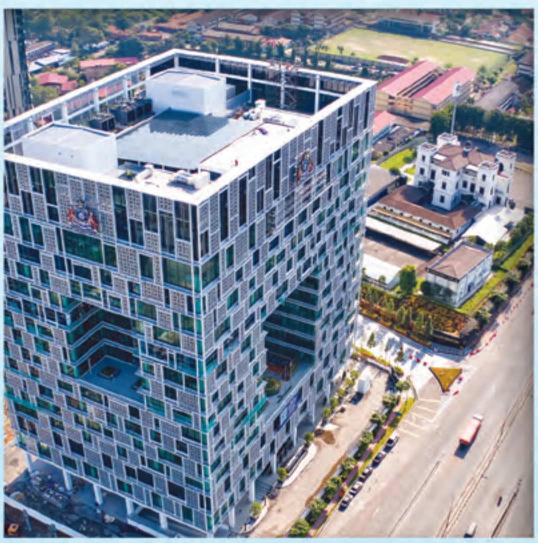
JBB BUILDERS INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 1903








2020
Annual Report




Contents

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
(resigned on 25 May 2020)
Mr. Chan Tsun Choi, Arnold
(appointed on 25 May 2020)
Ms. Chan Pui Kwan

AUDIT COMMITTEE

Mr. Tai Lam Shin *(Chairman)*
Mr. Wong Kwok Wai, Albert
(resigned on 25 May 2020)
Mr. Chan Tsun Choi, Arnold
(appointed on 25 May 2020)
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
(resigned on 25 May 2020)
Mr. Chan Tsun Choi, Arnold
(appointed on 25 May 2020)
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

Corporate Information

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

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

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 the 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 2020.

COMPANY OVERVIEW

The Group is an established engineering contractor based in Malaysia which engaged in the business of marine construction services and building and infrastructure services. During the year ended 30 June 2020, the Group has set up two wholly-owned subsidiaries with each in Hong Kong and Singapore respectively to expand its operations.

BUSINESS REVIEW

In light of the outbreak of coronavirus COVID-19 (the "**COVID-19 Outbreak**") worldwide, the government of Malaysia has taken emergency public health measures to prevent the spread of the disease including the Restriction of Movement Order (the "**Order**") which has led to disruption to the normal business operations in Malaysia, including suspension of the Group's ongoing projects and postponement of the scheduled construction works which adversely impact our Group's financial performance during the year ended 30 June 2020. Even though the Group received conditional approval from the Ministry of International Trade and Industry of Malaysia for the resumption of operations of offices and all construction sites of ongoing projects which have commenced construction before the Order enforced, the operations of the construction sites are behind full capacity due to the uncertainty of labour workforce and lower efficiency after implementing the measures required under the standard operating procedures imposed by the Ministry of Works of Malaysia and the Construction Industry Development Board of Malaysia and other standard operating procedures, requirements and guidelines set by the relevant Ministries and agencies from time to time. As a result, the Group's revenue decreased by approximately RM204.4 million from RM329.9 million for the year ended 30 June 2019 to approximately RM125.5 million for the year ended 30 June 2020. The Group recorded profit for the year attributable to owners of the Company of approximately RM2.2 million for the year ended 30 June 2020 as compared to approximately RM19.6 million for the year ended 30 June 2019.

Chairman's Statement

OUTLOOK

The COVID-19 Outbreak has affected the global economy and poses uncertainty to the future markets. The extent of the negative impact may depend on the development and the response from the government of the operating jurisdictions on the changing situations brought from the COVID-19 Outbreak. Given that the pandemic may persist and the COVID-19 Outbreak continues to evolve, it is hard to predict the duration of its impact on the business and economy. The Board expects the industry competition will become more intense as the number of projects available in the market may be reduced, postponed or cancelled.

Despite the challenges ahead, the Group will endeavour to recover from the adverse impact brought by the COVID-19 Outbreak and maintain financial health as the restrictions began to ease gradually and Malaysia government has lodged different plans to stimulate Malaysia's economy. The Group will (i) continuously comply with the relevant requirements and other policies issued by the government of the Malaysia; (ii) closely monitor the development of the COVID-19 Outbreak and uncertainties faced by the Group; (iii) implement appropriate business strategies to mitigate the potential adverse impact on our business operations and financial performance; (iv) adopt tighten cost control measures; and (v) take appropriate measures as and when appropriate such as raising bank loans for working capital needs.

Notwithstanding the economic challenges as mentioned above, there is no cancellation of contracts by our customers since the commencement for the year ended 30 June 2020 and up to the date of this annual report. Although some of the Group's projects have been delayed as a results of the COVID-19 Outbreak, the Group expects the progress of these projects will gradually resume when the COVID-19 situation improves.

Going forward, the Group will continue to leverage the strong financial position of the Group and to explore new business opportunities including projects in public and private sector in Malaysia, Singapore and Hong Kong and at the same time strengthen our presence and market position in marine construction and building and infrastructure services industry. The Group will implement the future plans cautiously and safeguard the return to the shareholders of the Company (the "**Shareholders**").

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, 22 September 2020

Management Discussion and Analysis

BUSINESS REVIEW

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 2020, the Group had completed a total of 7 marine construction contracts, which comprised of 6 reclamation and related works contracts and 1 marine transportation contract with aggregate original contract sum of approximately RM42.6 million, and total of 7 building and infrastructure contracts with aggregate original contract sum of approximately RM132.8 million.

As at 30 June 2020, the Group had 6 ongoing marine construction contracts comprising 2 reclamation and related works contracts, 3 marine transportation contracts and 1 reclamation and related works and marine transportation contract with aggregate original contract sum of approximately RM800.8 million (including estimated original contract sum of a contract which stated at unit rate), and 8 ongoing building and infrastructure contracts with aggregate original contract sum of approximately RM400.3 million.

During the year ended 30 June 2020, the Group had submitted 4 quotations for marine construction contracts and 13 tenders and 5 quotations for building and infrastructure contracts with aggregate original contract sum of approximately RM1,278.0 million. Together with 4 tenders and 8 quotations with an expected contract sum of approximately RM692.6 million submitted which had yet to receive results as at 30 June 2019 (including the revised quotation submitted subsequently), the Group had been awarded 8 contracts with aggregate original contract sum of approximately RM375.3 million. As at 30 June 2020, the Group had 9 tenders and 4 quotations with aggregate expected contract sum of approximately RM875.5 million submitted which had yet to receive results.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

Revenue decreased by approximately RM204.4 million or 62.0% from approximately RM329.9 million for the year ended 30 June 2019 to approximately RM125.5 million for the year ended 30 June 2020. The substantial decline in revenue is mainly attributable to (i) the reduction in volume of work for marine construction services following the completion of certain key contracts which contributed to a substantial portion of the revenue for the year ended 30 June 2019; (ii) the reduction in volume of work for building and infrastructure services since substantial works performed for the ongoing contracts during the year ended 30 June 2019; (iii) the suspension of the Group's ongoing projects and postponement of the scheduled construction works due to the COVID-19 Outbreak and the enforcement of the Order; and (iv) further delay in the commencement of certain new contracts secured during the year ended 30 June 2019 as a result of longer time required to obtain government's approval on the commencement of marine construction work by certain customers, change of design layout by the customers, COVID-19 Outbreak and the enforcement of Order.

Marine construction services

Revenue from marine construction services represented approximately 34.1% of the total revenue for the year ended 30 June 2020. It decreased by approximately RM124.8 million or 74.4% from approximately RM167.7 million for the year ended 30 June 2019 to approximately RM42.9 million for the year ended 30 June 2020.

Revenue from reclamation and related works, which represented approximately 25.9% of the total revenue from marine construction services for the year ended 30 June 2020, decreased by approximately RM7.8 million or 41.3% from approximately RM18.9 million for the year ended 30 June 2019 to approximately RM11.1 million for the year ended 30 June 2020. The COVID-19 Outbreak and the enforcement of Order lead to the suspension of ongoing projects and postponement of scheduled construction works. These also lengthen the time for certain of our customers to obtain government's approval to commence our new marine construction contracts and finalise the design layout of the projects. As a result, our revenue from reclamation and related works decreased.

Revenue from marine transportation, which represented approximately 74.1% of the total revenue from marine construction services for the year ended 30 June 2020, decreased by approximately RM117.1 million or 78.7% from approximately RM148.8 million for the year ended 30 June 2019 to approximately RM31.7 million for the year ended 30 June 2020. Such decrease was mainly due to (i) the delay in the commencement of a new contract given that certain customers required longer time to obtain government's approval on the commencement of marine construction work; (ii) postponement of the scheduled construction works due to the COVID-19 Outbreak and the enforcement of the Order; and (iii) the reduction in volume of sand transported following the completion of certain key contracts.

Building and infrastructure services

Revenue from building and infrastructure services represented approximately 65.9% of the total revenue for the year ended 30 June 2020. Revenue from building and infrastructure services decreased by approximately RM79.5 million or 49.0% from approximately RM162.2 million for the year ended 30 June 2019 to approximately RM82.7 million for the year ended 30 June 2020. Such decrease was mainly due to the substantial works performed for the ongoing projects during the year ended 30 June 2019 which contributed to significant revenue for the year ended 30 June 2019. In addition, the delay in the commencement of new contracts and postponement of the scheduled construction works due to the COVID-19 Outbreak and the enforcement of the Order contributed to further reduction of revenue generated for the year ended 30 June 2020.

Gross profit and gross profit margin

As a result of the decrease in revenue for the year ended 30 June 2020, gross profit dropped by approximately RM18.6 million or 48.4% from approximately RM38.4 million for the year ended 30 June 2019 to approximately RM19.8 million for the year ended 30 June 2020.

The overall gross profit margin increased from 11.6% for the year ended 30 June 2019 to 15.8% for the year ended 30 June 2020. The increase was mainly due to higher gross profit margin achieved for certain contracts in respect of marine transportation services and building and infrastructure services, but offsetting by the lower gross profit margin for reclamation and related works.

Other revenue

The other revenue increased from approximately RM1.7 million for the year ended 30 June 2019 to approximately RM2.4 million for the year ended 30 June 2020, which was mainly due to the increase in interest income of approximately RM1.7 million arising from depositing the unutilised portion of the net proceeds of the global offering of the ordinary shares (the "**Shares**") received by the Company from the listing of its Shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 10 May 2019 (the "**Listing Date**") (the "**Listing**") in the Group's banks in Hong Kong and Malaysia for the year ended 30 June 2020, but offsetting by the absence of bad debts recovered which was approximately RM0.9 million for the year ended 30 June 2019.

Other net (loss)/income

Other net loss was approximately RM1.3 million for the year ended 30 June 2020 which mainly included the net foreign exchange loss of approximately RM1.0 million, fair value loss on investment properties of approximately RM0.6 million and loss on deposit placed for a life insurance policy of approximately RM0.1 million but netting off the gain on disposal of property, plant and equipment of the Group of approximately RM0.4 million, whereas the Group recorded 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.

Management Discussion and Analysis

(Allowance)/reversal for impairment loss on trade receivables and contract assets

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 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 due to the reduction of past due trade receivables and contract assets. As at 30 June 2020, past due trade receivables and contract assets increased and additional allowances of approximately RM3.0 million was recognised for the year ended 30 June 2020.

General and administrative expenses

General and administrative expenses decreased by approximately RM1.6 million or 9.5% from approximately RM16.8 million for the year ended 30 June 2019 to approximately RM15.2 million for the year ended 30 June 2020. The decrease is mainly due to no listing expenses incurred after the Listing which was approximately RM5.5 million for the year ended 30 June 2019, but offsetting by the increase in legal and professional fees of approximately RM2.5 million after Listing and increase in staff costs (including Directors' emoluments) of approximately RM1.4 million arising from the revision of Directors' emoluments after Listing in view of the increased responsibilities and contributions for the Directors.

Income tax expenses

Income tax expenses decreased by approximately RM5.5 million or 71.4% from approximately RM7.7 million for the year ended 30 June 2019 to approximately RM2.2 million for the year ended 30 June 2020. The decrease was mainly due to the reduction in profit before tax for the year ended 30 June 2020 as compared with the year ended 30 June 2019.

Finance costs

Finance costs remained relatively stable at approximately RM0.1 million for the year ended 30 June 2020 as compared with approximately RM0.2 million for the year ended 30 June 2019.

Profit for the year attributable to owners of the Company

The Group reported profit attributable to owners of the Company of approximately RM2.2 million for the year ended 30 June 2020, representing a decrease of approximately 88.8% from approximately RM19.6 million for the year ended 30 June 2019.

Final dividends

The Board does not recommend the payment of final dividend for the year ended 30 June 2020 (2019: HK$0.02 per Share).

Management Discussion and Analysis

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and Financial Resources/Capital Structure

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 2020, the Group had cash and cash equivalents of approximately RM76.0 million (2019: RM114.6 million), fixed deposits with maturity over three months of approximately RM5.0 million (2019: nil) and pledged bank deposits of approximately RM9.2 million (2019: RM5.6 million). The decrement is mainly due to the net operating cash outflows during the year ended 30 June 2020. All are denominated in Hong Kong dollars and RM.

As at 30 June 2020, the Group had lease liabilities of approximately RM1.3 million (2019: RM2.3 million) carrying interest rate ranging from 4.6% to 8.2% (2019: ranging from 4.6% to 6.8%). As at 30 June 2020, the Group had no bank loan while as at 30 June 2019, the Group had bank loan of approximately RM0.5 million carrying interest rate at 5.78%. All are denominated in RM.

The Group continued to maintain a healthy liquidity position. As at 30 June 2020, the current ratio remained stable at approximately 1.9 times (2019: 1.6 times). The gearing ratio decreased from approximately 2.1% as at 30 June 2019 to approximately 1.0% as at 30 June 2020. Gearing ratio is calculated based on the total loans and borrowings (which represent bank loan and lease liabilities) divided by total equity at the end of the year. The decrease of gearing ratio is mainly due to the reduction of total bank loan and lease liabilities from approximately RM2.8 million as at 30 June 2019 to approximately RM1.3 million as at 30 June 2020.

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 2020.

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.

There had been no material change in the capital structure of the Group during the year ended 30 June 2020.

Management Discussion and Analysis

Capital commitments

As at 30 June 2020, the Group had capital commitments of approximately RM0.3 million (2019: nil).

Pledge of assets

As at 30 June 2020, pledged bank deposits of approximately RM9.2 million (2019: RM5.6 million) have been pledged to banks as security for banking facilities granted to the Group with approximately RM7.0 million (2019: RM5.6 million) related to performance bond. Pledged bank deposits related to performance bond includes (i) minimum amount of deposits pledged to a bank for a facility line for performance bond; (ii) sinking fund (calculated at 6% of the progress payment from the particular contract related to the corresponding performance bond); and (iii) interest income of deposits pledged to banks.

Investment properties with carrying amount of approximately RM3.3 million as at 30 June 2019 was pledged to a bank as security for bank facilities granted to the Group. The investment properties are discharged upon the settlement and cancellation of bank facilities during the year ended 30 June 2020.

Contingent liabilities

As at 30 June 2020, the Group had contingent liabilities in respect of performance bonds for contracts in favour of customers of approximately RM4.3 million (2019: RM991,000).

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 approximately RM7.0 million; and ii) corporate guarantees given by the Company as at 30 June 2020.

Risk management

Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, contract assets, fixed deposits with maturity over three months, 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.

Trade 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 had significant exposure to individual customers. As at 30 June 2020, approximately 55% (2019: 43%) of the total gross trade receivables and contract assets was due from the Group's largest customer and approximately 96% (2019: 98%) of the total gross trade 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.

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. 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.

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.

Other receivables and deposits

The Group makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable. The Group believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12 months expected credit losses. For the years ended 30 June 2020 and 2019, the Group assessed the expected credit losses for other receivables and deposits were insignificant and thus no loss allowance was recognised.

Cash and cash equivalents, fixed deposits with maturity over three months and pledged bank deposits

Cash and cash equivalents, fixed deposits with maturity over three months 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.

Management Discussion and Analysis

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the Group's fixed-rate short-term fixed deposits with maturity over three months, pledged bank deposits and lease liabilities. The management of the Group considers that the Group's exposure from these fixed-rate short-term fixed deposits with maturity over three months, pledged bank deposits and lease liabilities 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 any 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 23 to 45) of this annual report.

SIGNIFICANT INVESTMENTS HELD

On 19 February 2020, the Group obtained the beneficial ownership in 40 properties of approximately RM22.1 million in settling the trade receivables of approximately RM22.1 million. For details, please refer to the announcement dated 19 February 2020.

Save as disclosed above, the Group did not hold any significant investments during the year ended 30 June 2020.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus and this annual report, the Group did not have other plans for material investments and capital assets as at 30 June 2020.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the year ended 30 June 2020.

Management Discussion and Analysis

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 37 to the consolidated financial statements, there were no other important events affecting the Group that have occurred since 30 June 2020 and up to the date of this annual report.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, excluding the Directors, the total number of full-time employees of the Group was approximately 62 (2019: 76). 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, webinars, courses and programs organised by professional or educational institutions, in Malaysia, Hong Kong or other jurisdiction.

PROSPECTS

During the year ended 30 June 2020, the Group has set up two wholly-owned subsidiaries with each in Hong Kong and Singapore respectively which are engaged in the trading business of sand and construction. The Board believes that the expansion of our footprints in other jurisdictions can help strengthen our market position and it will bring about positive impact to the Group's business in the time to come. During the year ended 30 June 2020, the Group has secured a marine transportation contract with a Singapore customer through our new Singapore subsidiary.

Despite the economic challenges brought by the COVID-19 Outbreak, the Group remains financial health and maintained an order book (original contract sum and included estimated original contract sum of a contract which stated at unit rate) of approximately RM1,201.1 million as at 30 June 2020.

Going forward, the Group will continue to leverage the strong financial position of the Group and to explore new business opportunities including projects in public and private sector in Malaysia, Singapore and Hong Kong and at the same time strengthen our presence and market position in marine construction and building and infrastructure services industry. The Group will implement the future plans cautiously and safeguard the return to the Shareholders.

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 2020:

Use of net proceeds as at 30 June 2020	Percentage of net proceeds %	Amount RM million	Amount utilised RM million	Actual balance as at 30 June 2020 RM million	Expected timeline on utilising the remaining proceeds (Note 3)
Acquiring one rebuilt sand carrier from one of the existing subcontractors for marine transportation services	57.9	36.2	—	36.2	By June 2022
Purchasing new land-based machineries	7.3	4.6	—	4.6	By June 2022
Satisfying performance bonds requirement of prospective projects	23.4	14.7	(1.6)	13.1	By June 2022
Upgrading the information technology and project management systems	0.6	0.4	(0.1)	0.3	By December 2021
Recruiting and expanding management team for the building and infrastructure works	3.4	2.1	(0.1)	2.0	By June 2022
Working capital and general corporate purposes	7.4	4.6	(4.6)	—	N/A
	100.0	62.6	(6.4)	56.2	

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 2020, approximately RM56.2 million (representing approximately 89.8% of the net proceeds from the global offering) had not yet been utilised (Note 2).

As at 30 June 2020, 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 construction contracts due to:

- certain customers required longer time to obtain government's approval on the commencement of marine construction work;
- change of design layout by the customers; and
- the COVID-19 Outbreak and the Order enforced by Malaysia government since 18 March 2020.

(3) The expected timeline on utilising the remaining proceeds is the best estimation of the Directors based on: (i) the latest information provided by the customers on the expected commencement date of the construction contracts previously secured; (ii) ongoing contracts on hand; and (iii) the present business and economic environment including the consequential impact of COVID-19 Outbreak, as of the date of this annual report. In view of the above, the Directors expects the remaining proceeds will be utilised alongside the resumption of the economic activities in general and the time span may spread from the year ending 30 June 2021 to the year ending 30 June 2022 should the situation require.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Dato' Ng Say Piyu ("**Dato' Ng**"), aged 67, 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 40 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 44, 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 20 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 49, 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 25 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 66, 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 25 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 62, 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 36 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), and is currently member of its audit, nominating and remuneration committee. 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 and member of its audit and risk management committee. On 1 July 2019, Mr. Tai is appointed as an independent non-executive director of White Horse Berhad, a company listed on Bursa Malaysia (stock code: 5009), and chairman of its audit committee.

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. Chan Tsun Choi, Arnold (陳進財), aged 60, has been appointed as our independent non-executive Director since 25 May 2020. He is mainly responsible for supervising and providing independent judgement to our Board. He is also a member of the audit committee and nomination committee. Mr. Chan has over 34 years of experience in financial industry. From June 1986 to December 1990, Mr. Chan worked at The China State Bank, Ltd. Hong Kong Branch with his last position being a deputy manager under the investment department, and he was responsible for credit control and investment activities. From December 1990 to July 1993, Mr. Chan worked at Unicoopjapan (H.K.) Ltd. with his last position being a senior manager and he was responsible for controlling and overseeing the treasury and finance operations, and advising investment opportunities in People's Republic of China for Japanese investors. From July 1993 to December 1997, Mr. Chan worked at China Development Investment Management Limited with his last position being the head of china business department and he was responsible for investment opportunities identification, project management and corporate finance. From January 1998 to December 2019, Mr. Chan worked at Dragages Hong Kong Limited, a subsidiary of Bouygues Construction, with his last position as special advisor to chairman. He was the structured finance director and project finance director of Dragages Hong Kong Limited from March 2005 to March 2019. He was responsible for fund raising activities and financing for construction projects in Hong Kong and Asia Pacific. On 4 June 2020, Mr. Chan is appointed as an independent non-executive director of Shen You Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8377), and is currently member of its audit, nomination and remuneration committee.

Mr. Chan obtained a degree of Bachelor of Business Administration from The Chinese University of Hong Kong in December 1986. He obtained a postgraduate diploma in Banking and Finance from the City Polytechnic of Hong Kong (presently known as City University of Hong Kong) and a degree of Master of Science in Finance from City University of Hong Kong in November 1990 and November 1995, respectively.

Mr. Chan was admitted as an associate of The Institute of Management (presently known as Chartered Management Institute) in the United Kingdom in January 1990 and was admitted as a fellow in March 2018. He was admitted as a member of The International Institute of Management in February 1997. He was admitted as Certified Practising Accountant of the Australian Society of Certified Practising Accountants (presently known as CPA Australia) in August 1997 and was awarded a fellow membership in July 2015. He was admitted as associate of Hong Kong Society of Accountants (presently known as Hong Kong Institute of Certified Public Accountants) in December 1997 and certified as fellow member in May 2015. He was admitted as member of Hong Kong Securities Institute (presently known as Hong Kong Securities and Investment Institute) in December 1998 and certified as fellow member in November 2014. He obtained Chartered Financial Analyst from CFA Institute in September 2007.

Ms. Chan Pui Kwan (**陳佩君**), aged 54, 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 18 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 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”.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Mr. Eddy Bin Daud, aged 59, 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 30 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.

COMPANY SECRETARY

Ms. Lam Lam (林琳), aged 32, 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 2020.

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 17), "Corporate Governance Report" (on pages 46 to 64), "Financial Summary" (on page 180) and "Notes to the Consolidated Financial Statements" (on pages 103 to 179) 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/awarded 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.

The Group's profitability and revenue may be adversely affected by the COVID-19 Outbreak

The COVID-19 Outbreak affects the global economy and poses uncertainty to the future markets. Given that the pandemic may persist and the government of the operating jurisdictions may impose different measures, policies, requirements and restrictions from time to time to reduce the impact of the spread of COVID-19 Outbreak, the industry competition will become more intense as the number of projects available in the market may be reduced, postponed or cancelled. In addition, there may be suspension and postponement of the scheduled construction works in order to comply with the relevant requirements and other policies imposed by the government as a result of the COVID-19 Outbreak. Therefore, these may adversely affect the Group's future business performance, including revenue and profitability.

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 46 to 64) and "Environmental, Social and Governance Report" (on pages 65 to 90) 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.

Please refer to more details as per section headed "Environmental, Social and Governance Report" (on pages 65 to 90) 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 2020.

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

Key relationships with employees

We recognise our employees as our most valuable assets and the key to business growth and success. As at 30 June 2020, we had a total of 62 (2019: 76) employees (excluding the Directors) in Hong Kong, Malaysia and Singapore. 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, code of conduct and corporate governance policies 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.

Directors' Report

RESULTS

The results of the Group for the year ended 30 June 2020 and the Group's financial position at that date are set out in the Group's consolidated financial statements on page 97 to 99 of this annual report.

DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 30 June 2020 (2019: HK$0.02 per Share).

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 12 November 2020 to 17 November 2020, 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 11 November 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 30 June 2020 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 during the year ended 30 June 2020 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 five financial years is set out on page 180 of this annual report.

Directors' 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. As at the date of this annual report, the number of Shares available for issue is 50,000,000 Shares, representing approximately 10% of the issued Shares at the date of this annual report.

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 8 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 during the year ended 30 June 2020.

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 100 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.

The Company's reserves available for distribution to Shareholders as at 30 June 2020 amounted to approximately RM109.0 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 2020 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 RM250,000 (2019: RM254,000).

MAJOR CUSTOMERS AND SUBCONTRACTORS

During the year ended 30 June 2020, the aggregate revenue attributable to the Group's largest and five largest customers amounted to approximately 45.1% and 91.1% of the Group's revenue, respectively. The largest and five highest suppliers accounted for approximately 14.3% and 53.7% 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.

Southern Diggers Enterprise Sdn. Bhd. ("**Southern Diggers**"), which is 33.3% owned by Mr. Toh Ang Poo, a connected person of our Company at the subsidiary level, is one of our top five largest suppliers for the year ended 30 June 2020.

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.

Key relationships with 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 and leverage our existing customer relationship to further develop new business opportunities, build a strong reputation in the industry and maintain long term profitability and business growth.

Directors' Report

Key relationships with 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 code of conduct, 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.

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 (resigned on 25 May 2020)
Mr. Chan Tsun Choi, Arnold (appointed on 25 May 2020)
Ms. Chan Pui Kwan

Mr. Wong Kwok Wai, Albert has tendered his resignation as an independent non-executive Director of the Company, and a member of the audit committee and nomination committee of the Company with effect from 25 May 2020 due to his intention to concentrate on other business commitments.

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

In accordance with article 84(1) of the Company's Articles of Association, Dato' Ng and Datin Ngooi shall retire from office by rotation at the forthcoming annual general meeting and, being eligible, 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 18 to 22 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 (resigned on 25 May 2020)	10 May 2019
Mr. Chan Tsun Choi, Arnold (appointed on 25 May 2020)	25 May 2020
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.

Directors' Report

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's 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 Board resolved and 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 2020, 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 2020, 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' Report

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 2020, 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 2020 and up to the date of this annual report.

CONNECTED TRANSACTIONS

During the year ended 30 June 2020, 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:

Non-exempt Continuing Connected Transactions with Southern Diggers

Bukit Pelali Project Works

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 by three 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	15 February 2018	JBB Builders; Southern Diggers	Subcontract Agreement — Infrastructure Works Phase 1B, first supplementary agreement dated 31 March 2019 and second supplementary agreement dated 29 June 2020	RM10,590,464.70	Third quarter of 2020(1)
2	28 December 2017	JBB Builders; Southern Diggers	Letter of Acceptance — Infrastructure Works (Phase 2A & 2B), first supplementary agreement dated 31 March 2019 and second supplementary agreement dated 29 June 2020	RM16,819,227.39	Third quarter of 2020(2)
3	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(1)

Notes:

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

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

During the year ended 30 June 2020, JBB Builders received subcontracting work from Southern Diggers in relation to Southern Diggers' Subcontract Agreements with an aggregate amount of approximately RM5.3 million (annual cap for 2020: RM17.5 million). The aggregate amount does not exceed the relevant amount capped for the year ended 30 June 2020.

Construction Work

On 1 August 2019, JBB Builders entered into a letter of award with Southern Diggers in relation to the service of construction work of upgrading existing Kempas Interchange at North South Highway at Jalan Kempas Lama, Johor, Malaysia with original contract sum of RM35,664,371.73 ("**Southern Diggers Construction Work Subcontract Agreement**"). The contract is expected to be completed in the fourth quarter of 2020 with a defects liability period of 365 days from the date of completion.

During the year ended 30 June 2020, JBB Builders subcontracting work receiving from Southern Diggers in relation to Southern Diggers Construction Work Subcontract Agreement amounted to approximately RM5.2 million (annual cap for 2020: RM39.6 million). The transaction amount does not exceed the relevant amount capped for the year ended 30 June 2020.

Non-exempt Continuing Connected Transactions with Kimlun Sdn. Bhd. ("Kimlun")

MBJB Tower Project

On 2 May 2017, JBB Kimlun Sdn. Bhd. ("**JBB Kimlun**") was established by JBB Builders and Kimlun as a special purpose joint venture to tender for the MBJB Tower Project. Kimlun is a shareholder holding 40% issued share capital of JBB Kimlun and is therefore a connected person of our Company at the subsidiary level. 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..

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	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 2020, JBB Kimlun received subcontracting work from Kimlun in relation to Kimlun Subcontract Agreement amounted to approximately RM66.6 million (annual cap for 2020: RM114.3 million) while JBB Builders provided project management services as per Project Management Services Agreement of approximately RM1.4 million (annual cap for 2020: RM2.0 million). Both transactions do not exceed the relevant amount capped for the year ended 30 June 2020.

Bukit Pelali Project Works

On 7 November 2017, JBB Builders entered into a letter of award with Kimlun, first supplementary agreement dated 31 March 2019 and second supplementary agreement dated 29 June 2020 (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 third quarter of 2020 with a defects liability period of 27 months from the date of completion.

During the year ended 30 June 2020, JBB Builders subcontracting work receiving from Kimlun in relation to Main Building Work Agreement amounted to approximately RM1.8 million (annual cap for 2020: RM8.4 million). The transaction amount does not exceed the relevant amount capped for the year ended 30 June 2020.

For further details of the continuing connected transactions as mentioned above, please refer to the section headed "Continuing Connected Transactions" in the Prospectus and the announcements dated 1 August 2019 and 29 June 2020.

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 2020.

Directors' Report

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.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 37 to the consolidated financial statements, there have been no other important events affecting our Group that have occurred after 30 June 2020 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.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 46 to 64 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 2020.

INDEPENDENT AUDITOR

The consolidated financial statements for the year ended 30 June 2020 have been audited by Crowe (HK) CPA Limited ("**Crowe**").

Crowe shall retire as auditor of the Company upon the expiration of its current term of office with effect from the conclusion of the forthcoming annual general meeting. The Board proposed to appoint Crowe Malaysia PLT as the new auditor of the Company following the retirement of Crowe. As at the date of this report, the Company has obtained the statement of no objection issued from the Stock Exchange while pending the letter of approval-in-principle from Financial Reporting Council for the appointment of Crowe Malaysia PLT as the new auditor. A resolution for the re-appointment or appointment of auditor of the Company will be put forward at the forthcoming annual general meeting, subject to the granting of approval from Financial Reporting Council and issue of clearance letter from Crowe.

On behalf of the Board

Dato' Ng Say Piyu
Chairman

Hong Kong, 22 September 2020

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

During the year ended 30 June 2020 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 during the year ended 30 June 2020 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 required standard set out in Model Code (the "**Employees Model Code**") for securities transactions by employees and the Directors 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 during the year ended 30 June 2020 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.

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 (resigned on 25 May 2020)
Mr. Chan Tsun Choi, Arnold (appointed on 25 May 2020)
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 18 to 22 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.

Corporate Governance Report

During the year ended 30 June 2020, ten Board meetings were held involving the active participation of Directors, either in person or through electronic means of communication. Apart from regular Board meetings, Chairman also held a meeting with the independent non-executive Directors without the presence of other 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 prepared and 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 year ended 30 June 2020 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	2019 Annual General Meeting
Number of meetings held	10	3	2	3	1
Executive Directors:					
Dato' Ng	8/10	N/A	2/2	3/3	1/1
Mr. Lam Fung Eng	10/10	N/A	N/A	N/A	1/1
Mr. Ng Chong Boon	10/10	N/A	N/A	N/A	1/1
Non-executive Director:					
Datin Ngooi	8/10	N/A	N/A	N/A	1/1
Independent non-executive Directors:					
Mr. Tai Lam Shin	10/10	3/3	2/2	3/3	0/1
Mr. Wong Kwok Wai, Albert (resigned on 25 May 2020)	8/9	3/3	2/2	N/A	0/1
Mr. Chan Tsun Choi, Arnold (appointed on 25 May 2020)	1/1	N/A	N/A	N/A	N/A
Ms. Chan Pui Kwan	8/10	2/3	2/2	3/3	1/1

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 year ended 30 June 2020, 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.

Nomination Policy of Directors

The Company has adopted a nomination policy of Directors (the "**Nomination Policy**") which sets out the criteria and process in the nomination and appointment of Directors in order to nominate suitable candidates to the Board.

Corporate Governance Report

Pursuant to the Nomination Policy, the Company shall consider, among other things, the following factors in assessing the suitability of a proposed candidate for directorships:

(a) reputation for integrity;

(b) qualifications including professional qualifications, skills, knowledge, accomplishment and experience that are relevant to the Company's business and corporate strategy;

(c) the structure, size, composition and needs of the Board and its respective Board committees at the time, taking into account of succession planning, where appropriate;

(d) commitment in respect of available time and relevant interest;

(e) Board diversity policy of the Company ("**Board Diversity Policy**") and any measurable objectives adopted by the Board for achieving diversity on the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;

(f) any information obtained through third party references or background checks;

(g) if a proposed candidate will be holding his/her seventh (or more) listed company directorship, the candidate's ability to devote sufficient time to the Board; and

(h) requirement for the Board to have independent non-executive Directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules.

The Board delegated certain duties under the Nomination Policy to the nomination committee. The nomination committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, recommendations from personnel agents or as proposed by Shareholders with due consideration. Proposed candidates will be asked to submit the necessary personal information, together with their written consent to be appointed as a Director and to the public disclosure of their personal data on any documents or the relevant websites and other information deemed necessary in relation to their nomination or otherwise pursuant to applicable legal and regulatory requirements. The nomination committee may request candidates to provide additional information and documents, if considered necessary. The nomination committee will review and take reasonable steps to verify the information obtained from the candidate and seek clarification, where required. The nomination committee may, at its discretion, invite any candidate to meet with nomination committee to assist them in their consideration of the proposed nomination or recommendation. The nomination committee will then submit its nomination proposal to the Board for consideration and approval.

For the proposed appointment of any candidate at a general meeting of the Company, the nomination committee should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship and make a recommendation to the Board for its consideration and the Board will, at its discretion, make a recommendation to the Shareholders. Details of the proposed candidate including his/her/their personal particulars and the Board's recommendation will be included in a circular to be sent to the Shareholders for consideration in accordance with the applicable Listing Rules. Until the issue of such circular, the nominated candidate shall not assume that he/she/they has/have been proposed by the Board to stand for election at the Company's general meeting.

The nomination committee will review the Nomination Policy annually to ensure its continued effectiveness.

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 and to continue thereafter 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.

Corporate Governance Report

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 and 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.

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

During the year ended 30 June 2020 and up 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 2020, in-house briefings, seminars/webinars held by professional organisations and relevant reading materials including legal and regulatory updates and seminars handouts have been provided to the Directors for their reference and studying. All the Directors have also provided the Company a record of training they received during the year ended 30 June 2020.

The training records of the Directors for the year ended 30 June 2020 are summarised as follows:

Name of Director	Training activities including in-house briefings, seminars/webinars 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 (resigned on 25 May 2020)	√
Mr. Chan Tsun Choi, Arnold (appointed on 25 May 2020)	√
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.

Corporate Governance 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. Chan Tsun Choi, Arnold 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 held three meetings during the year ended 30 June 2020 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 2020, and interim results and unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2019;

(b) reviewed the changes in accounting standards and assessed their potential impacts on the Group's financial statements;

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

(d) made recommendations to the Board on the re-appointment of external auditor, and the terms of engagement;

(e) considered and made recommendations to the Board on the change of the external auditor, and the terms of engagement;

(f) reviewed the independence of external auditor;

(g) 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; and

(h) reviewed the Company's corporate governance compliance matters.

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 held three meetings during the year ended 30 June 2020 during which the remuneration committee had, among other things:

(a) reviewed the remuneration policy for Directors and senior management of the Company;

(b) reviewed the salary adjustment of executive Directors;

(c) reviewed the letter of appointment, including the remuneration package, of Mr. Chan Tsun Choi, Arnold, who was newly appointed as an independent non-executive Director during the year ended 30 June 2020;

(d) reviewed the remuneration packages of the executive Directors, non-executive Director, independent non-executive Directors and senior management for the year ended 30 June 2020; and

(e) made recommendations to the Board on the remuneration packages of the executive Directors, non-executive Director, independent non-executive Directors and senior management for the year ending 30 June 2021.

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 2020 and as follows:

	Number of employee(s)
HK$Nil to HK$1,000,000	3
HK$1,000,001 to HK$1,500,000	1
HK$1,500,001 to HK$2,000,000	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. Chan Tsun Choi, Arnold 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 Board 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.

Corporate Governance Report

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 held two meetings during the year ended 30 June 2020 during which the nomination committee had, among other things:

(a) reviewed the Board Diversity Policy;

(b) reviewed the Nomination Policy;

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

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

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

(f) considered and recommended to the Board the appointment of Mr. Chan Tsun Choi, Arnold as an independent non-executive Director.

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, professional experience, skills, knowledge and length of services. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members.

During the year ended 30 June 2020 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:

	Age group		
Name of Director	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) (resigned on 25 May 2020)			√
Mr. Chan Tsun Choi, Arnold (M) (appointed on 25 May 2020)			√
Ms. Chan Pui Kwan (F)		√	

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

	Professional experience			
Name of Director	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 (resigned on 25 May 2020)			√	
Mr. Chan Tsun Choi, Arnold (appointed on 25 May 2020)			√	
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.

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 for the year ended 30 June 2020. 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 for the year ended 30 June 2020. 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.

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.

Corporate Governance Report

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 2020, and confirmed that the consolidated financial statements of the 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 91 to 96 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 2020 are as follows:

Types of services provided by the external auditors	For the year ended 30 June 2020 RM'000
Audit services	498
Non-audit services	
— Interim review	53
— Review of continuing connected transactions	44
Total	595

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 2020, 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.

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.

Corporate Governance Report

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 THIS 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 Company is delighted to publish its second environmental, social and governance ("**ESG**") report (the "**Report**"), which aims to demonstrate our efforts and performance in pursuing sustainability for the period from 1 July 2019 to 30 June 2020 (the "**Reporting Period**" or "**FY2020**").

Reporting Scope

The Report covers the Company's office in Hong Kong and the Company's major subsidiary — JBB Builders in Malaysia (collectively, the "**Group**", "**we**" or "**our**"). 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

The Report has been prepared in accordance with the ESG Reporting Guide set out in Appendix 27 of the Listing Rules. The Board has acknowledged its responsibility to oversee the Group's sustainable development and review the truthfulness, accuracy and completeness of the Report.

Contact & Feedback

The Group treasures your feedback on this Report and its sustainability performance. If you have any comments or suggestions, please feel free to contact the Group via enquiry@jbb.com.my.

STAKEHOLDER ENGAGEMENT & MATERIALITY ASSESSMENT

Stakeholders play a crucial role in our sustainability journey. It is vital for the Group to understand stakeholders' views and thus we regularly engage a broad group of key stakeholders to gauge how we can appropriately meet their expectations.

To identify stakeholders' insights and concerns in relation to business operations, the Group not only has identified key stakeholder groups who have concern about issues that may have a significant impact on its business or those who could be significantly affected by its operations, but also maintains regular communication with these groups through various channels, which are illustrated in the table below:

Investors	Customers	Employees	Suppliers or Subcontractors
• Company's website • Annual and interim reports • Annual general meeting	• Company's website • Annual and interim reports • Customer service and complaint channels • Regular meetings • Customer satisfactory survey	• Orientation and training • Employee performance appraisal • Team building activities • Regular meetings • Whistleblowing channels	• Selection assessment • Performance evaluation • Procurement process • Regular meetings

In order to identify the ESG issues that are material to the Group in formulating the appropriate ESG strategies, the Group has conducted a materiality assessment in form of an online questionnaire. Both external and internal stakeholders were invited to fill in the questionnaire to rate twenty seven ESG issues based on their relevance and importance to the business operations and the stakeholders themselves respectively.

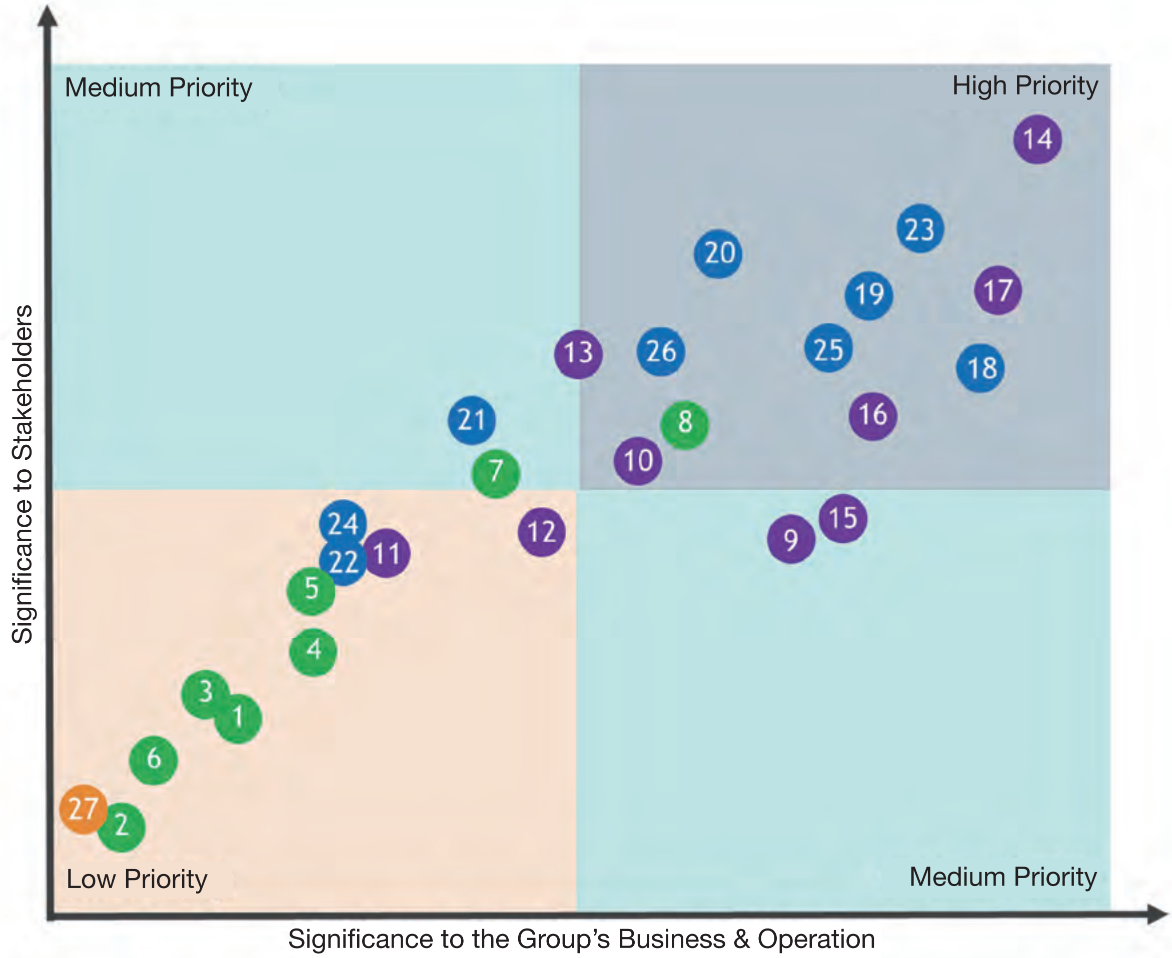
Identify key stakeholders

Identify material ESG issues

Conduct materiality assessment

Prioritise material ESG issues

Based on the assessment result, the material ESG issues are prioritised and shown in the materiality matrix below:



Environment

1 Air emission
2 Greenhouse gas emission
3 Climate change
4 Energy efficiency
5 Water and effluents
6 Use of materials
7 Waste management
8 Environmental compliance

Employment

9 Labour rights
10 Labour-management relations
11 Employee retention
12 Diversity and equal opportunity
13 Non-discrimination
14 Occupational health and safety
15 Employee training
16 Employee development
17 Prevention of child labour and forced labour

Community

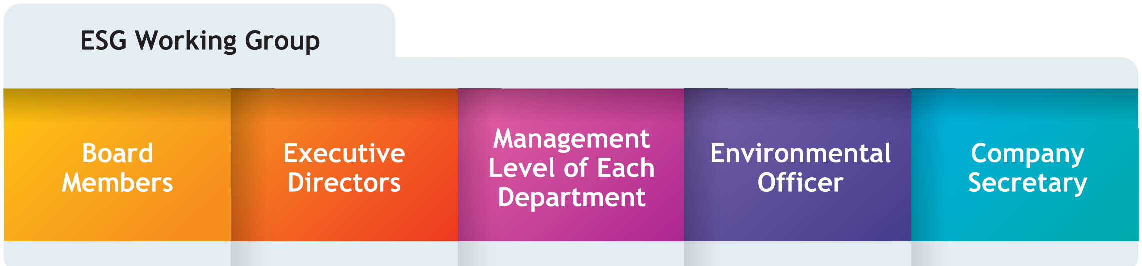
27 Community support

Operation

18 Customer satisfaction
19 Customer service quality and complaints handling
20 Customer health and safety
21 Marketing and product and service labelling compliance
22 Intellectual property
23 Customer privacy and data protection
24 Responsible supply chain management
25 Business ethics
26 Socio-economic compliance

We categorise those ESG topics into high, medium and low priority to facilitate strategic planning and resource allocation. The issues which fell in the upper right corner of the matrix are defined as the topics that mattered most to the Group's business operations and its stakeholders. Looking forward, the Group will continue to review corresponding ESG-related policies and to pursue continuous improvement in ESG performance.

OUR ESG APPROACH



The Group has set up the ESG Management Policy and the ESG Working Group, which comprises the Board members, executive Directors, management level of each department, environmental officer and company secretary. The ESG Working Group is responsible for identifying, assessing, overseeing, managing, monitoring, communicating ESG related risks periodically to ensure ESG matters are considered in our operations and business strategy. ESG Working Group meeting is arranged periodically to discuss, input, update and provide recommendations on sustainability strategy, to drive the ESG awareness of the Group, and to implement all ESG related strategies across the Group.

The Board

- Overseeing the Group's overall ESG governance
- Evaluating and determining the Group's ESG-related risks and opportunities
- Understanding the potential impacts and related risks of ESG issues on the Group's operating model
- Setting the Group's ESG management approach, strategies, priorities and objectives
- Reviewing the Group's performance periodically against ESG-related goals and targets

The Audit Committee

- Acting on behalf of the Board to meet at least twice annually to maintain the oversight of the risk management process
- Ensuring adequate and effective risk management and internal control systems

Executive Directors

- Considering the nature and extent of the ESG risks
- Identifying, prioritising and evaluating the ESG risks faced by the Group for consideration by the Board

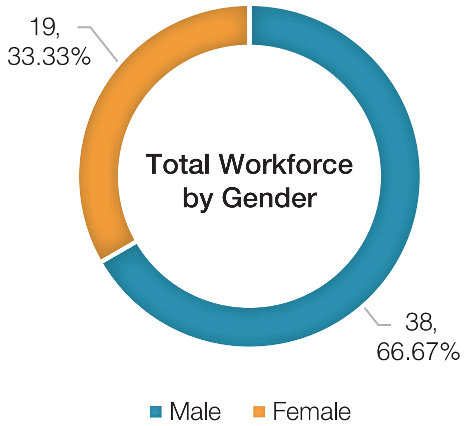
Management Level of Each Department

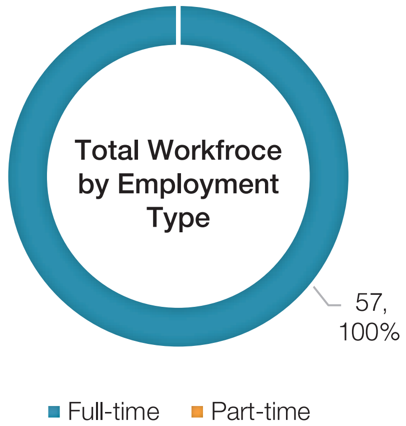
- Collecting input and support of ESG matters from each department
- Identifying, evaluating and managing ESG risks that may potentially impact the major processes of the operations
- Setting targets, monitoring risk and taking measures to mitigate ESG risks in day-to-day operations and report to the executive Directors periodically
- Meeting with staff to report on the functioning of the relevant controls

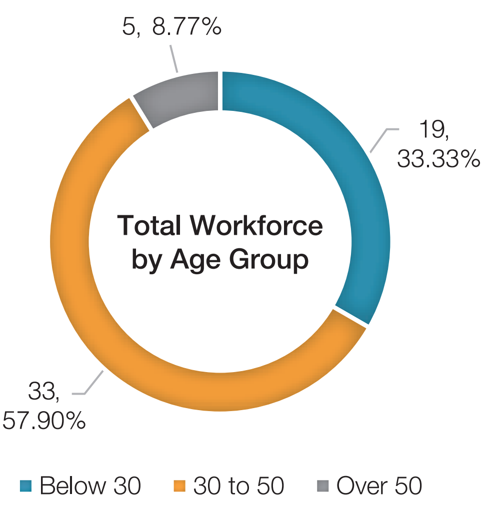
EMPLOYMENT & LABOUR PRACTICES

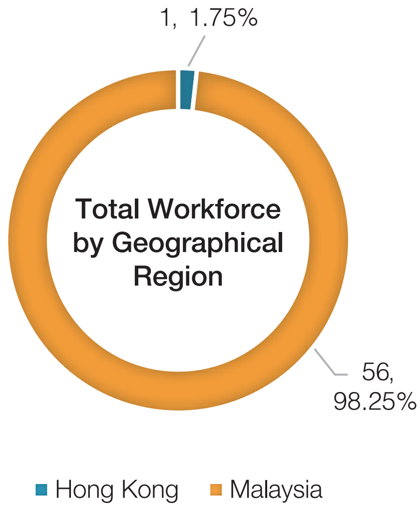
The Group believes attracting and retaining talents is the key to sustainable development of its business; thus, employment conditions and standards have always been the Group's prime concerns. We are committed to offering competitive remuneration, safeguarding their health and safety and providing development opportunities. The Group will continue to review our human resources policy to build a loyal and stable workforce.

As at the end of the Reporting Period, the total number of employees of the Group was 56 (excluding the Directors), all full-time. Employees aged between 30 and 50 accounted for 57.90% of our total workforce while employees aged below 30 and above 50 represented 33.33% and 8.77% respectively. Male and female employees accounted for 66.67% and 33.33% of the total workforce respectively. The information of our total workforce and turnover rate by different categories is illustrated below:









Employee Turnover Rate[1]		Overall (%)	Exclude redundancy[2] (%)
Total		33.85	15.38
By gender	Male	37.50	10.00
	Female	28.00	24.00
By age group	Below 30	40.82	28.57
	30 to 50	28.99	8.70
	Over 50	33.33	0.00
By geographical region	Hong Kong	0.00	0.00
	Malaysia	34.38	15.63

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

The Group regards our employees' health and safety as our utmost concern especially for those working in project sites. We strive to maintain a safe and healthy workplace for our people by managing and monitoring occupational health and safety risks. The Group has formulated the Occupational Safety, Health and Environment Policy, applicable to all employees and the Group's affiliates.

[1] The turnover rate is calculated by dividing the employees in the specified category leaving employment by the average number of employees in the specified category.

[2] During the Reporting Period, there were 11 redundant staff being layoff, due to the slowdown of operations.

Environmental, Social and Governance Report

In addition to the policy, a safety management system is established to identify 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 (such as safety helmets, shoes, goggles, safety belts, life jackets, harnesses) and making sure that all workers are wearing appropriately;
- Establishing safe work practices and prescribed instructions to ensure that all works are carried out in a safe manner to minimise the occurrence of incidents and injuries;
- 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 subcontractors have shown full compliance and commitment towards health and safety issues, as well as identifying improvement areas.

There were no work-related fatalities and lost days due to work injury in the past three years. 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.

Safety Day Bukit Saga

In addition, the Group was aware of the COVID-19 Outbreak and the Government of Malaysia has taken emergency public health measures including the Order to prevent the spread of the disease. We have deployed appropriate preventive measures to protect the health of our employees and have provided them with a healthy and hygienic environment both in office and project sites, including but not limited to:

- Providing protective products such as face masks and hand sanitisers;
- Requiring every employee and visitor to measure temperature and completing registration for all entries and wearing face masks in offices;
- Increasing the frequency of cleaning in our workplaces;
- Utilising the existing communication technologies to facilitate communication with our stakeholders such as Board members, customers and subcontractors to minimise face-to-face meeting and travelling; and
- Complying with the standard operating procedures, requirements and guidelines imposed by the relevant Ministries and agencies ("**Operating Procedures, Requirements and Guidelines**") from time to time.

We will continue to monitor the development of the COVID-19 Outbreak and take appropriate measures at our offices and project sites in accordance with the latest Operating Procedures, Requirements and Guidelines.

Employment Practices

To protect the rights and interests of employees, the Group strictly abides to applicable labour-related laws and regulations, 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.

Guided by our Employee Handbook and Labour Policy, our employees 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. We regularly review compensation and benefits policies as well as the individual performance of employees and encourage the employees to pursue their professionalism and personal goals.

Our Employee Handbook and Labour Policy are reviewed regularly by our human resources department to ensure they remain up-to-date in compliance with the applicable rules and regulations in our operating jurisdictions.

Recognising the importance of work-life balance, we have arranged various team-bonding activities such as employee birthday celebration party, and provided food and refreshment at pantries to let our people relax from work and to strengthen their sense of belonging.

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, other benefits and welfare labour in Malaysia and Hong Kong.

Child & Forced Labour

Child and forced labour are strictly prohibited. We also expect our business partners uphold similar standards and abide by applicable labour laws and regulations.

We are against all forms of exploitation of children. To make sure our people are above the statutory working age, identification documents are verified at the beginning of the hiring process. Frequent inspections are also conducted to ensure strict compliance. In case of discovering child labour at our workplace, the child must cease work immediately and our human resources department should take all necessary actions to comply with applicable rules and regulations.

In addition, we also ensure all of our staff work consensually and are free from any form of forced labour. All employees should have the right to enter into and leave employment voluntarily and freely. Any forced labour identified should be reported through whistleblowing channels.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to child and forced labour in Malaysia and Hong Kong.

Equal Opportunity & Diversity

We treat our staff with fairness and open-mindedness and thus we provide equal opportunity in all aspects of employment such that any kind of discrimination and harassment is not tolerated. All employees and job applicants are treated equally, regardless of disability, gender, sex, sexual orientation, marital status, race, colour, religious convictions, age, nationality, ethnic origin 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.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to equal opportunity, diversity and anti-discrimination in Malaysia and Hong Kong.

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.

Learning and development is delivered through multiple channels, including but not limited to seminars, webinars, courses and programs held by professional or educational organisations, in-house briefings, and reading materials, to meet the needs of our operations.

New hires will go through induction briefing and safety training (for staff assigned to project sites) to help them adapt to swiftly the new working environment, covering topics such as company profile, Code of Conduct and on-site safety requirements. We actively encourage our staff to further develop their strengths by holding internal training sessions and arranging external professional training sessions, covering topics such as corporate governance, rules and regulations, accounting and finance, taxation, internal control, environmental related management and safety operations. By attending these training sessions, management skills and professional knowledge of our Directors and employees are refreshed and improved periodically.

To meet the challenges of business expansion and to retain more talents, the Employee Training and Development Policy is enhanced with a training proposal will be formulated at the beginning of each financial year based on training needs of our employees to discharge their duties and regulatory requirements. During the Reporting Period, we have organised a total of 780 hours of training and the average training hour per employee is 13.68 hours.

	FY2020
Total number of hours of training received by employees	780
Average hours[3] of training per employee and percentage[4] (%) of employees who received training	12 (101.54%)
By gender	
Female	12.66 (110.00%)
Male	10.94 (88.00%)
By employee category	
Management	22.00 (100.00%)
General staff	11.68 (101.59%)

[3] It is calculated by dividing the employees received training in the specified category by the average number of employees in the specified category.

[4] The percentage of employees who received training includes employees who left the Group during the Reporting Period.

QLASSIC Training

Traffic Management Officer Training

OPERATING PRACTICES

Being a responsible corporate, we are accountable not simply to our customers but 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.

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 the site engineers, site supervisors, project managers and environmental officers to inspect the work done so far as per the requirement specified in the Project Quality Plan;
- 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. Customer Satisfactory Survey, through interviews, phone discussions or questionnaires, are conducted upon completion and handover project to customers to understand their needs and concerns. To meet the latest development of ESG and to improve our operations in the long run, Customer Satisfactory Survey will be conducted at least semi-annually for projects with construction period over 6 months and upon completion for all projects, covering the quality of products and services provided and ESG matters, starting from the year ending 30 June 2021. Results of the survey will be summarised by project manager for management review. In addition, any advertisements that contain false or misleading information are forbidden by the Group.

During the Reporting Period, there was no service related complaints received and 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 Privacy & Intellectual Property Rights

The Group is committed to maintaining good relationships with customers. In addition to ensuring quality to drive customer satisfaction, it is also our responsibility to safeguard privacy. Guided by our Data Protection Policy and the Code of Conduct, we strive to conduct business transparently and honestly. We take confidentiality in a serious manner such that we only collect personal data that are relevant and required to conduct our business. When processing personal data, we ensure that it is processed with appropriate and sufficient security against unauthorised or unlawful access and disclosure. Inside Information Policy and Price Sensitive Information Policy are in place to safeguard at all times the confidentiality of business or other sensitive information and the integrity of our business and operational records.

Data security is crucial to our Group. Every employee is issued with a unique identification code to access the business technology and will be required to set a password for access. Anti-virus software is installed for all of our computers. We have implemented strong and reliable data leakage prevention controls to prevent potential unauthorised access.

Meanwhile, we highly respect intellectual property rights, such as patents and inventions, such that we will not display any intellectual properties without prior permission. All employees are required to comply with the Group's policy. Any non-compliance may lead to disciplinary actions for misconduct. 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. During the Reporting Period, the Group worked with 31 subcontractors, all from Malaysia. We believe the efficient management of our supply chain can help maintain high quality services. We carefully select our new business partners through a series of comprehensive selection and evaluation procedures. In addition to financial criteria, new subcontractors 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 qualifications and expertise in the field of their works. Qualified subcontractors will be listed on the Approved Subcontractor List.

In bidding projects with specific tender requirements and scope of work, the project department should identify potential subcontractors from the Approved Subcontractor List. To further identify and manage the ESG risk of our supply chain, starting from the year ending 30 June 2021, all new potential subcontractors are required to fill in a self-assessment questionnaire to understand their ESG risk and ESG-related management policies, practices and performances. This self-assessment questionnaire acts as one of the selection criteria for new potential subcontractors. Potential subcontractors with ISO 14001 Environmental Management System or with recognised sustainability-related certifications are preferred.

For existing subcontractors, we conduct performance evaluation regularly to determine their performances, based on the delivery promptness, cost, workmanship quality, responsiveness and corrective actions, quality of products and services provided and ESG matters. Evaluation results are used to determine its status on the Approved Subcontractor List (remain on list, monitor closely or delist). Subcontractors with unsatisfactory evaluation result will be required to formulate and implement the Subcontractor Improvement Plan.

With an aim to improving the sustainability of our supply chain, we enhanced our internal policies in relation to supply chain management. For instance, the Supplier Code of Conduct is developed which we require all suppliers and subcontractors to comply with. Supplier Code of Conduct sets out our requirements on ESG aspects including but not limited to legal compliance, ethics and business integrity, avoiding conflicts of interest, anti-bribery and anti-corruption, giving and accepting gifts, entertainment and hospitality, anti-money laundering, occupational safety and health, discrimination and harassment, use of personal information, as well as environmental and natural resources management. The frequency of subcontractor performance evaluation will be increased from at least once annually to at least twice annually for projects with construction period over 6 months and the evaluation will also be conducted upon completion for all projects.

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 provide regular updates on safety matters to ensure that they are up to our quality standards.

Business Ethics

We believe that honesty, integrity and fairness 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 our operation. We have clearly set out our expectations and requirements on all parties through the Anti-Corruption Policy, suppliers and subcontractors through the Supplier Code of Conduct, and employees through the Anti-Fraud Policy and Code of Conduct. These policies are applicable to every employee of the Group, suppliers, subcontractors or any parties with a business relationship of the Group. All employees and related third parties are not allowed to receive or solicit any entertainment, gifts or other benefits. Employees who violate our policies and Code of Conduct are subject to disciplinary action while third parties who violate are subject to termination of all business relationship with the Group.

Our employees and related third parties should report any suspected business improprieties. As set out in our Whistleblowing Policy, multiple formal reporting channels are available for reporting business misconduct. All reports received will be addressed by the Whistleblowing Committee, which comprises of the executive Directors and human resources manager. All information including the identity of whistleblowers should remain confidential. To strengthen the awareness on business ethics, all employees are required to attend the annual training regarding anti-corruption coordinated by our human resources department starting from the year ending 30 June 2021.

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. There was no legal case regarding corrupt practices brought against the Group or our employees.

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

Environmental, Social and Governance Report

All employees, subcontractors and suppliers are required to strictly adhere to our Environment Policy. We strive to minimise adverse effects on the environment by managing all areas of our operations. During our initial design state of our projects, we begin to minimise adverse impacts on the environment through measures such as limiting the consumption of resources and energy, and working to prevent pollution of the air, water and soil.

In order to strengthen staff awareness on climate change and environmental issues, every employee is educated and encouraged to minimise the burden on the environment from office operations and projects construction by reducing the generation of municipal waste, lowering the use of energy and resources, promoting reuse, recycling and controlling impacts on the air quality, water, soil, ambient noise and biodiversity. We believe that education will bring values to the communities where we operate.

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

We are aware that saving resources not only reduces the emissions, but also effectively saves our expenses and operating costs. In our daily operation, electricity and fuels for company vehicles, such as diesel and unleaded petrol, are the major types of energy consumed. 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 practise green procurement by giving priority 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. We have set the following energy reduction targets:

Energy Reduction Targets
Replace all the existing vehicles, machineries and electrical appliances to those of high efficiency or certified with energy-saving labels by financial year ending 2030
Engage only with subcontractors who can provide vehicles, machineries and electrical appliances of high efficiency or certified with energy-saving labels by financial year ending 30 June 2030, if possible
Replace all the existing light bulbs and tubes to LED light bulbs and energy efficient tubes or energy efficiency lighting or automatically turning lights off by financial year ending 30 June 2025
Reduce the average energy consumption of diesel oil and unleaded petrol by 2%, 5% and 10% per each amount of revenue to be generated by financial year ending 30 June 2022, 2025 and 2030 respectively from its financial year ended 30 June 2019 baseline
Reduce the average energy consumption of purchased electricity by 2%, 5% and 10% per each amount of revenue to be generated by financial year ending 30 June 2022, 2025 and 2030 respectively from its financial year ended 30 June 2019 baseline

Use of Materials

Our operations do not involve the use of packaging materials while a small amount of office paper is used. With an aim to 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. We have set the following paper usage reduction targets:

Paper Usage Reduction Targets
Replace all existing printers to the one which require login for copying and printing in order to track usage of paper by individual employee by financial year ending 30 June 2025
Replace all the existing filing method to electronic filing by making good use of the Enterprise Resource Planning System and online server for all departments including documents related to internal control policies and guidelines once Enterprise Resource Planning System is in place or from 1 July 2021, whichever is earlier, unless it is contradictory to the local rules and regulations in which manual file is required
Reduce the average consumption of paper by 2%, 5% and 10% per each amount of revenue to be generated by financial year ending 30 June 2022, 2025 and 2030 respectively from its financial year ended 30 June 2019 baseline

Air Emissions

Guided by our Air Quality Control Procedure, several controls and mitigation initiatives are implemented at our project sites:

- Provide clear instructions to all employees and subcontractors at sites on our air quality control procedures;
- Wet down road surface and clean vehicle tires before entering public roads to minimise fugitive dust emission;
- Implement dust abatement for dusty mechanical working;
- Set barriers like fences, stones, perennial grass and stands of existing trees to control air currents and blow soil;
- Perform periodic maintenance and inspection on vehicles, machineries and electrical appliances to keep optimal performance;
- Equip and regularly maintain machineries and tools according to manufactures' specifications;
- Keep vehicles and machineries well-tuned and tires inflated properly to reduce exhaust emissions;
- Avoid machinery and vehicles idling or switch off engine when idling;

- Install additional particle trap system for critical vehicles or machineries onsite;
- Conduct regular maintenance 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.

To reduce the level of air pollutants in our emissions, we are committed to strengthening our air emission controls by setting the following targets:

Air Emission Targets
Reduce the average emission of nitrogen oxides by 2%, 5% and 10% per each amount of revenue to be generated by financial year ending 30 June 2022, 2025 and 2030 respectively from its financial year ended 30 June 2020 baseline
Reduce the average emission of sulphur oxides by 2%, 5% and 10% per each amount of revenue to be generated by financial year ending 30 June 2022, 2025 and 2030 respectively from its financial year ended 30 June 2020 baseline
Reduce the average emission of particulate matter by 2%, 5% and 10% per each amount of revenue to be generated by financial year ending 30 June 2022, 2025 and 2030 respectively from its financial year ended 30 June 2020 baseline

Climate Change & Greenhouse Gas Emissions

In view of climate change, we recognise that high-impact events including typhoons, floods, heatwaves and drought around the world happen frequently in recent years. These events can cause physical damages to our assets and operational disruption, which in turn, can result in reduced and delay of construction work for both marine construction and building and infrastructure works, risk of meeting completion targets, increased liquidity risks, increased repair and maintenance costs, and service disruptions for our customers. Meanwhile, there are increasing regulatory requirements to cope with the challenges brought by climate change. The uncertainty on the change of regulating policies will pose policy and legal risk on our business. Thus, we strive to remain climate resilient to withstand extreme climate conditions including incorporating climate-related risks in our risk management process, reducing our carbon footprint through promoting environmental awareness to our employees, customers and suppliers and subcontractors and continuously monitoring our operations.

In addition, we strive to manage our greenhouse gas ("**GHG**") emissions by adopting industry best practices to improve energy efficiency. Our GHG emissions are mainly from the use of purchased electricity, combustion of fuels by motor vehicles and business air travels.

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. Regarding our water usage, we have set the following targets:

Water Usage Targets
Set up collection point at all sites to collect excessive water withdrew and reuse such water for cleaning, water spraying and irrigation purposes and other purpose by financial year ending 30 June 2030
Reduce the average consumption of freshwater by 2%, 5% and 10% per each amount of revenue to be generated by financial year ending 30 June 2022, 2025 and 2030 respectively from its financial year ended 30 June 2019 baseline

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.

During the Reporting Period, the Group was not aware of any issue in sourcing water that is fit for purpose.

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 produced during reclamation, marine transportation, and building and infrastructure works. It 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.

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 municipal waste such as waste plastic, waste paper and food waste. We will continue to actively raise employees' awareness and impact of non-hazardous waste and promotion of "4R" principle, including replace, reduce, reuse and recycle.

Regarding waste reduction, we have set the following targets:

Waste Reduction Targets
Reduce the average hazardous waste production by 2%, 5% and 10% per each amount of revenue to be generated by financial year ending 30 June 2022, 2025 and 2030 respectively from its financial year ended 30 June 2019 baseline, if any
Set up recycling bins at all offices and sites to collect recyclable metals and aluminum, plastic bottles, waste paper, ink cartridge, carton boxes and other recyclable materials from 1 July 2020
Set up collection points at all offices for reusable items, like stationeries and non-confidential single side used paper from 1 July 2020
No single-use plastic cutlery, bags, straws or stirrers available in the pantry from 1 July 2020
Reduce the average waste paper by 2%, 5% and 10% per each amount of revenue to be generated by financial year ending 30 June 2022, 2025 and 2030 respectively from its financial year ended 30 June 2019 baseline
Reduce the average plastic waste by 2%, 5% and 10% per each amount of revenue to be generated by financial year ending 30 June 2022, 2025 and 2030 respectively from its financial year ended 30 June 2019 baseline
Reduce the average domestic food waste by 2%, 5% and 10% per each amount of revenue to be generated by financial year ending 30 June 2022, 2025 and 2030 respectively from its financial year ended 30 June 2019 baseline

Green Procurement

During materials procurement, we prefer materials or products that cause minimal adverse environmental impacts. Environmental factors are incorporated into procurement decisions for all construction related products, materials, plant and equipment, including but not limited to:

- Avoiding single-use disposable items;
- Products with improved recyclability or high recycled content;
- Reduced packing and greater durability;
- Greater energy efficiency;
- Utilising clean technology and/or clean fuels;
- Resulting in reduced water consumption;
- Emitting fewer irritating or toxic substances during installation or use; and
- Resulting in smaller production of toxic substances, or of less toxic substance, upon disposal.

Environmental Performance

The Group's environmental performance data, largely depend on the nature and size of projects and operations, during the Reporting Period are summarised in the table below:

	Unit	FY2020	FY2019
Air emissions[5]			
Nitrogen oxides ("NOx")	kg	0.39	—
Sulphur oxides ("SOx")	kg	1.67	—
Particulate matter ("PM")	kg	0.03	—
Energy Consumption			
Total energy consumption	MWh	1,116.90	924.20
Total energy intensity	MWh per employee	19.94	13.02
Direct energy consumption	MWh	1,036.03	843.58
— Diesel	MWh	448.98	307.38
— Unleaded petrol	MWh	587.05	536.20
Indirect energy consumption	MWh	80.87	80.62
— Purchased electricity	MWh	80.87	80.62
GHG emissions			
Scope 1[6]	tCO_2e	274.03	222.48
Scope 2[7]	tCO_2e	53.94	59.74
Scope 3[8]	tCO_2e	49.24	67.1
Total GHG emission	tCO_2e	377.21	349.32
Intensity	tCO_2e per employee	6.62	4.85
Water consumption			
Freshwater[9]	m^3	2,204.00	1,042.00
Intensity	m^3 per employee	39.36	14.68
Non-hazardous waste[10]			
Waste plastic	tonne	7.15	1.36
Waste paper	tonne	1.23	3.28
Food waste	tonne	—	2.32
Total	tonne	8.38	6.96
Intensity	tonne per employee	0.15	0.10
Paper consumption[11]			
Office paper	tonne	0.82	2.21
Intensity	tonne per employee	0.01	0.03

5 Figures on air emissions from vehicles are not available for FY2019.

6 Scope 1 represents direct GHG emissions generated from the use of unleaded petrol and diesel oil by company vehicles in Malaysia.

7 Scope 2 represents indirect GHG emissions generated from the use of purchased electricity in office and project sites in Malaysia.

8 Scope 3 represents other indirect GHG emissions generated from business air travels by employees in both Hong Kong and Malaysia.

9 The increase in water consumption in FY2020 is mainly due to the commencement of new projects.

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

11 The figure of office paper consumption includes both the Company's office in Hong Kong and JBB Builders in Malaysia.

Environmental, Social and Governance Report

COMMUNITY INVOLVEMENT

As a corporate citizen, we fully recognise our corporate social responsibilities and contribution to our community where we operate. Our Community Investment Policy sets out guidelines on participating into community activities to ensure effective contribution to the community. We actively support projects or programmes, which reflect the needs and expectations of local communities, relating to areas of education, health, social, cultural, environmental and sports.

During the Reporting Period, we had made total donation and contribution of approximately RM245,000 which included sponsorship on charitable events and donations to non-profit charitable organisations, sports and school activities in Malaysia. In view of the COVID-19 Outbreak in Malaysia, we had made donations to support the community. 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.

HKEx ESG REPORTING GUIDE INDEX

HKEx 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 Emissions, Climate Change & Greenhouse Gas Emissions, Waste Management
KPI A1.1	The types of emissions and respective emissions data.	Environmental Protection — Environmental Performance
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 — Environmental Performance
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. Hazardous waste is handled by subcontractors. Environmental Protection — Environmental Performance

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
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 — Environmental Performance
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Protection — Air Emissions
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, Use of Materials
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 — Environmental Performance
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Protection — Environmental Performance
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.	The Group's operations do not involve the use of packaging materials.
		Environmental Protection — Use of Materials
A3 The Environment and Natural Resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Protection — Climate Change & Greenhouse Gas Emissions, Green Procurement
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 — Climate Change & Greenhouse Gas Emissions, Green Procurement

HKEx 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 & Labour Practices — Employment Practices, Equal Opportunity & Diversity
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment & Labour Practices
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment & Labour Practices
B2 Health and Safety	Information on: — the policies; and — compliance with relevant laws and regulations that have a significant impacts on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employment & Labour Practices — Occupational Health & Safety
KPI B2.1	Number and rate of work-related fatalities.	Employment & Labour Practices — Occupational Health & Safety
KPI B2.2	Lost days due to work injury.	Employment & Labour Practices — Occupational Health & Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Employment & 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 & Labour Practices — Development & Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employment & Labour Practices — Development & Training
KPI B3.2	The average training hours completed per employee by gender and employee category	Employment & Labour Practices — Development & Training

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
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 & Labour Practices — Child & Forced Labour
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment & Labour Practices — Child & Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employment & Labour Practices — Child & Forced Labour
B5 Supply Chain Management	Policies on managing environmental and social risks of supply chain.	Operating Practices — Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Operating Practices — Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	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, labelling and privacy matters relating to products and services provided and methods of redress.	Operating Practices — Product Responsibility, Customer Privacy & Intellectual Property Rights
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to the Group's business
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Operating Practices — Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Operating Practices — Customer Privacy & Intellectual Property Rights

Environmental, Social and Governance Report

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
KPI B6.4	Description of quality assurance process and recall procedures.	Operating Practices — Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Operating Practices — Customer Privacy & Intellectual Property Rights
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
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Operating Practices — Business Ethics
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	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
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Involvement
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Involvement

Crowe

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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 97 to 179, which comprise the consolidated statement of financial position as at 30 June 2020, 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 2020, 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.

Independent Auditor's Report

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 RM93,783,000 for the year ended 30 June 2020. The Group recognises revenue from construction services progressively over time 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 contracts and discussing with the site personnel on 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 18 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 RM73,917,000 and RM42,037,000 respectively as at 30 June 2020. 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 Company in estimating 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.

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.

Independent Auditor's Report

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.

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, actions taken to eliminate threats or safeguards applied.

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.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 22 September 2020

Lau Kwok Hung
Practising Certificate Number: P04169

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020
(Expressed in Malaysian Ringgit)

	Note	2020 RM'000	2019 RM'000 (Note)
Revenue	5	**125,531**	329,929
Direct costs		**(105,696)**	(291,542)
Gross profit		**19,835**	38,387
Other revenue	6	**2,397**	1,691
Other net (loss)/income	6	**(1,284)**	358
(Allowance)/reversal for impairment loss on trade receivables and contract assets	7(c)	**(2,998)**	3,376
General and administrative expenses		**(15,246)**	(16,780)
Profit from operations		**2,704**	27,032
Share of loss of a joint venture		**(37)**	(66)
Finance costs	7(a)	**(147)**	(199)
Profit before taxation	7	**2,520**	26,767
Income tax expenses	11	**(2,200)**	(7,707)
Profit for the year		**320**	19,060
Other comprehensive profit/(loss) for the year			
Items that will not be reclassified to profit or loss:			
Currency translation differences		**2,835**	(948)
Total comprehensive income for the year		**3,155**	18,112
Profit/(loss) for the year attributable to:			
Owners of the Company		**2,158**	19,632
Non-controlling interests		**(1,838)**	(572)
		320	19,060
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**4,993**	18,684
Non-controlling interests		**(1,838)**	(572)
		3,155	18,112
Earnings per share (Sen per share)			
— Basic	12	**0.43**	5.00
— Diluted	12	**0.43**	5.00

Note: The Group has initially applied HKFRS 16 at 1 July 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 3.

The notes on pages 103 to 179 form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2020
(Expressed in Malaysian Ringgit)

	Note	**2020 RM'000**	2019 RM'000 (Note)
Non-current assets			
Property, plant and equipment	13	**4,677**	9,068
Investment properties	14	**2,710**	3,300
Interest in a joint venture	15	**298**	335
Deposits paid for acquisition of investment properties	17(a)	**22,095**	–
Deposits paid for acquisition of property, plant and equipment		**101**	–
Deposit placed for a life insurance policy	17(b)	**287**	–
Deferred tax assets	24(b)	**1,276**	318
		31,444	13,021
Current assets			
Trade and other receivables	16	**84,704**	105,440
Contract assets	18(a)	**42,037**	102,282
Tax recoverable	24(a)	**2,037**	2,528
Fixed deposits with maturity over three months	19(a)	**5,000**	–
Pledged bank deposits	19(b)	**9,178**	5,593
Cash and cash equivalents	20(a)	**75,968**	114,638
		218,924	330,481
Current liabilities			
Trade and other payables	21	**111,835**	199,628
Contract liabilities	18(b)	**1,282**	89
Bank loan	22	**–**	501
Lease liabilities	23	**548**	1,191
Provision for taxation	24(a)	**–**	2,174
		113,665	203,583
Net current assets		**105,259**	126,898
Total assets less current liabilities		**136,703**	139,919

Consolidated Statement of Financial Position

As at 30 June 2020
(Expressed in Malaysian Ringgit)

	Note	2020 RM'000	2019 RM'000 (Note)
Non-current liabilities			
Lease liabilities	23	**745**	1,155
Deferred tax liabilities	24(b)	**–**	626
		745	1,781
Net assets		**135,958**	138,138
Capital and reserves			
Share capital	25(b)	**2,672**	2,672
Reserves		**122,922**	123,264
Total equity attributable to equity owners of the Company		**125,594**	125,936
Non-controlling interests		**10,364**	12,202
		135,958	138,138

Approved and authorised for issue by the board of directors on 22 September 2020

Ng Say Piyu
Chairman and Executive Director

Lam Fung Eng
Executive Director

Note: The Group has initially applied HKFRS 16 at 1 July 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 3.

The notes on pages 103 to 179 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020
(Expressed in Malaysian Ringgit)

	Attributable to equity 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 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 for the year	–	–	–	(948)	19,632	18,684	(572)	18,112
Effect of reorganisation (Note 25(b)(ii))	(6,316)	–	6,316	–	–	–	–	–
Loan capitalisation (Note 25(b)(iii))	17	7,892	–	–	–	7,909	–	7,909
Capitalisation issue (Note 25(b)(iv))	1,803	(1,803)	–	–	–	–	–	–
Issue of new shares by the Company upon global offering (Note 25(b)(v))	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
At 1 July 2019	2,672	77,334	6,316	(948)	40,562	125,936	12,202	138,138
Changes in equity for the year ended 30 June 2020:								
Profit/(loss) for the year	–	–	–	–	2,158	2,158	(1,838)	320
Other comprehensive income for the year								
Currency translation differences	–	–	–	2,835	–	2,835	–	2,835
Total comprehensive income for the year	–	–	–	2,835	2,158	4,993	(1,838)	3,155
Dividend paid (Note 10)	–	(5,335)	–	–	–	(5,335)	–	(5,335)
At 30 June 2020	2,672	71,999*	6,316*	1,887*	42,720*	125,594	10,364	135,958

* These reserve accounts comprise consolidated reserves of approximately RM122,922,000 (2019: RM123,264,000) in the consolidated statement of financial position.

Note: The Group has initially applied HKFRS 16 at 1 July 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 3.

The notes on pages 103 to 179 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2020
(Expressed in Malaysian Ringgit)

	Note	2020 RM'000	2019 RM'000 (Note)
Operating activities			
Profit before taxation		**2,520**	26,767
Adjustments for:			
Allowance/(reversal) for impairment loss on trade receivables and contract assets	7(c)	**2,998**	(3,376)
Bad debts (recovered)	7(c)	**–**	(946)
Depreciation	7(c)	**4,379**	5,290
Fair value loss on investment properties	7(c)	**590**	581
Write off of property, plant and equipment	7(c)	**12**	–
(Gain) on disposal of property, plant and equipment	7(c)	**(439)**	(721)
Share of loss of a joint venture		**37**	66
Interest expenses	7(a)	**147**	199
Interest income	6	**(2,367)**	(665)
Loss on deposit placed for a life insurance policy	6	**114**	–
Operating cash flow before movements in working capital		**7,991**	27,195
(Increase)/decrease in trade and other receivables		**(4,381)**	128,709
Decrease/(increase) in contract assets		**60,311**	(2,800)
(Decrease) in trade and other payable		**(87,735)**	(120,951)
Increase/(decrease) in contract liabilities		**1,193**	(7,699)
Cash (used in)/generated from operations		**(22,621)**	24,454
Income tax paid		**(5,467)**	(17,345)
Net cash (used in)/generated from operating activities		**(28,088)**	7,109

Consolidated Statement of Cash Flows

For the year ended 30 June 2020
(Expressed in Malaysian Ringgit)

	Note	2020 RM'000	2019 RM'000 (Note)
Investing activities			
Interest received		2,367	665
Payments for purchases of property, plant and equipment		(78)	(419)
Deposits paid for acquisition of investment properties		–	(115)
Deposits paid for acquisition of property, plant and equipment		(101)	–
Repayment from related companies		–	72
Proceed on disposal of property, plant and equipment		657	–
Placement of deposits with maturity over three months		(5,000)	–
(Increase) in pledged bank deposits		(3,585)	(38)
Deposit placed for a life insurance policy		(401)	–
Net cash (used in)/generated from investing activities		(6,141)	165
Financing activities			
Issue of shares		–	78,828
Expenses on issue of shares		–	(6,915)
Advance from former immediate holding company		–	5,273
Dividends paid		(5,335)	(7,200)
(Repayment to) directors		–	(1,540)
Proceeds from bank borrowings		5,882	5
(Repayment to) bank borrowings		(6,383)	(208)
Capital element of lease rentals paid		(1,193)	(1,446)
Interest element on lease rental paid		(100)	(163)
Interest on bank borrowings		(47)	(36)
Net cash (used in)/generated from financing activities		(7,176)	66,598
Net (decrease)/increase in cash and cash equivalents		(41,405)	73,872
Cash and cash equivalents at the beginning of the year		114,638	41,644
Effect of foreign exchange rate changes		2,735	(878)
Cash and cash equivalents at the end of the year	20	75,968	114,638

Note: The Group has initially applied HKFRS 16 at 1 July 2019 using the modified introspective approach. Under this approach, the comparative information is not restated. See Note 3.

The notes on pages 103 to 179 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 2020, the directors of the Company 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 2020 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 Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements for the year ended 30 June 2019 have been prepared as if the Reorganisation had been completed at 1 July 2018 and the current group structure had always been in existence.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, including interests in leasehold land and buildings held as investment properties where the Group is the registered owner of the property interest (see Note 2(g))

The deposit placed for a life insurance policy is carried at the cash surrender value of the policy.

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.

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 a 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 their carrying amounts as recorded by the entities being combined at the combination date. The difference between the carrying amount of the net assets obtained and the 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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 statement 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 (after applying the ECL model to such other long-term interests where applicable).

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

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (Note 2(i)):

- interests in leasehold land and buildings where the Group is the registered owner of the property interest (Note 2(h));
- right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest (Note 2(h)); and
- items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (Note 2(h)).

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 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.

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.

(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.

In the comparative period, when the Group held a property interest under an operating lease and used the property to earn rental income and/or for capital appreciation, the Group could elect on a property-by-property basis to classify and account for such interest as an investment property. Any such property interest which had been classified as an investment property was accounted for as if it were held under a finance lease (see Note 2(h)), and the same accounting policies were applied to that interest as were applied to other investment properties leased under finance leases. Lease payments were accounted for as described in Note 2(h).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

(A) Policy applicable from 1 July 2019

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (Notes 2(f) and 2(i)(iii)), except for the following types of right-of-use asset:

- right-of-use assets that meet the definition of investment property are carried at fair value in accordance with Note 2(g); and
- right-of-use assets related to leasehold land and buildings where the Group is the registered owner of the leasehold interest are carried at cost in accordance with Note 2(f).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leased assets (Continued)

(i) As a lessee (Continued)

(A) Policy applicable from 1 July 2019 (Continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment and presents lease liabilities separately in the consolidated statement of financial position.

(B) Policy applicable prior to 1 July 2019

In the comparative period, as a lessee the Group classified leases as finance leases if the leases transferred substantially all the risks and rewards of ownership to the Group. Leases which did not transfer substantially all the risks and rewards of ownership to the Group were classified as operating leases, with the following exceptions:

— property held under operating leases that would otherwise meet the definition of an investment property was classified as investment property on a property-by-property basis and, if classified as investment property, was accounted for as if held under a finance lease (Note 2(g)); and

— land held for own use under an operating lease, the fair value of which could not be measured separately from the fair value of a building situated thereon at the inception of the lease, was accounted for as being held under a finance lease, unless the building was also clearly held under an operating lease. For these purposes, the inception of the lease was the time that the lease was first entered into by the Group, or taken over from the previous lessee.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leased assets (Continued)

(i) As a lessee (Continued)

(B) Policy applicable prior to 1 July 2019 (Continued)

Where the Group acquired 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 were recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, were recorded as obligations under finance leases. Depreciation was provided at rates which wrote off the cost or valuation of the assets over the term of the relevant lease or, where it was likely the Group would obtain ownership of the asset, the life of the asset, as set out in Note 2(f). Impairment losses were accounted for in accordance with the accounting policy as set out in Note 2(i). Finance charges implicit in the lease payments were 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. Contingent rentals were charged to profit or loss in the accounting period in which they were incurred.

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

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(q)(v).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(h)(i), then the Group classifies the sub-lease as an operating lease.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Credit loss and impairment of assets

(i) Credit losses from financial instruments and contract assets

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, fixed deposits with maturity over three months, pledged bank deposits and trade and other receivables); and

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

Other 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Measurement of ECLs (Continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Basis of calculation of interest income

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.

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.

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 past due event;

— 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)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(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, including right-of-use assets

— Deposits paid for acquisition of investment properties

— Deposits paid for acquisition of property, plant and equipment

— Investments in subsidiaries in the Company's statement of financial position.

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 statement 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, contingent liabilities and onerous contracts

(i) Provisions and contingent liabilities

Provisions are recognised 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

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 (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).

(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 under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost or FVOCI (recycling) 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 (i.e. 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 (Continued)

(v) Rental income from operating leases

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. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(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 non-refundable 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 non-refundable 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)).

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Construction contracts (Continued)

(ii) Contract costs (Continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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) A person, or a close member of that person's family, is related to the Group if 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.

b) An entity is related to the Group if 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).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Related parties (Continued)

b) An entity is related to the Group if any of the following conditions applies: (Continued)

(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.

(w) Deposit placed for a life insurance policy

The Group acquired a key management insurance policy, which includes both investment and insurance elements. The life insurance policy is initially recognised at the amount of premium paid, and subsequently measured at each financial year end at its cash surrender value. Changes to the cash surrender value at each financial year end will be recognised in profit or loss as a gain or loss on deposit. In the event of death of the insured person, the surrender of the policy, or the policy matured, the deposit will be derecognised and any resulting gains or losses will be recognised in profit or loss.

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

The Group has applied the following new and amendments to HKFRSs issued by HKICPA for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases — incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("**short-term leases**") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 July 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balances of right-of-use assets and lease liabilities at 1 July 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

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

(a) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 July 2019. For contracts entered into before 1 July 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

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

(a) New definition of a lease (Continued)

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(b) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment as disclosed in Note 13. For an explanation of how the Group applies lessee accounting, see Note 2(h)(i).

At the date of transition to HKFRS 16 (i.e. 1 July 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 July 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 8.2%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 30 June 2020; and

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

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

(b) Lessee accounting and transitional impact (Continued)

The following table reconciles the operating lease commitments as disclosed in Note 27 as at 30 June 2019 to the opening balance for lease liabilities recognised as at 1 July 2019:

	RM'000
Operating lease commitments at 30 June 2019	192
Less: Commitments relating to leases exempt from capitalisation:	
— Short-term leases and other leases with remaining lease term ending on or before 30 June 2020	(123)
Add: Lease payments for the additional periods where the Group considers it reasonably certain that it will exercise the extension options	108
	177
Less: Total future interest expenses	(37)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 July 2019	140
Add: Finance lease liabilities recognised as at 30 June 2019	2,346
Total lease liabilities recognised at 1 July 2019	2,486
Analysed as:	
Current	1,215
Non-current	1,271
	2,486

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 30 June 2019.

So far as the impact of the adoption of HKFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the captions for the balances. Accordingly, instead of "obligations under finance leases", these amounts are included within "lease liabilities", and the depreciated carrying amount of the corresponding leased asset is identified as a right-of-use asset. There is no impact on the opening balance of equity.

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

(b) Lessee accounting and transitional impact (Continued)

The following table summarises the impacts of adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amounts at 30 June 2019 RM'000	Capitalisation of operating lease contracts RM'000	Carrying amounts at 1 July 2019 RM'000
Line items in the consolidated statement of financial position as at 30 June 2019 impacted by the adoption of HKFRS 16:			
Non-current assets			
Property, plant and equipment	9,068	140	9,208
Current liabilities			
Lease liabilities — current	1,191	24	1,215
Non-current liabilities			
Lease liabilities — non-current	1,155	116	1,271

(c) Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 July 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss and other comprehensive income, as compared to the results if HKAS 17 had been applied during the year.

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element (See Note 23). These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the consolidated statement of cash flows.

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.

(ii) Impairment of trade 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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (Continued)

(iii) Impairment of non-current assets

If circumstances indicate that the carrying amount of an asset may not be fully recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with accounting policy for impairment of assets as described in Note 2(i)(iii). The carrying amounts of assets are reviewed and tested for impairment, where applicable, periodically or whenever the events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to the level of revenue and 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, where applicable.

(iv) Determining the lease term

As explained in policy Note 2(h), a lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

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

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

(a) Disaggregation of revenue

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

	2020 **RM'000**	2019 RM'000
Construction contracts		
— Reclamation and related works	**11,105**	18,923
— Building and infrastructure	**82,678**	162,245
	93,783	181,168
Marine transportation	**31,748**	148,761
	125,531	329,929

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

As at 30 June 2020, the aggregate amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately RM692,150,000 (2019: 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 2021 to 30 June 2024.

(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/(loss) 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. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

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 2020

	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	11,105	31,748	82,678	–	125,531
Inter-segment revenue	5,867	–	–	(5,867)	–
Reportable segment revenue	16,972	31,748	82,678	(5,867)	125,531
Reportable segment (loss)/profit	(2,939)	5,573	13,644	–	16,278
Unallocated central administrative and corporate expenses:					
– General and administrative expenses					(15,365)
Unallocated other revenue					1,791
Finance costs					(147)
Share of loss of a joint venture					(37)
Profit before taxation					2,520
Other segment information					
Depreciation	3,882	14	–	–	3,896
Allowance/(reversal) for impairment loss on trade receivables and contract assets	107	(18)	2,909	–	2,998
(Gain) on disposal of property, plant and equipment	(393)	(46)	–	–	(439)
Write off of property, plant and equipment	–	12	–	–	12

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5. REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

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)

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, deposits paid for acquisition of property, plant and equipment, deposit placed for a life insurance policy 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, deposits paid for acquisition of investment properties, deposits paid for acquisition of property, plant and equipment and deposit placed for a life insurance policy 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

	2020 RM'000	2019 RM'000
Malaysia (place of domicile)	125,531	329,929

(b) Non-current assets

	2020 RM'000	2019 RM'000
Malaysia	30,166	12,703
Hong Kong	2	–
	30,168	12,703

Information about major customers

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

	2020 RM'000	2019 RM'000
Customer A[1]	56,630	233,695
Customer B[2]	22,182	N/A*
Customer C[2]	17,577	N/A*
	96,389	233,695

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

2 Revenue from the Group's building and infrastructure services.

* The corresponding revenue did not contribute 10% or more of the Group revenue.

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

	2020 RM'000	2019 RM'000
Other revenue		
Interest income on financial assets measured at amortised cost	2,367	665
Handling service fee on provision of diesel	15	31
Bad debts recovered	–	946
Others	15	49
	2,397	1,691
Other net (loss)/income		
Net foreign exchange (loss)/gain	(1,007)	218
Fair value loss on investment properties	(590)	(581)
Gain on disposal of property, plant and equipment	439	721
Loss on deposit placed for a life insurance policy	(114)	–
Write off of property, plant and equipment	(12)	–
	(1,284)	358

7. PROFIT BEFORE TAXATION

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

(a) Finance costs

	2020 RM'000	2019 RM'000 (Note)
Interest on bank loan	47	36
Interest on lease liabilities	100	163
Total interest expenses on financial liabilities not at fair value through profit or loss	147	199

Note: The Group has initially applied HKFRS 16 at 1 July 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 3.

7. PROFIT BEFORE TAXATION (CONTINUED)

(b) Staff costs (including directors' emoluments)

	2020 RM'000	2019 RM'000
Salaries, wages and other benefits	9,103	8,554
Contributions to defined contribution retirement plan	814	773
	9,917	9,327
Less: Amount included in direct costs	(1,180)	(1,975)
	8,737	7,352

(c) Other items

	2020 RM'000	2019 RM'000
Depreciation charge (Note 13)		
— owned property, plant and equipment (Note (i))	3,396	5,290
— right-of-use assets (Note (i))	983	–
	4,379	5,290
Less: Amount included in direct costs	(3,671)	(4,507)
	708	783
Operating lease charges: minimum lease payments for lease under HKAS 17 (Note (i))		
— properties	–	339
— equipment	–	1,370
Short-term lease expense as defined in Note 3 under HKFRS 16	1,425	–
	1,425	1,709
Less: Amount included in direct costs	(1,269)	(1,566)
	156	143
Allowance/(reversal) for impairment loss on trade receivables and contract assets	2,998	(3,376)
Bad debts (recovered)	–	(946)
Auditors' remuneration	498	689
Listing expenses	–	5,510
Net foreign exchange loss/(gain)	1,007	(218)
Fair value loss on investment properties	590	581
(Gain) on disposal of property, plant and equipment	(439)	(721)
Loss on deposit placed for a life insurance policy	114	–
Write off of property, plant and equipment	12	–

7. PROFIT BEFORE TAXATION (CONTINUED)

(c) Other items (Continued)

Note (i):

The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 July 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. The depreciated carrying amount of the finance lease assets which were previously included in property, plant and equipment is also identified as a right-of-use asset. After initial recognition of right-of-use assets at 1 July 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See Note 3.

8. DIRECTORS' EMOLUMENTS

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 2020

	Directors' fees RM'000	Salaries, allowances and benefits in kind RM'000	Contributions to defined contribution plan RM'000	Total RM'000
Executive directors				
Dato' Ng Say Piyu *(Chairman)*	65	741	89	895
Mr. Lam Fung Eng	65	402	48	515
Mr. Ng Chong Boon	65	402	48	515
Non-executive director				
Datin Ngooi Leng Swee	65	–	–	65
Independent non-executive director				
Mr. Tai Lam Shin	65	–	–	65
Ms. Chan Pui Kwan	65	–	–	65
Mr. Chan Tsun Choi, Arnold (Note (iii))	7	–	–	7
Mr. Wong Kwok Wai, Albert (Note (iv))	58	–	–	58
	455	1,545	185	2,185

8. DIRECTORS' EMOLUMENTS (CONTINUED)

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
Ms. Chan Pui Kwan	16	–	–	–	16
Mr. Wong Kwok Wai, Albert (Note (iv))	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.

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 2020 and 2019. No director waived or agreed to waive any emoluments during the years ended 30 June 2020 and 2019.

(ii) Executive and non-executive directors of the Company are entitled to discretionary bonus payments which are determined with reference to the individual performance of the director.

(iii) Mr. Chan Tsun Choi, Arnold was appointed as an independent non-executive director of the Company on 25 May 2020.

(iv) Mr. Wong Kwok Wai, Albert resigned as an independent non-executive director of the Company on 25 May 2020.

(v) 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.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, 3 (2019: 2) are directors of the Company whose emoluments are disclosed in Note 8. The aggregate of the emoluments of the remaining 2 (2019: 3) individuals were as follows:

	2020 RM'000	2019 RM'000
Salaries allowances and benefits in kind	**990**	1,224
Contributions to defined contribution retirement plan	**31**	69
	1,021	1,293

The emoluments of the 2 (2019: 3) individuals with the highest emoluments are within the following bands:

	2020 Number of individuals	2019 Number of individuals
HK$Nil to HK$1,000,000	**1**	2
HK$1,000,001 to HK$1,500,000	**1**	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 2020 (2019: Nil).

10. DIVIDENDS

Pursuant to approval of the shareholders of the Company at the annual general meeting on 20 November 2019, a final dividend of HK$0.02 per share totalling approximately RM5.3 million in respect of the year ended 30 June 2019 was declared and paid during the year ended 30 June 2020. The dividend has been recorded in the consolidated financial statements for the year ended 30 June 2020.

The board of directors of the Company does not recommend to declare any final dividend for the year ended 30 June 2020.

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:

	2020 **RM'000**	2019 RM'000
Current tax		
Charge for the year	**3,649**	7,687
Under/(overprovision) in prior years	**135**	(204)
Deferred tax (Note 24(b))		
Origination and reversal of temporary differences	**(1,584)**	224
Income tax expense for the year	**2,200**	7,707

(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 profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the years ended 30 June 2020 and 2019.

(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 2020 and 2019.

Group's entities in Malaysia with a paid up capital of RM2,500,000 and below can enjoy a lower corporate income tax rate of 17% on the first RM500,000 chargeable income and the statutory rate of 24% shall be charged on chargeable income in excess of RM500,000 for the year ended 30 June 2019.

11. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2020 RM'000	2019 RM'000
Profit before taxation	**2,520**	26,767
Notional tax on profit before taxation, calculated at the rates applicable to the profits in the countries concerned	**605**	6,424
Tax effect of non-deductible expenses	**1,547**	1,947
Tax effect on non-taxable income	**(434)**	(397)
Tax effect of tax loss not recognised	**149**	–
Under/(overprovision) in prior years	**135**	(204)
Others	**198**	(63)
	2,200	7,707

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 RM2,158,000 (2019: RM19,632,000) and the weighted average of 500,000,000 ordinary shares (2019: 392,808,219 ordinary shares) in issue during the year. The weighted average number of ordinary shares in issue during the year ended 30 June 2019 is calculated based on the assumption that 375,000,000 shares were in issue throughout the entire year, taking into consideration of the effect of Reorganisation, loan capitalisation and the capitalisation issue.

	2020 Number of shares	2019 Number of shares
Weighted average number of ordinary shares		
Issued ordinary shares at the beginning of the year	**500,000,000**	10,000
Effect of Reorganisation, loan capitalisation and capitalisation issue (Note 25(b))	**–**	374,990,000
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	**500,000,000**	392,808,219

(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 2020 and 2019.

13. PROPERTY, PLANT AND EQUIPMENT

	Other properties leased for own use RM'000	Leasehold improvements RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture fittings and equipment RM'000	Total RM'000
Cost:						
At 1 July 2018	–	196	25,498	4,906	1,467	32,067
Additions	–	42	1	387	315	745
Disposal/write off	–	–	–	(2,150)	–	(2,150)
At 30 June 2019	–	238	25,499	3,143	1,782	30,662
Impact on initial application of HKFRS 16 (Note)	140	–	–	–	–	140
At 1 July 2019	140	238	25,499	3,143	1,782	30,802
Additions	–	2	–	–	76	78
Disposal/write off	–	–	(1,034)	(115)	(25)	(1,174)
At 30 June 2020	140	240	24,465	3,028	1,833	29,706
Accumulated depreciation:						
At 1 July 2018	–	145	14,071	2,856	533	17,605
Depreciation for the year	–	53	4,523	520	194	5,290
Disposal/write off	–	–	–	(1,301)	–	(1,301)
At 30 June 2019	–	198	18,594	2,075	727	21,594
At 1 July 2019	–	198	18,594	2,075	727	21,594
Depreciation for the year	28	25	3,678	447	201	4,379
Disposal/write off	–	–	(827)	(105)	(12)	(944)
At 30 June 2020	28	223	21,445	2,417	916	25,029
Carrying amount:						
At 30 June 2020	112	17	3,020	611	917	4,677
At 30 June 2019	–	40	6,905	1,068	1,055	9,068

As at 30 June 2019, the carrying amount of plant and machinery and motor vehicles held under finance leases were RM2,549,000.

Note: The Group has initially applied HKFRS 16 using the modified retrospective method and adjusted the opening balances at 1 July 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. See Note 3.

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Right-of-use assets

The analysis of the carrying amount of right-of-use assets by class of underlying asset is as follows:

	30 June 2020 RM'000	1 July 2019 RM'000 (Note)
Other properties leased for own use, carried at depreciated cost	**112**	140
Motor vehicles, carried at depreciated cost	**587**	996
Plant and machinery, carried at depreciated cost	**652**	1,553
	1,351	2,689

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2020 RM'000	2019 RM'000 (Note)
Depreciation charge of right-of-use assets by class of underlying asset:		
Other properties leased for own use	**28**	–
Motor vehicles	**407**	459
Plant and machinery	**548**	952
	983	1,411
Interest on lease liabilities (Note 7(a))	**100**	163
Expense relating to short-term leases and other leases with remaining lease term ending on or before 30 June 2020 (Note 7(c))	**1,425**	–
Total minimum lease payments for leases previously classified as operating leases under HKAS 17 (Note 7(c))	**–**	1,709

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 July 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. The depreciated carrying amounts of the finance lease assets which were previously included in property, plant and equipment is also identified as right-of-use assets. After initial recognition of right-of-use assets at 1 July 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See Note 3.

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Right-of-use assets (Continued)

The total cash outflow for leases during the year ended 30 June 2020 was RM2,718,000.

The Company regularly entered into short-term leases for office premises, staff quarters, motor vehicles, machineries and space for parking. As at 30 June 2020, the portfolio of short-term leases is similar to the portfolio of leases for which the short-term leases expense was recognised during the year.

The maturity analysis of lease liabilities is set out in Note 23.

(i) Other properties leased for own use

The Group has obtained the right to use other properties as its office premises through tenancy agreements. The leases typically run for an initial period of 3 years.

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities.

(ii) Other leases

The Group leases office premises, staff quarters, motor vehicles, machineries and space for parking under leases expiring from 1 to 12 months. Some leases include an option to renew the lease when all terms are renegotiated, while some include an option to purchase the leased equipment at the end of the lease term at a price deemed to be a bargain purchase option. None of the leases includes variable lease payments.

14. INVESTMENT PROPERTIES

	RM'000
At 1 July 2018	–
Additions	3,881
Fair value adjustment	(581)
At 30 June 2019	3,300
Fair value adjustment	(590)
At 30 June 2020	2,710

14. INVESTMENT PROPERTIES (CONTINUED)

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

	Fair value at 30 June 2020	Fair value measurements as at 30 June 2020 Fair value measurements categorised into		
		Level 1	Level 2	Level 3
	RM'000	RM'000	RM'000	RM'000
Recurring fair value measurement				
Investment properties:				
— Commercial — Malaysia	**2,710**	**–**	**2,710**	**–**

	Fair value at 30 June 2019	Fair value measurements as at 30 June 2019 Fair value measurements categorised into		
		Level 1	Level 2	Level 3
	RM'000	RM'000	RM'000	RM'000
Recurring fair value measurement				
Investment properties:				
— Commercial — Malaysia	3,300	–	3,300	–

14. INVESTMENT PROPERTIES (CONTINUED)

Fair value measurement of properties (Continued)

(i) Fair value hierarchy (Continued)

During the year ended 30 June 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2019: Nil). 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 2020. The valuations were carried out by an independent firm, KGV International Property Consultant (Johor) Sdn. Bhd., who have among their staff 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.

As at 30 June 2019, investment properties have been pledged to a bank as security for bank facilities granted to the Group.

15. INTEREST IN A JOINT VENTURE

	2020 **RM'000**	2019 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	**(152)**	(115)
	298	335

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%	60%	Building construction

15. INTEREST IN A JOINT VENTURE (CONTINUED)

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:

	2020 **RM'000**	2019 RM'000
Carrying amount of the Group's interest in this joint venture	**298**	335
The Group's share of loss for the year	**(37)**	(66)
The Group's share of other comprehensive income	**–**	–
The Group's share of total comprehensive income	**(37)**	(66)

16. TRADE AND OTHER RECEIVABLES

	Note	**2020** **RM'000**	2019 RM'000
Trade receivables		**78,305**	92,771
Less: allowance for doubtful debts (Note 26(a))		**(4,388)**	(1,323)
	(i)	**73,917**	91,448
Deposits, prepayments and other receivables	(ii)	**10,787**	13,992
		84,704	105,440

Notes:

(i) All of the trade receivables are expected to be recovered within one year.

(ii) The amount of deposits, prepayments and other receivables are expected to be recovered or recognised as expenses 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:

	2020 RM'000	2019 RM'000
Within 30 days	8,575	23,447
31 to 60 days	510	22,239
61 to 90 days	3,170	4,378
Over 90 days	61,662	41,384
	73,917	91,448

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. DEPOSITS

(a) Deposits paid for acquisition of investment properties

The amount represents the consideration paid for the acquisition of investment properties in Malaysia. As the titles in respect of those investment properties have not been obtained as of 30 June 2020, the payments made were accounted for as deposits paid. For details, please refer to Note 34(a).

(b) Deposit placed for a life insurance policy

	2020 RM'000	2019 RM'000
At 1 July	–	–
Additions	401	–
Loss on deposit placed for a life insurance policy	(114)	–
At 30 June	287	–

During the year ended 30 June 2020, a life insurance policy (the "**Policy**") was taken to insure an executive director of the Company (the "**Insured Person**"). Under the Policy, the beneficiary is a bank (the "**Bank**") and the total insured sum is approximately RM1,610,000. At the inception of the Policy, the Group paid an upfront payment of approximately RM401,000. For any insured events happened to the Insured Person, the insured sum will first be used to settle the outstanding bank loan of the Group from the Bank and thereafter any excess amount will be payable to the Group. The Policy can be withdrawn at any time with surrender charges if such withdrawal occurs before the 10th anniversary from the date of inception and a cash refund will be based on the cash surrender value of the Policy at the date of withdrawal.

17. DEPOSITS (CONTINUED)

(b) Deposit placed for a life insurance policy (Continued)

As at 30 June 2020, the directors of the Company expect that the Policy will be terminated at the 10th anniversary from the date of inception and there will be no specific surrender charges in accordance with the terms of the Policy. The directors of the Company consider that the expected life of the Policy will remain unchanged from initial recognition.

In the event of death of the Insured Person, the deposit will be derecognised and any resulting gains or losses will be recognised in profit or loss.

18. 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 12 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.

The Group's contract assets are analysed as follows:

	2020 RM'000	2019 RM'000
Contract assets		
Arising from performance under construction contracts	**19,414**	46,753
Retention receivables	**22,623**	55,529
	42,037	102,282
Receivables from contracts with customers within the scope of HKFRS 15, which are included in "Trade and other receivables" (Note 16)	**73,917**	91,448

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 12 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.

As at 30 June 2020, the amount of approximately RM10,050,000 (2019: RM8,401,000) included in contract assets are expected to be recovered after more than one year, all of which related to retention.

18. CONSTRUCTION CONTRACTS (CONTINUED)

(a) Contract assets (Continued)

The changes in contract assets are due to (i) adjustments arising from changes in the measure of progress of contracting work; or (ii) reclassification to trade receivables when the Group has unconditional right to the consideration.

(b) Contract liabilities

	2020 RM'000	2019 RM'000
Contract liabilities		
Construction contracts		
— Billings in advance of performance	1,282	89

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

	2020 RM'000	2019 RM'000
Balance as at 1 July	89	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	(89)	(7,788)
Increase in contract liabilities as a result of billing in advance of construction activities	1,282	89
Balance as at 30 June	1,282	89

19. FIXED DEPOSITS WITH MATURITY OVER THREE MONTHS AND PLEDGED BANK DEPOSITS

(a) Fixed deposits with maturity over three months

As at 30 June 2020, the weighted average effective interest rate of the Group's fixed deposits with maturity over three months was 4.05% (2019: Nil).

(b) Pledged bank deposits

i Pledged bank deposits have been pledged to banks as security for banking facilities granted to the Group.

ii The effective interest rates of the pledged bank deposits are as follow:

	2020	2019
Pledged bank deposits	**1.79%**	1.85%

20. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2020 **RM'000**	2019 RM'000
Deposits with banks	**40,229**	48,978
Cash and bank balances	**35,739**	65,660
Cash and cash equivalents in the consolidated statement of cash flows	**75,968**	114,638

20. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities

	Lease liabilities RM'000	Bank loan RM'000	Dividend payable RM'000	Total RM'000
At 30 June 2019	**2,346**	**501**	**—**	**2,847**
Impact on initial application of HKFRS 16 (Note)	140	—	—	140
At 1 July 2019	**2,486**	**501**	**—**	**2,987**
Non-cash — interest cost	100	47	—	147
Non-cash — dividend declared	—	—	5,335	5,335
Cash flow — financing activities	(1,293)	(548)	(5,335)	(7,176)
At 30 June 2020	**1,293**	**—**	**—**	**1,293**

Note: The Group has initially applied HKFRS 16 using the modified retrospective method and adjusted the opening balances at 1 July 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. See Note 3.

	Amounts due to directors RM'000	Amount due to former immediate holding company RM'000	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	—	—	163	36	—	199
Cash flow — financing activities	(1,540)	5,273	(1,609)	(239)	(7,200)	(5,315)
Currency translation difference	3	62	—	—	—	65
At 30 June 2019	—	—	2,346	501	—	2,847

21. TRADE AND OTHER PAYABLES

	2020 **RM'000**	2019 RM'000
Trade payables	**91,994**	178,544
Other payables and accruals	**1,196**	3,111
Retention payables	**18,645**	17,973
	111,835	199,628

Note: Except for the amounts of approximately RM10,116,000 (2019: RM7,994,000) included in the retention payables as at 30 June 2020 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.

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:

	2020 **RM'000**	2019 RM'000
Within 30 days	**17,925**	59,892
31 to 90 days	**1,142**	11,766
Over 90 days	**72,927**	106,886
	91,994	178,544

22. BANK LOAN

	2020 RM'000	2019 RM'000
Bank loan, secured	–	501

The bank loan was repayable as follows:

	2020 RM'000	2019 RM'000
Within 1 year or on demand	–	501

The Group's banking facilities were secured and guaranteed by:

(i) investment properties (Note 14) as at 30 June 2019;

(ii) unlimited joint and several personal guarantees and personal guarantees to the extent of RM41,000,000 were given by directors of the Group (Note 29(b)(i)) as at 30 June 2019; and

(iii) deposits with licensed banks of the Group with carrying amounts of approximately RM9,178,000 (2019: RM5,593,000) as at 30 June 2020.

The bank loan during the year bear interest as follow:

	2020	2019
Bank loan	5.78%	5.78%

As at 30 June 2020, the Group had aggregate banking facilities of approximately RM47,000,000 (2019: RM49,380,000) for loans and borrowings. Unused facilities as at the same date amounted to approximately RM47,000,000 (2019: RM47,500,000).

23. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods and at the date of transition to HKFRS 16:

	30 June 2020		1 July 2019 (Note)		30 June 2019 (Note)	
	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	Present value of the minimum lease payments RM'000	Total minimum lease payments RM'000
Within 1 year	**548**	**584**	1,215	1,315	1,191	1,279
After 1 year but within 2 years	**316**	**358**	642	691	616	655
After 2 years but within 5 years	**402**	**427**	592	644	502	539
After 5 years	**27**	**28**	37	40	37	40
	745	**813**	1,271	1,375	1,155	1,234
	1,293	**1,397**	2,486	2,690	2,346	2,513
Less: total future interest expenses		**(104)**		(204)		(167)
Present value of lease liabilities		**1,293**		2,486		2,346

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 July 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. These liabilities have been aggregated with the brought forward balances relating to leases previously classified as finance leases. Comparative information as at 30 June 2019 has not been restated and relates solely to leases previously classified as finance leases. Further details on the impact of the transition to HKFRS 16 are set out in Note 3.

24. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2020 RM'000	2019 RM'000
Tax recoverable	2,037	2,528
Provision for taxation	–	(2,174)
	2,037	354

(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	Total RM'000
At 1 July 2018	1,341	(162)	(1,095)	84
Charge/(credit) to profit or loss (Note 11(a))	(693)	162	755	224
At 30 June 2019	648	–	(340)	308
(Credit) to profit or loss (Note 11(a))	(627)	(237)	(720)	(1,584)
At 30 June 2020	21	(237)	(1,060)	(1,276)

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:

	2020 RM'000	2019 RM'000
Deferred tax assets	1,276	318
Deferred tax liabilities	–	(626)
	1,276	(308)

(c) Deferred tax assets and liabilities not recognised:

Deferred tax assets have not been recognised in respect of the following items:

	2020 RM'000	2019 RM'000
Tax losses	149	–
Deductible temporary differences	198	–
	347	–

The above tax losses are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

There were no other material unrecognised deferred tax assets and liabilities as at 30 June 2020 and 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			
1 July 2018		38,000,000	190
Increase in authorised share capital	(i)	1,962,000,000	10,345
At 30 June 2019 and 30 June 2020		2,000,000,000	10,535
Issued and fully paid ordinary shares of HK$0.01 each:			
At 1 July 2018		10,000	–*
Issue of shares upon Reorganisation	(ii)	34,295,000	184
Loan capitalisation	(iii)	3,195,000	17
Capitalisation issue	(iv)	337,500,000	1,803
Issue of shares upon global offering	(v)	125,000,000	668
At 30 June 2019 and 30 June 2020		500,000,000	2,672

* The balance represents an amount less than RM1,000

(i) Pursuant to the written resolution of the sole shareholder of the Company passed 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.

(ii) 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**").

(iii) 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.

25. CAPITAL AND RESERVES (CONTINUED)

(b) Share capital (Continued)

(iv) 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.

(v) 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.

(vi) The share capital balances in the consolidated statement of financial position as at 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).

(f) Distributability of reserve

As at 30 June 2020, the aggregate amount of reserves available for distribution to owners of the Company was RM109,031,000 (2019: RM106,353,000).

25. CAPITAL AND RESERVES (CONTINUED)

(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 years ended 30 June 2020 and 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 leases liabilities, less pledged bank deposits, fixed deposits with maturity over three months and cash and cash equivalents. The gearing ratio as at 30 June 2020 and 2019 are as follows:

	2020 **RM'000**	2019 RM'000
Leases liabilities	**1,293**	2,346
Bank loan	**–**	501
Total debt	**1,293**	2,847
Less: Pledged bank deposits	**(9,178)**	(5,593)
Fixed deposits with maturity over three months	**(5,000)**	–
Cash and cash equivalents	**(75,968)**	(114,638)
Net debt	**N/A**	N/A
Total equity	**135,958**	138,138
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:

	2020 RM'000	2019 RM'000
Financial assets		
Financial assets at amortised cost	167,014	216,084

	2020 RM'000	2019 RM'000
Financial liabilities		
Financial liabilities at amortised cost	113,122	202,442

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, fixed deposits with maturity over three months, 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 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 2020, approximately 55% (2019: 43%) of the total gross trade receivables and contract assets was due from the Group's largest customer and approximately 96% (2019: 98%) of the total gross trade 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 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.

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:

		2020	
	Expected loss rate %	**Gross carrying amount RM'000**	**Loss allowance RM'000**
Current (not past due)	**0.06**	**50,642**	**30**
Less than 3 months past due	**0.12**	**9,967**	**12**
3 to 6 months past due	**0.30**	**17,460**	**52**
Over 6 months to 1 year past due	**8.07**	**41,313**	**3,334**
Over 1 year past due	**100**	**985**	**985**
		120,367	**4,413**

		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
Over 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)

Trade receivables and contract assets (Continued)

Movements in the loss allowance account in respect of trade receivables and contract assets are as follows:

	2020 RM'000	2019 RM'000
At the beginning of year	**1,415**	4,791
Impairment loss/(reversal) recognised	**2,998**	(3,376)
At the end of the year	**4,413**	1,415

The following significant changes in the gross carrying amounts of trade receivables and contract assets contributed to the increase in the loss allowance:

— increase in balances past due over 6 months to 1 year resulted in an increase in loss allowance of approximately RM3,261,000.

Other receivables and deposits

For other receivables and deposits, the directors of the Company make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable. The directors of the Company believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12 months ECL. For the years ended 30 June 2020 and 2019, the Group assessed the ECL for other receivables and deposits were insignificant and thus no loss allowance was recognised.

Cash and cash equivalents, fixed deposits with maturity over three months and pledged bank deposits

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.

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(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 leases liabilities is prepared on the scheduled repayment dates.

As at 30 June 2020

	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	**111,829**	**–**	**–**	**–**	**111,829**	**111,829**
Leases liabilities	**584**	**358**	**427**	**28**	**1,397**	**1,293**
	112,413	**358**	**427**	**28**	**113,226**	**113,122**

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
Leases liabilities	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	–

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the Group's fixed-rate short-term fixed deposits with maturity over three months, pledged bank deposits and leases liabilities. The management of the Group considers that the Group's exposure from these fixed-rate short-term fixed deposits with maturity over three months, pledged bank deposits and leases liabilities 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 any 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 presented.

(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 has foreign currency denominated cash and cash equivalents which expose the Group to foreign currency risk.

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	
	2020	2019
	Hong Kong dollars	Hong Kong dollars
	RM'000	RM'000
Financial assets		
Cash and cash equivalents	**2**	22,275

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.

	2020		2019	
	Increased/ (decrease) in foreign exchange rate	**Effect on profit after taxation and equity RM'000**	Increased/ (decrease) in foreign exchange rate	Effect on profit after taxation and equity RM'000
Hong Kong dollars	**5%**	**–**	5%	1,114
	5%	**–**	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 operations outside Malaysia 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 2020 and 2019.

27. COMMITMENTS

Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2020 RM'000	2019 RM'000
Equipment	269	–

Operating lease commitments

As at 30 June 2019, 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
No later than 1 year	159
After 1 year but within 5 years	33
	192

The Group is the lessee in respect of office premises and equipment held under leases which were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 July 2019 to recognise lease liabilities relating to these leases (see Note 3). From 1 July 2019 onwards, future lease payments are recognised as lease liabilities in the consolidated statement of financial position in accordance with the policies set out in Note 2(h), and the details regarding the Group's future lease payments are disclosed in Note 23.

28. SUBSIDIARIES

The following is a list of subsidiaries at 30 June 2020:

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	British Virgin Islands	Ordinary	US$1	100%	100%	–	Investment holding
Classic Solution Holdings Limited	British Virgin Islands	Ordinary	US$1	100%	100%	–	Investment holding
Harbour Elite International Limited	British Virgin Islands	Ordinary	US$1	100%	100%	–	Investment holding
JBB Resources (HK) Limited	Hong Kong	Ordinary	HK$10,000	100%	–	100%	Construction and trading of sand
JBB Resources (Singapore) Private Limited	Singapore	Ordinary	Singapore dollars1	100%	–	100%	Construction and trading of sand
JBB Builders (M) Sdn. Bhd.	Malaysia	Ordinary	RM5,000,000	100%	–	100%	Marine construction building and infrastructure services
JBB Marine (M) Sdn. Bhd.	Malaysia	Ordinary	RM1,000,000	52%	–	52%	Marine transportation and fleet management
Gabungan Jasapadu Sdn. Bhd. ("**Gabungan**")*	Malaysia	Ordinary	RM1,000,000	50%	–	50%	Land based machinery works and rental
Pavilion Ingenious Sdn. Bhd.	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	
	2020	2019
	RM'000	RM'000
NCI percentage	**48%**	48%
Current assets	**14,884**	27,635
Non-current assets	**2**	34
Current liabilities	**(136)**	(12,637)
Non-current liabilities	**–**	(3)
Net assets	**14,750**	15,029
Carrying amount of NCI	**7,080**	7,214
Revenue	**–**	17,969
(Loss)/profit for the year and total comprehensive (loss)/income	**(279)**	1,106
(Loss)/profit allocated to NCI	**(134)**	531
Cash flows from operating activities	**1,839**	7,547
Cash flows from/(used in) investing activities	**104**	(1)
Cash flows (used in) financing activities	**–**	(15,000)

Gabungan

	For the year ended 30 June	
	2020	2019
	RM'000	RM'000
NCI percentage	**50%**	50%
Current assets	**4,140**	7,784
Non-current assets	**3,254**	7,230
Current liabilities	**(755)**	(3,942)
Non-current liabilities	**(72)**	(1,097)
Net assets	**6,567**	9,975
Carrying amount of NCI	**3,284**	4,988
Revenue	**6,167**	12,356
(Loss) for the year and total comprehensive (loss)	**(3,407)**	(2,207)
(Loss) allocated to NCI	**(1,704)**	(1,103)
Cash flows from/(used in) operating activities	**208**	(25)
Cash flows from/(used in) investing activities	**603**	(11)
Cash flows (used in) financing activities	**(944)**	(1,129)

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
Mr. Lam Fung Eng	Director of the Company
Mr. Ng Chong Boon	Director of the Company
JBB Kimlun	A joint venture
Primary Bay 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:

	2020 **RM'000**	2019 RM'000
Short-term employee benefits	**2,612**	1,308
Post-employment benefits	**224**	97
	2,836	1,405

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	
	2020	2019
	RM'000	RM'000
Marine construction:		
Reclamation and related works — Tropical City (M) Sdn. Bhd.	–	533
Management fee expenses JBB Kimlun	69	81

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).

Notes:

(i) As at 30 June 2019, the directors of the Group have provided unlimited joint and several personal guarantees and personal guarantees to the extent of RM41,000,000 to banks for the banking facilities granted to the Group (Note 22).

(ii) At 30 June 2019, 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 released in July 2019.

30. FINANCIAL GUARANTEE

At the end of reporting period, the Group had the following financial guarantee:

	Note	Year ended 30 June	
		2020	2019
		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

30. FINANCIAL GUARANTEE (CONTINUED)

	Note	Year ended 30 June 2020 RM'000	2019 RM'000
Utilised to the extent of the following amounts by:			
— A related company Primary Bay Sdn. Bhd.	(a)	–	3,945
		–	3,945

Note:

(a) Such guarantee was 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

Performance bonds

	Year ended 30 June 2020 RM'000	2019 RM'000
Performance bonds for contracts in favour of customers	4,335	991

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

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 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[6]
Amendments to HKFRS 16	COVID-19-Related Rent Concessions[5]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[7]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended use[6]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[6]

1 Effective for annual periods beginning on or after 1 January 2021
2 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
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after 1 June 2020
6 Effective for annual periods beginning on or after 1 January 2022
7 Effective for annual periods beginning on or after 1 January 2023

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

32. NEW AND REVISED HKFRSs NOT YET EFFECTIVE (CONTINUED)

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for the Group's annual periods beginning on or after 1 July 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

33. COMPANY–LEVEL STATEMENT OF FINANCIAL POSITION

	2020 RM'000	2019 RM'000 (Note)
Non-current assets		
Property, plant and equipment	2	–
Investment in a subsidiary	46,214	44,236
Amount due from a subsidiary	23,870	18,089
	70,086	62,325
Current assets		
Other receivables, prepayment and deposits	162	128
Amounts due from subsidiaries	915	10
Cash and cash equivalents	41,151	51,282
	42,228	51,420
Current liabilities		
Accruals and other payables	611	2,303
Amounts due to subsidiaries	–	2,417
	611	4,720
Net current assets	41,617	46,700
Net assets	111,703	109,025
Capital and reserves		
Share capital	2,672	2,672
Reserves	109,031	106,353
	111,703	109,025

Approved and authorised for issue by the board of directors on 22 September 2020

Ng Say Piyu
Chairman and Executive Director

Lam Fung Eng
Executive Director

Note:

The Company has initially applied HKFRS 16 at 1 July 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and there is no net effect on the opening balance of the Company's equity as at 1 July 2019.

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
At 1 July 2018	–	–	–	(7,230)	(7,230)
Loss for the year	–	–	–	(6,855)	(6,855)
Other comprehensive loss for the year					
Currency translation difference	–	(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**
Profit for the year	**–**	**–**	**–**	**3,198**	**3,198**
Other comprehensive income for the year					
Currency translation difference	**–**	**4,815**	**–**	**–**	**4,815**
Total comprehensive income for the year	**–**	**4,815**	**–**	**3,198**	**8,013**
Dividends (Note 10)	**(5,335)**	**–**	**–**	**–**	**(5,335)**
At 30 June 2020	**71,999**	**3,317**	**44,602**	**(10,887)**	**109,031**

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.

The Company has initially applied HKFRS 16 at 1 July 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and there is no net effect on the opening balance of the Company's equity as at 1 July 2019.

34. MAJOR NON-CASH TRANSACTIONS

(a) On 19 February 2020, JBB Builders, an indirect wholly-owned subsidiary of the Company, a customer (the "**Customer**") and a shareholder of the Customer (the "**Shareholder of the Customer**") entered into a deed of settlement (the "**Deed of Settlement**"), pursuant to which JBB Builders agreed that trade receivables due from the Customer of approximately RM22.1 million are deemed to be recovered from the Customer by the assignment of the properties owned by Shareholder of the Customer. As at 30 June 2020, the titles to these properties have not been obtained by the Group. Accordingly, deposits paid for acquisition of investment properties of approximately RM22.1 million were recognised.

(b) During the year 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.

(c) 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.

(d) As detailed in Note 25(b)(iii), 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).

(e) 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 2020 and 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 subsidiaries 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% (2019: 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 RM763,000 during the year ended 30 June 2020 (2019: RM773,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans (Note 7(b)).

37. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

(i) Since the outbreak of Coronavirus Disease 2019 ("**COVID-19 Outbreak**") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the world and have affected the business and economic activities to some extent.

With the uncertainty on the duration of the COVID-19 Outbreak, the directors of the Company will continue to pay close attention to its development and evaluate the impact on the Group's future financial position and operating results.

(ii) Subsequent to the year ended 30 June 2020, the Group entered into deeds of settlement with 4 subcontractors (collectively called the "**Subcontractors**"), pursuant to which trade payables due to the Subcontractors by the Group with total amount of approximately RM6.8 million are deemed to be settled by the assignment of 10 properties which were acquired by the Group under the Deed of Settlement dated 19 February 2020 (Note 34(a)). The carrying amount of the deposits paid for the abovementioned properties, which was included in "Deposits paid for acquisition of investment properties", amounted to approximately RM5.7 million as at 30 June 2020.

(iii) Pursuant to a reorganisation agreement dated 10 September 2020, JBB Holdings (Malaysia) Sdn. Bhd., a newly incorporated indirectly wholly owned subsidiary of the Company, shall issue 1 share to JBB Delima Investment Limited, a wholly owned subsidiary of the Company, as consideration for the transfer of the entire share capital of JBB Builders. Upon completion, JBB Builders remains an indirectly wholly owned subsidiary of the Company.

Financial Summary

RESULTS

	For the year ended 30 June				
	2020	2019	2018	2017	2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	**125,531**	329,929	537,816	514,071	281,696
Gross profit	**19,835**	38,387	70,995	52,113	35,183
Profit before taxation	**2,520**	26,767	44,337	36,387	26,762
Income tax expenses	**(2,200)**	(7,707)	(12,569)	(9,573)	(7,257)
Profit for the year	**320**	19,060	31,768	26,814	19,505
Profit/(loss) for the year attributable to:					
— Owners of the Company	**2,158**	19,632	23,077	21,235	16,448
— Non-controlling interests	**(1,838)**	(572)	8,691	5,579	3,057
	320	19,060	31,768	26,814	19,505

ASSETS AND LIABILITIES

	As at 30 June				
	2020	2019	2018	2017	2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Total assets	**250,368**	343,502	399,658	407,984	204,430
Total liabilities	**(114,410)**	(205,364)	(356,472)	(339,066)	(162,326)
Net assets	**135,958**	138,138	43,186	68,918	42,104
Equity attributable to equity owners of the Company	**125,594**	125,936	30,139	57,362	36,127
Non-controlling interests	**10,364**	12,202	13,047	11,556	5,977
Total equity	**135,958**	138,138	43,186	68,918	42,104