio which is net debt divided by total equity. Net debt includes interest-bearing bank loan and obligations under finance leases, less pledged bank deposits and cash and cash equivalents. The gearing ratio as at 30 June 2019 and 2018 are as follows:

	2019 RM'000	2018 RM'000
Obligations under finance leases	**2,346**	3,466
Bank loan	**501**	704
Total debt	**2,847**	4,170
Less: Pledged bank deposits	**(5,593)**	(5,555)
Cash and cash equivalents	**(114,638)**	(41,644)
Net debt	**N/A**	N/A
Total equity	**138,138**	43,186
Net debt-to-equity ratio	**N/A**	N/A

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets and financial liabilities are disclosed in Note 2.

The Group has classified the financial instruments as follows:

	2019 RM'000	2018 RM'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	–	323,817
Financial assets at amortised cost	216,084	–
	216,084	323,817

	2019 RM'000	2018 RM'000
Financial liabilities		
Financial liabilities measured at amortised cost	202,442	337,597

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk and foreign currency exchange risk. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables, contract assets, pledged bank deposits and cash at banks. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Trade and retention receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 30 June 2019, 43% (2018: 69%) of the total gross trade and retention receivables and contract assets was due from the Group's largest customer and 98% (2018: 97%) of the total gross trade and retention receivables and contract assets were due from the Group's five largest customers.

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (Continued)

Trade and retention receivables and contract assets (Continued)

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

Effective on 1 July 2018, the Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets as at 30 June 2019:

	Expected loss rate %	Gross carrying amount RM'000	Loss allowance RM'000
Current (not past due)	0.09	125,563	113
Less than 3 months past due	0.23	42,556	98
3 to 6 months past due	1.04	25,405	264
6 months to 1 year past due	9.69	754	73
Over 1 year past due	100	867	867
		195,145	1,415

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (Continued)

Comparative information under HKAS 39

(a) Trade receivables

Prior to 1 July 2018, an impairment loss was recognised only when there objective evidence of impairment. As at 30 June 2018 trade receivables of RM867,000 was individually determined to be impaired.

The aging analysis of trade receivables that are not impaired are as follows:

	2018 RM'000
Neither past due nor impaired	20,759
Past due but not impaired:	
Less than 3 months past due	137,709
3 to 6 months past due	46,291
Over 6 months past due	11,908
At the end of the year	216,667

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (Continued)

Comparative information under HKAS 39 (Continued)

(b) Retention receivables

The following is a maturity analysis of retention receivables which are to be settled, based on the expiry of defect liability period, as at 30 June 2018.

	2018 RM'000
On demand or within one year	46,750
After one year	8,571
	55,321

Retention receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Included in the Group's retention receivables are debtors with a carrying amount of RM4,640,000 as at 30 June 2018 which was past due but not impaired within one year as at the end of the reporting period. There has not been a significant change in credit quality and the balances are still considered fully recoverable.

Movements in the loss allowance account in respect of trade receivables and contract assets are as follows:

	As at 30 June 2019 RM'000	As at 1 July 2018 RM'000	As at 30 June 2018 RM'000
At the beginning of year	**4,791**	867	636
Impact on initial application of HKFRS 9	**–**	3,924	–
(Reversal)/impairment loss recognised	**(3,376)**	–	231
At the end of the year	**1,415**	4,791	867

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (Continued)

Cash and cash equivalents

To manage this risk, deposits are mainly placed with reputable financial institutions with high credit-ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these financial institutions.

Financial guarantee

The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in Note 30.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables shows the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash outflows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

For bank loan which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is, if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank loan and obligations under finance leases is prepared on the scheduled repayment dates.

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (Continued)

As at 30 June 2019

	On demand or within 1 year RM'000	More than 1 year but less than 2 years RM'000	More than 2 years but less than 5 years RM'000	More than 5 years RM'000	Total contractual undiscounted cash flows RM'000	Carrying amounts RM'000
Non-derivative financial liabilities						
Trade and other payables	199,595	–	–	–	199,595	199,595
Bank loan	501	–	–	–	501	501
Obligations under finance leases	1,279	655	539	40	2,513	2,346
	201,375	655	539	40	202,609	202,442
Financial guarantee issued:						
Maximum amount guaranteed (Note 30)	3,945	–	–	–	3,945	–

As at 30 June 2018

	On demand or within 1 year RM'000	More than 1 year but less than 2 years RM'000	More than 2 years but less than 5 years RM'000	More than 5 years RM'000	Total contractual undiscounted cash flows RM'000	Carrying amounts RM'000
Non-derivative financial liabilities						
Trade and other payables	320,546	–	–	–	320,546	320,546
Bank loan	704	–	–	–	704	704
Dividend payable	7,200	–	–	–	7,200	7,200
Obligations under finance leases	1,671	1,167	841	61	3,740	3,466
Amount due to former immediate holding company	2,574	–	–	–	2,574	2,574
Amounts due to directors	3,107	–	–	–	3,107	3,107
	335,802	1,167	841	61	337,871	337,597
Financial guarantee issued:						
Maximum amount guaranteed (Note 30)	3,945	–	–	–	3,945	–

(c) Interest rate risk

The Group exposed to fair value interest rate risk in relation to the Group's fixed-rate short-term pledged bank deposits and obligations under finance leases. The management of the Group considers that the Group's exposure from these fixed-rate short-term pledged bank deposits and obligations under finance leases to interest rate risk is not significant.

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk (Continued)

The Group's interest rate risk arises primarily from cash at banks and bank loan. Cash at banks and bank loan at variable rates expose the Group to cash flow interest rate risk. The Group does not anticipate significant impact to cash at banks and bank loan because the interest rates are not expected to change significantly.

In addition, the interest income derived therefrom and the interest expenses in respect of bank borrowings are relatively insignificant to the Group's operations. Therefore, the Group's income and operating cash flows are less dependent on changes in market interest rates. Accordingly, the directors of the Company are of the opinion that the Group does not have significant cash flow and fair value interest rate risk and no sensitivity analysis is performed.

(d) Foreign currency exchange risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and to keep the net exposure to an acceptable level. The Group will consider hedging significant foreign currency exposure should the need arise.

The Group is exposed to currency risk primarily through marine transportation services which give rise to trade receivables that are denominated in a foreign currency, that is, a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Singapore dollars.

i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Malaysian Ringgit ("**RM**"), translated using the spot rate at the reporting dates.

	Exposure to foreign currencies			
	2019		2018	
	Hong Kong dollars RM'000	**Singapore dollars RM'000**	Hong Kong dollars RM'000	Singapore dollars RM'000
Financial assets				
Trade and other receivables	**–**	**–**	–	28,164
Cash and cash equivalents	**22,275**	**–**	–	–
	22,275	**–**	–	28,164

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Foreign currency exchange risk (Continued)

ii) Sensitivity analysis

The following table indicates the approximate changes in the Group's profit after tax and equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

	2019 Increased/ (decrease) in foreign exchange rate	2019 Effect on profit after taxation and equity RM'000	2018 Increased/ (decrease) in foreign exchange rate	2018 Effect on profit after taxation and equity RM'000
Singapore dollars	–	–	7%	1,498
	–	–	(7%)	(1,498)
Hong Kong dollars	5%	1,114	–	–
	(5%)	(1,114)	–	–

Result of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after taxation and equity measured in the respective functional currency, translated to Malaysian Ringgit at the exchange rate ruling at the end of the reporting periods for presentation purposes. The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting periods, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currency of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency.

(e) Fair values estimations

The carrying amount of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2019 and 2018.

27. COMMITMENTS

Operating lease commitments

The Group leases offices and equipment which are non-cancellable with lease terms between 1 and 3 years. The lease expenses charged to the consolidated statement of profit or loss and other comprehensive income during the years ended 30 June 2019 and 2018 are disclosed in Note 7(c).

The future aggregate minimum lease rental expenses in respect of office premises and equipment under non-cancellable operating leases are as follows:

	2019 RM'000	2018 RM'000
No later than 1 year	**159**	120
After 1 year but within 5 years	**33**	77
	192	197

28. SUBSIDIARIES

The following is a list of subsidiaries at 30 June 2019:

Name of company	Place of incorporation and business	Class of shares held	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
JBB Delima Investment Limited ("**JBB Delima**")	British Virgin Islands	Ordinary	US$1	100%	100%	–	Investment holding
JBB Builders	Malaysia	Ordinary	RM5,000,000	100%	–	100%	Marine construction building and infrastructure services
JBB Marine (M) Sdn. Bhd. ("**JBB Marine**")	Malaysia	Ordinary	RM1,000,000	52%	–	52%	Marine transportation and fleet management
Gabungan	Malaysia	Ordinary	RM1,000,000	50%	–	50%	Land based machinery works and rental
Pavilion	Malaysia	Ordinary	RM1,000,000	100%	–	100%	Sand dredging and loading works

* Gabungan is considered to be a subsidiary of the Company despite the Company holds indirectly not more than half of the equity interest therein as the Company has the power to cast the majority of votes at meetings of the board of directors of this entity, and has power to affect the returns of this entity.

28. SUBSIDIARIES (CONTINUED)

The following table lists out the information relating to each of the Group's subsidiaries which has material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

JBB Marine (M) Sdn. Bhd.

	For the year ended 30 June	
	2019	2018
	RM'000	RM'000
NCI percentage	**48%**	48%
Current assets	**27,635**	141,072
Non-current assets	**34**	216
Current liabilities	**(12,637)**	(126,798)
Non-current liabilities	**(3)**	–
Net assets	**15,029**	14,490
Carrying amount of NCI	**7,214**	6,955
Revenue	**17,969**	268,910
Profit for the year and total comprehensive income	**1,106**	16,774
Profit allocated to NCI	**531**	8,052
Dividend payable to NCI	**–**	7,200
Capital contributed to NCI	**–**	–
Cash flows from operating activities	**7,547**	5,425
Cash flows (used in) investing activities	**(1)**	(3)
Cash flows (used in) financing activities	**(15,000)**	–

29. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the Group entered into the following material related party transactions.

The directors of the Company are of the view that following parties/companies were related parties that had transactions or balances with the Group during the year:

Name of party	Relationship with the Group
Dato' Ng Say Piyu	One of the Controlling Shareholders and directors of the Company
Datin Ngooi Leng Swee	Spouse of Dato' Ng Say Piyu and one of the Controlling Shareholders of the Company and non-executive director of the company
Mr. Lam Fung Eng	Director of the Company
Mr. Ng Chong Boon	Director of the Company
JBB Builders Marketing	Partnership controlled by the directors of the Company
JBB Builders Investment Limited	Former immediate holding company of the Company
JBB Kimlun	A joint venture
Primary Bay Sdn. Bhd.	A company controlled by the Controlling Shareholders
Simfoni Pesona Sdn. Bhd.	A company controlled by the Controlling Shareholders
Tropical City (M) Sdn. Bhd.	A company controlled by the Controlling Shareholders

(a) Key management personnel remuneration

The remuneration of key management personnel (including the executive directors of the Company) of the Group during the year is as follows:

	2019 **RM'000**	2018 RM'000
Short-term employee benefits	**1,308**	8,234
Post-employment benefits	**97**	478
	1,405	8,712

29. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties

During the year, the Group entered into the following related party transactions:

Non-continuing transactions

	Year ended 30 June	
	2019	2018
	RM'000	RM'000
Marine construction:		
Reclamation and related works		
— Tropical City (M) Sdn. Bhd.	**533**	372
Assignment of deposits paid for acquisition of investment properties		
— Simfoni Pesona Sdn. Bhd.	**–**	40,575
Management fee expenses		
JBB Kimlun	**81**	17

The directors of the Company consider that the above related party transactions during the year were conducted on mutually-agreed terms in the ordinary course of the Group's business.

During the year ended 30 June 2019, the Group disposed of certain of motor vehicles to Dato' Ng Say Piyu, Mr. Lam Fung Eng and Mr. Ng Chong Boon at a consideration of RM1,350,000, RM105,000 and RM115,000 respectively, contributed to net gain on disposal of property, plant and equipment RM720,000 (see Note 34).

29. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Financing arrangements with related parties

The Group has the following balances with related parties:

	Note	Year ended 30 June 2019 RM'000	2018 RM'000
Non-trade payables to			
Dato' Ng Say Piyu	(i)	–	(2,265)
Mr. Lam Fung Eng	(i)	–	(421)
Mr. Ng Chong Boon	(i)	–	(421)
		–	(3,107)
JBB Builders Investment Limited	(i)	–	(2,574)
		–	(5,681)

	Note	Year ended 30 June 2019 RM'000	2018 RM'000
Trade receivables from			
Tropical City (M) Sdn. Bhd.	(i), (ii), (iii)	–	394

	Note	Year ended 30 June 2019 RM'000	2018 RM'000
Non-trade receivables from			
JBB Builders Marketing	(i), (ii)	–	72
		–	72

29. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Financing arrangements with related parties (Continued)

Notes:

(i) The outstanding with these parties are unsecured, interest-free and repayable on demand.

(ii) No provision for bad and doubtful debts have been made in respect of the amounts due from related parties.

(iii) The outstanding balances included in trade and other receivables (Note 16).

(iv) The directors of the Group have provided unlimited joint and several personal guarantee and personal guarantee to the extent of RM43,380,000 to banks for the banking facilities granted to the Group during the year (Note 22).

(v) All amounts due from/(to) directors and amount due to former immediate holding company had been settled during the year ended 30 June 2019.

(vi) At 30 June 2019 and 30 June 2018, the Group had financial guarantees provided to related company, details of which are set out in the Note 30. The financial guarantees provided to related parties were subsequently released in July 2019.

30. FINANCIAL GUARANTEE

At the end of reporting period, the Group had the following financial guarantee:

		Year ended 30 June	
	Note	**2019**	2018
		RM'000	RM'000
Guarantee given to banks in connection with facilities granted to:			
— A related company			
Primary Bay Sdn. Bhd.	(a)	**3,945**	3,945
		3,945	3,945

30. FINANCIAL GUARANTEE (CONTINUED)

	Note	Year ended 30 June 2019 RM'000	2018 RM'000
Utilised to the extent of the following amounts by:			
— A related company			
Primary Bay Sdn. Bhd.	(a)	**3,945**	3,945
		3,945	3,945

Note:

(a) Such guarantee was subsequently released in July 2019.

The maximum liability of the Group under the guarantee issued represents the amount drawn down by the related company. No deferred income in respect of this guarantee issued has been recognised as the directors of the Company consider that the fair value of the guarantee at the inception is not significant. Accordingly, the fair value of this guarantee was not recognised for in the consolidated financial statements.

31. CONTINGENT LIABILITIES

(i) Performance bonds

	Year ended 30 June 2019 RM'000	2018 RM'000
Performance bonds for contracts in favour of customers	**991**	786

The above performance bonds were given by banks in favour of some of Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks accordingly. The performance bonds will be released based on the terms of the respective contracts for the relevant customers.

Except for the above mentioned, the Group did not have any significant contingent liabilities as at the end of each reporting period.

32. NEW AND REVISED HKFRSs NOT YET EFFECTIVE

For the purpose of preparing and presenting the consolidated financial statements for the year ended 30 June 2019, the Group has consistently applied the HKFRSs, which are effective for the accounting period beginning on the first day of the last reported financial period throughout the year.

At the date of this report, the Group has not early applied the following new and amendments to HKFRSs and interpretations that have been issued but are not yet effective:

HKFRS 16	Lease[1]
HKFRS 17	Insurance Contracts[3]
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Annual Improvements 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[1]
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting[2]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of HKFRS 16 which may have impacts on the Group's consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 16, the actual impact upon the initial adoption of this standard may differ as the assessment completed to date is based on the information currently available to the Group and further impacts may be identified before the standard is initially applied in the Group's consolidated financial statements for the period beginning on 1 July 2019. The Group may also change its accounting policies elections, including the transition options, until the standard is initially applied in that consolidated financial statements.

32. NEW AND REVISED HKFRSs NOT YET EFFECTIVE (CONTINUED)

HKFRS 16 Leases

When HKFRS 16 is adopted in the future, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, that is, at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (that is, where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease.

The Group will adopt HKFRS 16 with effect from 1 July 2019. As allowed by HKFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. In addition, the Group plans to elect the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets.

The Group plans to elect to use the modified retrospective approach for the adoption of HKFRS 16 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at 1 July 2019 and will not restate the comparative information. As disclosed in Note 27, at 30 June 2019 the Group's future minimum lease payments under non-cancellable operating leases amounted to approximately RM192,000 for office premises and equipment. The directors of the Company anticipated that the adoption of HKFRS 16 would not have significant impact on the net financial position and performance of the Group based on the assessment performed so far.

33. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2019 RM'000	2018 RM'000
Non-current assets		
Investment in a subsidiary	44,236	–
Amount due from a subsidiary	18,089	–
	62,325	–
Current assets		
Other receivables, prepayment and deposits	128	829
Amount due from a subsidiary	10	–
Cash and cash equivalents	51,282	–
	51,420	829
Current liabilities		
Accruals and other payables	2,303	2,328
Amount due to former immediate holding company	–	2,574
Amount due to a director	–	155
Amounts due to subsidiaries	2,417	3,002
	4,720	8,059
Net assets/(liabilities)	109,025	(7,230)
Capital and reserves		
Share capital	2,672	–
Reserves	106,353	(7,230)
	109,025	(7,230)

Approved and authorised for issue by the board of directors on 26 September 2019

Ng Say Piyu
Chairman and Executive Director

Lam Fung Eng
Executive Director

33. COMPANY–LEVEL STATEMENT OF FINANCIAL POSITION (CONTINUED)

Movements in the Company's reserves:

	Share premium RM'000	Exchange reserve RM'000	Capital reserve RM'000	Accumulated losses RM'000	Total RM'000
Balance at 30 April 2018 (date of incorporation)	–	–	–	–	–
Loss and other comprehensive loss for the year	–	–	–	(7,230)	(7,230)
At 30 June 2018	–	–	–	(7,230)	(7,230)
Loss for the year	–	–	–	(6,855)	(6,855)
Other comprehensive loss for the year					
Currency translation differences	–	(1,498)	–	–	(1,498)
Total comprehensive loss for the year	–	(1,498)	–	(6,855)	(8,353)
Effect of Reorganisation	–	–	44,602	–	44,602
Loan capitalisation	7,892	–	–	–	7,892
Capitalisation issue	(1,803)	–	–	–	(1,803)
Issue of shares upon global offering	78,160	–	–	–	78,160
Share issue expenses	(6,915)	–	–	–	(6,915)
At 30 June 2019	77,334	(1,498)	44,602	(14,085)	106,353

Note: Capital reserve represented the difference between the nominal value of the issued share capital of the Company and the net asset value of subsidiaries upon the reorganisation.

34. MAJOR NON-CASH TRANSACTIONS

(a) As detailed in Note 13, during the years ended 30 June 2019 additions to motor vehicles and plant and machinery of the Group financed by new finance lease were approximately RM326,000 respectively.

(b) During the year ended 30 June 2019, the Group disposed of certain motor vehicles to the directors of the Company at a total consideration of RM1,570,000 which was settled through current account with directors.

(c) As detailed in Note 25(b)(iv), on 11 April 2019, the Company issued 3,195,000 shares at HK$0.01 each to its shareholder to settle the loan from the shareholder amounting to HK$15,000,000 (equivalent to approximately RM7,909,000).

(d) On 28 February 2018, the Group entered into certain deeds of revocation under which the deposits paid for the acquisition of investment properties of an aggregate amount of RM40,575,000 paid by the Group was assigned to a related company. The amount was settled through the current accounts maintained between the Group and the related company.

(e) As at 30 June 2018, the Group had dividend payables to non-controlling shareholders of the Group of RM7,200,000.

(f) During the year ended 30 June 2019, the addition to investment properties amounting to RM3,766,000 was settled from the deposits paid for acquisition of investment properties.

35. SHARE OPTION SCHEME

A share option scheme (the "**Scheme**") was adopted by the Company on 11 April 2019 for the primary purpose of providing incentives or rewards to eligible participants which will expire on 10 April 2029. Under the Scheme, the board of directors of the Company may grant options to the eligible participants, including employees, directors, advisors, consultants, service providers, agents, customers, suppliers, partners or joint-venture partners of the Group, to subscribe for shares in the Company.

The maximum number of shares in respect of which options may be granted at any time under the Scheme together with options which may be granted under any other share option schemes for the time being of the Company must not in aggregate exceed 10% of the shares of the Company in issue of 500,000,000 shares as at the date of Listing (the "**Scheme Mandate Limit**"). The Company may seek approval of the shareholders in general meeting to refresh the Scheme Mandate Limit provided that the total number of shares available for issue upon exercise of all options which may be granted under the Scheme and any other schemes of the Company shall not exceed 10% of the shares of the Company in issue at the date of approval of refreshing of the Scheme Mandate Limit. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and other share option schemes of the Company shall not exceed 30% of the total number of shares of the Company in issued from time to time.

Options granted must be taken up within 21 days from the date of grant, upon payment of HK$1.00. The subscription price is determined by the board of directors of the Company, and shall not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares on the date of grant.

No share options are granted since the adoption of the Scheme and there are no outstanding share options under the Scheme as at 30 June 2019.

36. EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plan

The Group operates a Mandatory Provident Fund Scheme (the "**MPF scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

The employees of the Group's subsidiary in Malaysia are required to participate in a statutory Employees Provident Fund. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 12–13% (2018: 12–13%) of the relevant payroll costs to the scheme, which contribution is matched by employees.

The total expense recognised in the profits or loss of approximately RM773,000 during the year ended 30 June 2019 (2018: RM1,126,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans (Note 7(b)).

Financial Summary

RESULTS

	For the year ended 30 June			
	2019	2018	2017	2016
	RM'000	RM'000	RM'000	RM'000
Revenue	**329,929**	537,816	514,071	281,696
Gross profit	**38,387**	70,995	52,113	35,183
Profit before taxation	**26,767**	44,337	36,387	26,762
Taxation	**(7,707)**	(12,569)	(9,573)	(7,257)
Profit for the year	**19,060**	31,768	26,814	19,505
Profit for the year attributable to:				
— Owners of the Company	**19,632**	23,077	21,235	16,448
— Non-controlling interests	**(572)**	8,691	5,579	3,057
	19,060	31,768	26,814	19,505

ASSETS AND LIABILITIES

	As at 30 June			
	2019	2018	2017	2016
	RM'000	RM'000	RM'000	RM'000
Total assets	**343,502**	399,658	407,984	204,430
Total liabilities	**(205,364)**	(356,472)	(339,066)	(162,326)
Net assets	**138,138**	43,186	68,918	42,104
Equity attributable to owners of the Company	**125,936**	30,139	57,362	36,127
Non-controlling interests	**12,202**	13,047	11,556	5,977
Total equity	**138,138**	43,186	68,918	42,104