

Welcome to our 2020 Annual Report

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Enclosed **Proxy Form**



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Swiss-Belhotel
Kuantan, Malaysia



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE TWENTY-NINTH ANNUAL GENERAL MEETING OF BINA PURI HOLDINGS BHD. (COMPANY NO. 199001015515 (207184-X)) (“BINA PURI” OR “THE COMPANY”) WILL BE HELD AT GROUND FLOOR, WISMA BINA PURI, 88 JALAN BUKIT IDAMAN 8/1, BUKIT IDAMAN, SELAYANG, 68100 BATU CAVES, SELANGOR ON MONDAY, 7 DECEMBER 2020 AT 11.00 A.M. TO TRANSACT THE FOLLOWING BUSINESSES:

ORDINARY BUSINESS

- | | | |
|-------|---|---|
| 1. | To receive the Audited Financial Statements for the year ended 30 June 2020 together with the Reports of Directors’ and Auditors’ thereon. | (Refer to Explanatory Note i) |
| <hr/> | | |
| 2. | To re-elect the following directors who retire pursuant to Clause 87 of the Company’s Constitution: | |
| | a) Tan Sri Datuk Tee Hock Seng, JP | Ordinary Resolution 1 |
| | b) Dr. Tan Cheng Kiat | Ordinary Resolution 2 |
| <hr/> | | |
| 3. | To approve the payment of Directors’ fees of up to an amount of RM300,000 for the period from 8 December 2020 until the next Annual General Meeting. | Ordinary Resolution 3 |
| <hr/> | | |
| 4. | To consider, and if thought fit, to pass the following resolution:

“THAT Messrs UHY be appointed as Auditors of the Company in place of the retiring Auditors, Messrs. RSL PLT and to hold office until the conclusion of the next Annual General Meeting at a fee to be determined by the Directors at a later date.” | Ordinary Resolution 4
(Refer to Explanatory Note iv) |

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions:

- | | | |
|----|--|------------------------------|
| 5. | PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS

“THAT, subject to the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”), the Company and/or its subsidiary companies be and are hereby authorised to enter into recurrent related party transactions of a revenue or trading nature set out in paragraph 2.4 of the Circular to Shareholders of the Company dated 30 October 2020 which are necessary for their day-to-day operations with: | |
| | (a) Sea Travel and Tours Sdn. Bhd. | Ordinary Resolution 5 |
| | (b) Kumpulan Melaka Bhd. | Ordinary Resolution 6 |
| | (c) Ideal Heights Properties Sdn. Bhd. | Ordinary Resolution 7 |
| | (d) Dimara Holdings Sdn. Bhd. | Ordinary Resolution 8 |

Notice of Annual General Meeting

(cont'd)

Subject further to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public;
- (b) appropriate disclosure is made in the annual report in accordance with Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of the Bursa Securities, which requires an actual breakdown of the aggregate value of the recurrent related party transactions entered into during the financial year, including amongst others, the type of recurrent related party transactions and the names of the related parties involved in each type of the recurrent related party transactions entered into and their respective relationships with the Company and that such approval shall, subject to annual renewal, continue to be in force until:
 - i. the conclusion of the next annual general meeting of the Company (unless by a resolution or resolutions passed at the said annual general meeting, the authority is renewed);
 - ii. the expiry of the period within which the next annual general meeting of the Company following the forthcoming annual general meeting at which this mandate is approved, is required to be held pursuant to Section 340(2) of the Companies Act 2016, without regard to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016; or
 - iii. revoked or varied by a resolution or resolutions passed by the shareholders of the Company in general meeting, whichever is the earliest; and
- (c) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by these ordinary resolutions.”

6. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 75 AND SECTION 76 OF THE COMPANIES ACT 2016** **Ordinary Resolution 9**

“THAT pursuant to Section 75 and Section 76 of the Companies Act, 2016, the Directors be and are hereby authorised to issue and allot shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum of the total number of issued share capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such allotment and issue.”

Notice of Annual General Meeting

(cont'd)

7. PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES (“PROPOSED RENEWAL OF SHARE BUY-BACK”) **Ordinary Resolution 10**

“THAT subject to the Companies Act, 2016, the provisions of the Company’s Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and all other prevailing laws, rules, regulations and orders issued and/or amended from time to time by the relevant authorities, the Company be and is hereby authorised to allocate an amount not exceeding the retained profits of the Company for the purpose of and to purchase such amount of ordinary shares (“Proposed Share Buy-back”) in the Company as may be determined by the Directors of the Company from time to time on the market of the Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company AND THAT upon completion of the purchase by the Company of its own shares, the Directors are authorised to decide at their discretion to cancel all or part the shares so purchased and/or to retain all or part the shares so purchased as treasury shares of which may be distributed as dividends to shareholders and/or to resell on the market of Bursa Securities and/or to retain part thereof as treasury shares and cancel the remainder; AND THAT the Directors be and are hereby authorised and empowered to do all acts and things to give full effect to the Proposed Share Buy-back AND FURTHER THAT such authority shall commence immediately upon passing of this resolution until:

- i. the conclusion of the next Annual General Meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed either unconditionally or subject to conditions; or
- ii. the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
- iii. revoke or varied by ordinary resolution of the shareholders of the Company at a general meeting whichever is the earliest.”

8. To transact any other business for which due notice shall have been given.

By Order of the Board

TAN KOK AUN (SSM PC No. 201908003805) (MACS 01564)

NIP CHEE SIEN (SSM PC No. 202008003954) (MAICSA 7066996)

Company Secretaries

Kuala Lumpur,
30 October 2020

Notice of Annual General Meeting

(cont'd)

NOTES:

1. A Member holding one thousand (1,000) ordinary shares or less may appoint only one (1) proxy to attend and vote instead of him at a general meeting who shall represent all the shares held by such Member, and where a Member holding more than one thousand (1,000) ordinary shares may appoint more than one (1) proxy but not more than two (2) proxies to attend and vote instead of him at the same meeting who shall represent all the shares held by such Member.
2. Where the Member of the Company appoints more than one (1) proxy but not more than two (2) proxies, the Member shall specify the proportion of his shareholdings to be represented by each proxy.
3. A proxy need not be a member of the Company.
4. Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. The instrument appointing a proxy shall be in writing under the hand of appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy must be completed and deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting (or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll). Individual shareholders can also have the option to submit the proxy appointment electronically via TIH online at website <https://tjih.online> before the proxy form submission cut-off time as mentioned in the above. For further information on the electronic submission of proxy form, kindly refer to the Administrative Guide.
7. Only members whose names appear in the Record of Depositors as at 26 November 2020 shall be eligible to attend the Twenty-Ninth Annual General Meeting or appointed proxy(ies) to attend and vote on his behalf.
8. All the resolutions set out in this Notice of Twenty-Ninth Annual General Meeting shall be put to vote by poll.

EXPLANATORY NOTES ON ORDINARY BUSINESS

- i. Agenda on Item 1 is meant for discussion only as the provision of Section 340 (1) (a) of the Companies Act 2016 does not require a formal approval of shareholders, and hence the matter will not be put forward for voting.
- ii. Ordinary Resolution 1 and 2 – Re-election of Directors
Tan Sri Datuk Tee Hock Seng, JP and Dr. Tan Cheng Kiat are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at this Annual General Meeting.
- iii. Ordinary Resolution 3 - Directors' fees for the period from 8 December 2020 until next Annual General Meeting
Section 230(1) of the Companies Act 2016 provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company shall be approved at a general meeting. This resolution is to facilitate payment of Directors' fees for the current financial year basis. In the event the proposed amount is insufficient, e.g. due to enlarged Board size, approval will be sought at the next Annual General Meeting for the shortfall.
- iv. Ordinary Resolution 4 - To appoint Messrs. UHY as auditor and to authorise the Directors to fix their remuneration
The retiring Auditors Messrs. RSL PLT has indicated that they do not seek for re-election at the Twenty-Ninth Annual General Meeting. In this regard, Datuk Matthew Tee Kai Woon, a shareholder of the Company has nominated Messrs. UHY as Auditors of the Company pursuant to Section 271(4) of the Companies Act 2016. Messrs. UHY has given their consent to act as Auditors of the Company.
[A copy of Notice of Nomination from Datuk Matthew Tee Kai Woon marked as "Appendix A" (page 210) attached in the Company's Annual Report 2020].
[A copy of Consent Letter from Messrs. UHY marked as "Appendix B" (page 211) attached in the Company's Annual Report 2020].

EXPLANATORY NOTES ON SPECIAL BUSINESS

- v. Ordinary Resolutions 5 to 8 – Proposed renewal of shareholders' mandate for recurrent related party transactions
The ordinary resolutions 5, 6, 7 and 8 if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, particulars of which are set out in paragraph 2.4 of the Circular to Shareholders on recurrent related party transactions dated 30 October 2020, which is available for download at <http://www.binapuri.com.my>
- vi. Ordinary Resolution 9 - Authority to Allot Shares Pursuant to Section 75 and Section 76 of the Companies Act 2016
The proposed Resolution 9 in item 6 is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting. The authorisation will, unless revoked or varied by the Company at a general meeting, expire at the next annual general meeting. This is a renewal of a general mandate in order to avoid any delay and cost involved in convening a general meeting, it is thus appropriate to seek members' approval.
The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares funding current and/or future projects, working capital and/or acquisitions.

Notice of Annual General Meeting

(cont'd)

vii. Ordinary Resolution 10 - Proposed Renewal of Share Buy Back Authority

The proposed Resolution 10 in item 7 is to empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company by utilising the funds allocated which shall not exceed the retained profits of the Company. Please refer to the Share Buy Back Statement dated 30 October 2020, which is available for download at <http://www.binapuri.com.my>

IMPORTANT NOTICE:

The Company will monitor the COVID-19 situation and may adopt further procedures and measures at the Twenty-Ninth Annual General Meeting day to ensure the applicable directives, safety and precautionary requirements as prescribed by the Government, the Ministry of Health, the Malaysian National Security Council, and other relevant authorities to curb the spread of COVID-19 are abided by.

The Company will closely monitor the situation and reserves the right to take further measures or short-notice arrangements as and when appropriate in order to minimize any risk to the Twenty-Ninth Annual General Meeting. Any update on the Twenty-Ninth Annual General Meeting will be announced on the Bursa Malaysia Securities Berhad ("Bursa") and the shareholders are advised to check the Company's announcement(s) made via Bursa regularly.

Statement Accompanying Notice of Annual General Meeting

(pursuant to paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities)

1. Directors who are standing for re-election

The Directors who are standing for re-election pursuant to Clause 87 of the Company's Constitution at the Twenty-Ninth Annual General Meeting of the Company are as follows:

- a) Tan Sri Datuk Tee Hock Seng, JP
- b) Dr. Tan Cheng Kiat

2. Profiles of Directors who are standing for re-election

The profiles of Directors standing for re-election are set out on pages 12 and 13 of Annual Report 2020.

3. Details of Attendance of Directors at Board Meetings

The details of attendance of directors at board meetings are stated on page 47 of Annual Report 2020.

4. Details of the Twenty-Ninth Annual General Meeting



Monday, 7 December 2020



11.00 a.m.

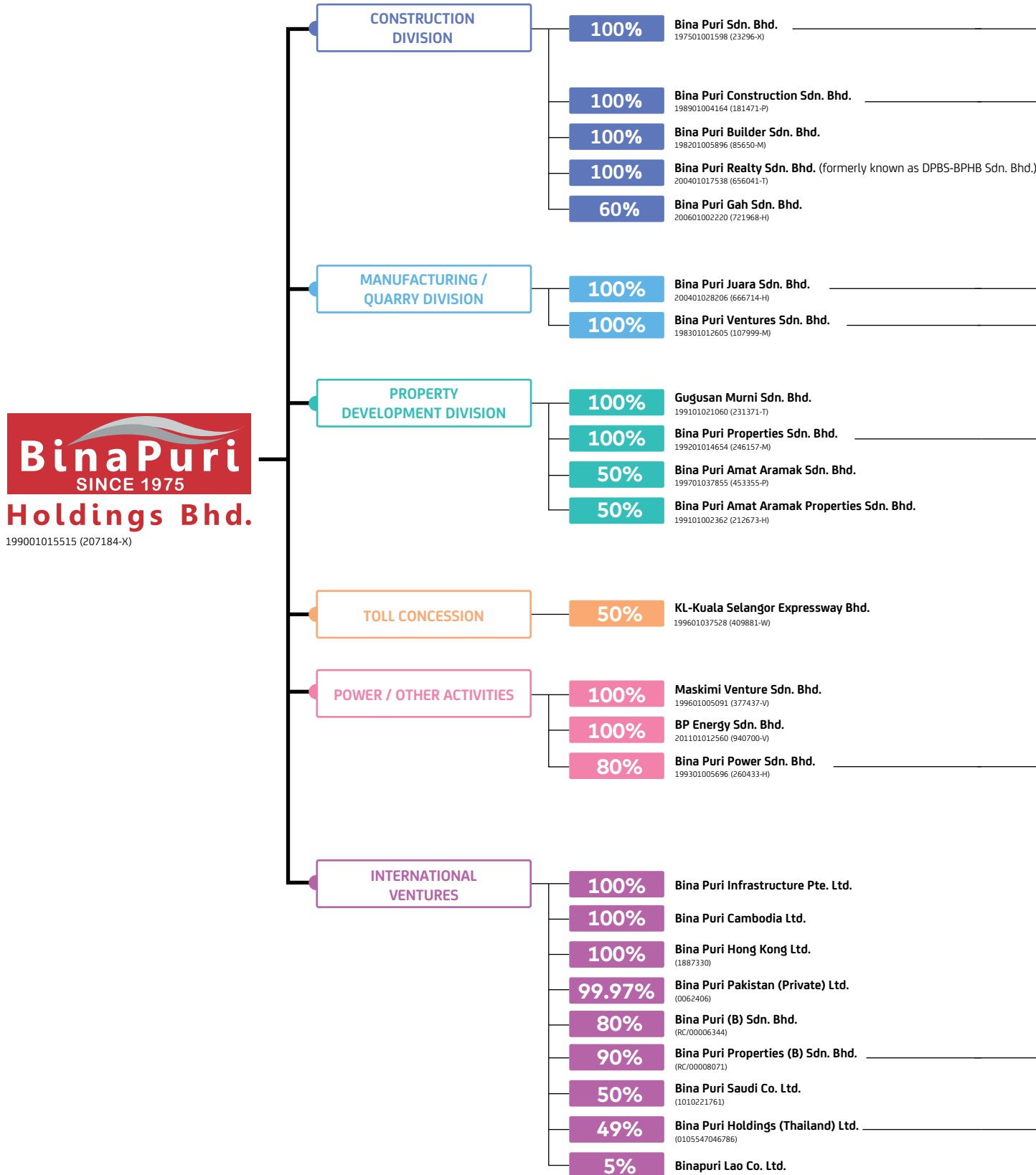


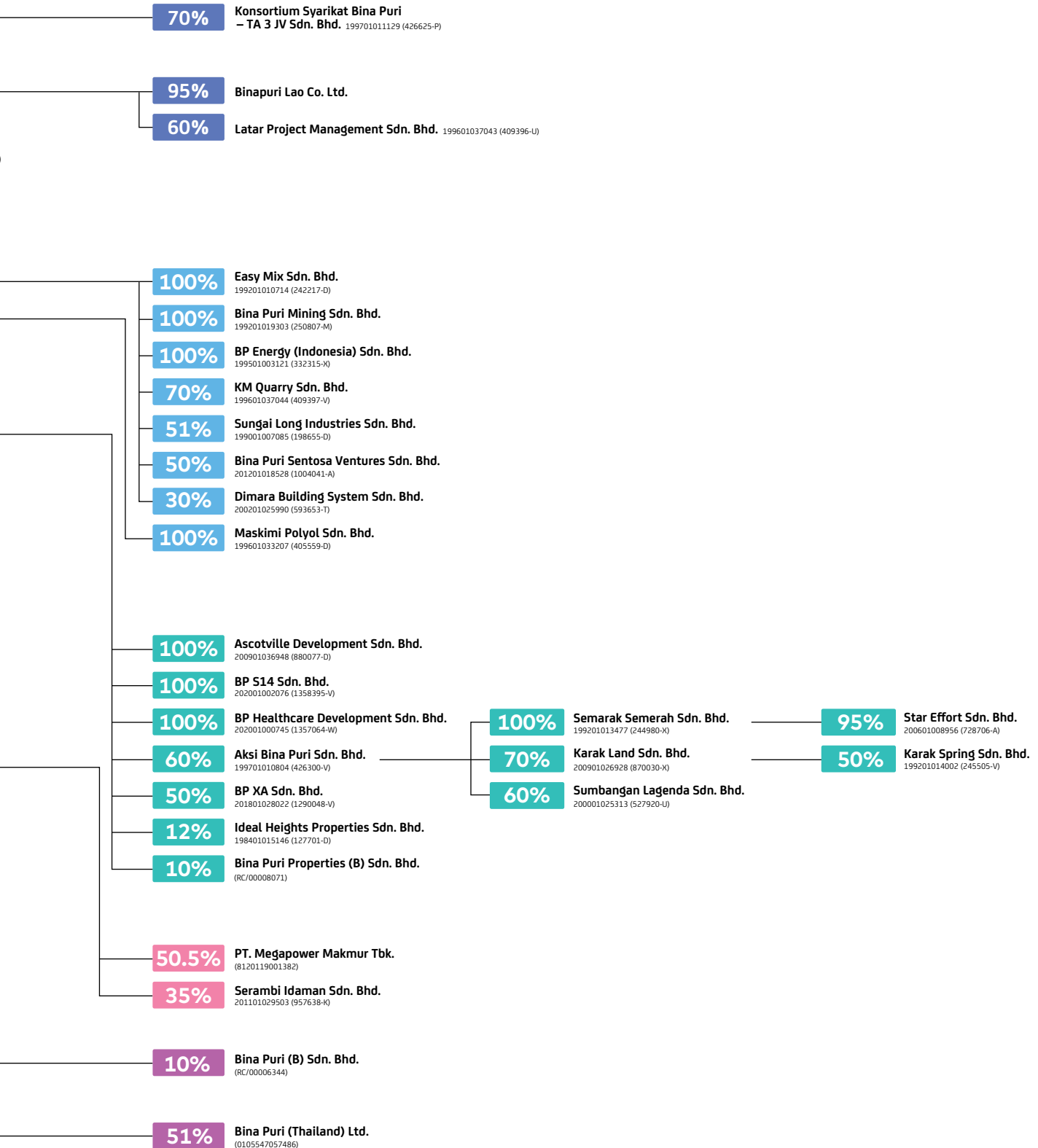
Ground Floor, Wisma Bina Puri
88 Jalan Bukit Idaman 8/1
Bukit Idaman
68100 Selayang, Selangor

5. General Mandate for issue of Securities pursuant to Section 75 and 76 of the Companies Act 2016

The Company has obtained the mandate for issue of shares from the shareholders at the last Annual General Meeting held on 5 December 2019 ("the Previous Mandate").

Group Corporate Structure





Corporate Information

BOARD OF DIRECTORS

TAN SRI DATO' WONG FOON MENG

Chairman/ Independent
Non-Executive Director

DR TONY TAN CHENG KIAT

Founder Director

IR GHAZALI BIN BUJANG

Independent Non-Executive Director

TAN SRI DATUK TEE HOCK SENG, JP

Group Managing Director

DATUK MATTHEW TEE KAI WOON

Group Executive Director

MOHD NAJIB BIN ABDUL AZIZ

Independent Non-Executive Director

BOARD COMMITTEES

GROUP EXECUTIVE COMMITTEE

TAN SRI DATUK TEE HOCK SENG, JP

Chairman

DR TONY TAN CHENG KIAT

Member

DATUK MATTHEW TEE KAI WOON

Member

AUDIT COMMITTEE

IR GHAZALI BIN BUJANG

Chairman

TAN SRI DATO' WONG FOON MENG

Member

MOHD NAJIB BIN ABDUL AZIZ

Member

NOMINATION COMMITTEE

TAN SRI DATO' WONG FOON MENG

Chairman

IR. GHAZALI BIN BUJANG

Member

MOHD NAJIB BIN ABDUL AZIZ

Member

REMUNERATION COMMITTEE

TAN SRI DATO' WONG FOON MENG

Chairman

IR. GHAZALI BIN BUJANG

Member

MOHD NAJIB BIN ABDUL AZIZ

Member

TAN SRI DATUK TEE HOCK SENG, JP

Member

GROUP COMPANY SECRETARIES

TAN KOK AUN (MACS 01564)
NIP CHEE SIEN (MAICSA 7066996)

REGISTERED OFFICE

Wisma Bina Puri
88, Jalan Bukit Idaman 8/1
Bukit Idaman, 68100 Selayang
Selangor Darul Ehsan

T : +603 - 6136 3333

F : +603 - 6136 9999

E : corpcomm@binapuri.com.my

W : <http://www.binapuri.com.my>

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

T : +603 - 2783 9299

F : +603 - 2783 9222

AUDITORS

MESSRS. RSL PLT

Chartered Accountants
151A Jalan Batu Tiga Lama
Taman Rashna
41300 Klang, Selangor

T : +603 - 3344 8668

F : +603 - 3341 8998

PRINCIPLE BANKERS

Bangkok Bank Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad
Alliance Bank Malaysia Berhad
MBSB Bank Berhad
AmBank (M) Berhad

STOCK EXCHANGE LISTING

The Main Board of Bursa Malaysia
Securities Berhad

Stock Name : **BPuri**

Stock Code : **5932**

Listing Date : **6 January 1995**

Board of Directors



TAN SRI DATO' WONG FOON MENG

Chairman/ Independent
Non-Executive Director

Age : **66**
Gender : **Male**
Nationality : **Malaysian**

TAN SRI DATO' WONG FOON MENG was appointed as Chairman/ Non-Independent Non-Executive Director of the Company on 1 June 2010 and redesignated as Independent Non-Executive Director on 20 April 2013. He graduated in Mechanical Engineering from the University of Technology Malaysia in 1978.

He spent his early career in Government service where he held various positions at technical and administrative level. He had a distinguished career during his 13 years' service and had been attending various technical trainings, conferences and management courses at international level among others in Thailand, Philippines, Japan, France, Yugoslavia and USA. He had also been accorded the Excellence Service Award by the Ministry of Science, Technology and Environment in 1982. His last position held was as the Regional Director of Department of Environment for Terengganu and Kelantan before he left the service to be in the private practice in 1991.

He was elected as a State Assemblyman in Terengganu in 1995 and subsequently appointed as a member of the State Executive Council (EXCO). He was appointed as Senator and elected as Deputy

President of the Senate of Parliament of Malaysia in 2004. He was then elected as the President of the Senate from July 2009 until April 2010. During his tenure with the Parliament, he had fostered close bilateral relationships with the Governments and Parliaments of countries in Asia, Africa, Europe as well as South America.

Tan Sri Dato' Wong Foon Meng's extensive experience in the public sector, executive and legislative experience at state and federal level, as well as corporate experience in the later years has enabled him to lead and share his experience with the Board.

He is the Chairman of the Nomination Committee and Remuneration Committee. He is also a member of Audit Committee.

Board of Directors

(cont'd)



TAN SRI DATUK TEE HOCK SENG, JP

Group Managing Director

Age : **71**

Gender : **Male**

Nationality : **Malaysian**

TAN SRI DATUK TEE HOCK SENG, JP was appointed to the Board on 5 November 1990 and was subsequently appointed as the Group Managing Director on 22 November 1994.

He is an experienced entrepreneur with more than 45 years business acumen in trading, construction and development. He is responsible for the day-to-day operations of the Group.

Current Portfolios:

- Board of Trustee of Perdana Leadership Foundation
- EXCO member of Malaysia South-South Association
- Director of Malaysian South-South Corporation Bhd
- Honorary Chairman of The Chinese Chamber of Commerce & Industry of KL & Selangor
- Honorary Chairman of the Malaysia Quarries Association
- Executive Advisor of Selangor & Federal Territory Builder Association
- Honorary Chairman of The International Fellowship of Eng Choon Associates
- Life Honorable President of The Federation of Hokkien Association of Malaysia
- Advisor of The Associated Eng Choon Societies of Malaysia
- Honorary Chairman of The Federation of Xing Yang Associations of Malaysia
- Vice President of Tung Shin Hospital
- Director of the Chinese Maternity Hospital (CMH)
- Board of Trustee cum Exco Member of Selangor King George V Silver Jubilee Fund
- Chairman, Board of Governors of SMJK Confucian, SRJK(C) Tsun Jin and SRJK (C) Onpong II, KL
- Honorary Chairman of the Young Malaysians Movement and The Federation of Malaysian Clans & Guilds Association

Past Portfolios:

- Member of the Senate (Ahli Dewan Negara), Parliament of Malaysia (2008-2011)
- Treasurer-General of Malaysian Chinese Association (MCA) (2008-2010)
- Board Member of MiGHT (Malaysian Industry-Government Group for High Technology) (1993-2003)
- Vice President & Treasurer-General, Master Builders Association Malaysia (MBAM) (1992-2007)

Notable Achievements/Awards:

- "Master Builders' Silver Award" by Master Builders Association Malaysia (MBAM) in 2001
- "Service to New Generations Award" by the Rotary Club of Pudu in 2004
- "SME Platinum Award" by SME Association of Malaysia (SME) in 2004
- "Most Prominent Player" by the Construction Industry Development Board in 2005
- The 2nd Malaysia & Golden Entrepreneur Award "Lifetime Achievement Award" by FMCGA (The Federation of Malaysia Chinese Guilds Association) in 2015
- "Award of Honorary Fellowship" by The International College of Dentists (ICD) in 2016
- "Malaysian Fujian Outstanding Entrepreneur Award" by The Federation of Hokkien Association Malaysia in 2017
- "IFAWPCA-Atsumi Award" at the 44th International Federation of Asian and Western Pacific Contractors' Associations (IFAWPCA) in 2018
- "Honorary Builder Award" by the Master Builders Association Malaysia (MBAM) in 2019

Except for recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries and for which he is deemed to be interested as disclosed on page 203 of the Annual Report, there are no other business arrangements with the Company in which he has personal interests.

He is also the Chairman of the Group Executive Committee and a member of the Remuneration Committee.

Board of Directors

(cont'd)



DR TONY TAN CHENG KIAT

Founder Director

Age : **72**
 Gender : **Male**
 Nationality : **Malaysian**

DR TONY TAN CHENG KIAT founded Bina Puri Sdn. Bhd. in 1975 and has been the Executive Chairman since its inception. He was appointed to the Board of the Company on 5 November 1990. He is responsible for the growth and ongoing development of the company's business.

He was instrumental in the development of a number of major projects throughout Malaysia for the Group. He holds a doctorate in Business Administration and is also a licensed builder. He has been successful as a private property developer in Australia. With his wide experience, he has brought much progress to the Group.

Except for recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries and for which he is deemed

to be interested as disclosed on page 203 of the Annual Report, there are no other business arrangements with the Company in which he has personal interests.

Dr Tony Tan is a member of the Group Executive Committee.

Board of Directors

(cont'd)



DATUK MATTHEW TEE KAI WOON

Group Executive Director

Age : **45**

Gender : **Male**

Nationality : **Malaysian**

Datuk Matthew Tee Kai Woon joined the Company in December 2003 as Special Assistant to the Group Managing Director. He was appointed as Executive Director on 1 December 2009 and was redesignated as Group Executive Director on 7 March 2013.

He is a Chartered Accountant and holds a Bachelor of Commerce (Accounting and Marketing) from the University of Auckland, New Zealand. He has been a member of the Malaysian Institute of Accountants (MIA) since 2002 and was duly awarded the status, Fellow Certified Practising Accountant (FCPA) by CPA Australia in March 2016. He is also a Certified Financial Planner (Financial Planning Association of Malaysia).

Previously, he was the Administrator of the Chinese Maternity Hospital from 2001 to 2003 and was once attached to PricewaterhouseCoopers in the audit department from 1999 to 2001. He was also a Business Services Accountant with Marsden B. Robinson Chartered Accountants (New Zealand) from 1998 to 1999.

On 24 January 2017, he was appointed as an Independent Non-Executive Director of Chin Teck Plantations Berhad. He also holds directorships in other companies.

Current Portfolios:

- Immediate Past President of Master Builders Association of Malaysia (MBAM) from 2016-2020
- Board of Advisory of Construction Labour Exchange Centre Berhad (CLAB)
- Honorary Treasurer General of Malaysian Steel Structural Association (MSSA) since 2011
- Board Member of Malaysian Industry-

Government Group for High Technology (MIGHT) and Chairman of Board Audit Committee

Past Portfolios:

- President of Master Builders Association of Malaysia (MBAM) from 2012-2016
- Member of National Science Council (NSC) from 2016-2017
- Board of Directors of Construction Industry Development Board Malaysia (CIDB) from 2013-2016
- Council Member of the Road Engineering Association of Malaysia (REAM) from 2017-2019
- 44th President of the International Federation of Asian and Western Pacific Contractors' Associations (IFAWPCA) from 2017-2018
- Member of the Advisory Committee on Hotel and Tourism Management by the Chinese University of Hong Kong (CUHK) from 2017-2020

Notable Achievements/Awards:

"Property CEO" by the FIABCI Malaysia Property Award 2018.

Except for recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries and for which he is deemed to be interested as disclosed on page 203 of the Annual Report, there are no other business arrangements with the Company in which he has personal interests.

Board of Directors

(cont'd)



IR GHAZALI BIN BUJANG

Independent Non-Executive Director

Age : **69**
 Gender : **Male**
 Nationality : **Malaysian**

IR GHAZALI BIN BUJANG was appointed to the Board of the Company on 31 May 2013. He is an Engineer by profession and is currently the Executive Chairman of Ghazali & Associates Sdn. Bhd. He graduated with a Bachelor of Engineering from the University of Liverpool, England in 1974 and obtained a Master of Science from the University of Leeds, England in 1979.

He is a member of the Board of Engineers, the Past President of the Association of Consulting Engineers Malaysia (1992-1994) and Honorary member of the Association of Consulting Engineers Malaysia.

He has vast experience in planning, engineering and management of infrastructure and development works. He also has a broad and balanced knowledge

with respect to issues on economic and finance, technical and environmental relevant to development and infrastructure projects.

He is the Chairman of the Audit Committee. He is also a member of the Remuneration Committee and Nomination Committee.

Board of Directors

(cont'd)



MOHD NAJIB BIN ABDUL AZIZ

Independent Non-Executive
Director

Age : **47**
Gender : **Male**
Nationality : **Malaysian**

Mohd Najib Bin Abdul Aziz was appointed to the Board on 31 May 2013. He is an Accountant by profession and graduated from the University of New South Wales, Australia with a Bachelor of Commerce (Accounting) Degree. He is a Member of the Institute of Chartered Accountants in Australia (ICAA) as well as a Member of the Malaysian Institute of Accountants (MIA).

He is currently the Managing Director of Corporate-Pacific Holdings Sdn. Bhd. and an Independent Non-Executive Director of Tropicana Corporation Berhad. He is also a Non-Executive Director of GCM Resources PLC, a coal mining company listed on the AIM market under the London Stock Exchange appointed on 17th June 2019.

He was the Assistant Manager of Global Corporate Finance in Arthur Andersen & Co. and had held the position of Senior Consultant with the Corporate Recovery Division of KPMG for three years in Perth,

Western Australia. He is also a director of several private limited companies.

He was previously an Independent Non-Executive Director of Kumpulan Jetson Berhad, ECM-Avenue Securities Sdn. Bhd. and Alam Flora Sdn. Bhd.

He is a member of the Audit Committee, Nominating Committee and Remuneration Committee.

Key Senior Management



WE HER CHING

Group Chief Operating Officer,
Contracts and Administration

Age : **60**
Gender : **Male**
Nationality : **Malaysian**

We Her Ching is the Group Chief Operating Officer, Contracts and Administration of Bina Puri Holdings Bhd since 1 October 2002.

He graduated with a Bachelor of Applied Science (Construction Management and Economics) and is a member of The Chartered Institute of Building (MCIQB).

He joined Bina Puri Sdn. Bhd. in 1986 and has extensive experience in the construction industry. He is responsible for the overall management and operations of projects within the construction arm. He sits on the Board of a few of its subsidiaries.

Other than as disclosed, he does not have any family relationship with any Directors and/ or major shareholders of the Company. He has no personal interest in any business arrangements involving the Company. He has had no convictions for any offences within the past five years.

Key Senior Management

(cont'd)

LEE TONG LEONG

Chief Operating Officer,
Property Division

Age : **62**
 Gender : **Male**
 Nationality : **Malaysian**



LEE TONG LEONG was appointed as Chief Operating Officer, Property Division of the Company on 1 July 2012. He joined Ideal Heights Properties Sdn. Bhd., an associate company of Bina Puri Group since May 1991 prior to this appointment.

He is a graduate of the Tunku Abdul Rahman College and ICSA. He has had vast experience and exposure in property development and property management for more than 20 years, which include residential/condominium, commercial/retail and industrial developments.

He is responsible for planning, development, execution and completion of new projects i.e. from land acquisition, feasibility studies and liaison with authorities/consultants to successful execution and completion of the projects.

He is also responsible for the setting up of the property management team of the Group to ensure proper maintenance of the strata developments that have been completed before handing over to JMBs or Management Corporations.

He is also involved in execution of sales and marketing strategies for new projects. For the execution of successful sales and marketing activities, he places high level of importance for the team to keep abreast of latest development and market trend of the property market.

Other than as disclosed, he does not have any family relationship with any Directors and/ or major shareholders of the Company. He has no personal interest in any business arrangements involving the Company. He has had no convictions for any offences within the past five years.



**Ampang Line Light Rail Transit (LRT)
Extension, Kuala Lumpur, Malaysia**





RIMBUN
SUITES AND RESIDENCES
BRUNEI

Rimbun Suites and Residences, Brunei Darussalam



Awards

Chairman's Statement



**TO OUR DEAR SHAREHOLDERS,
ON BEHALF OF THE BOARD
OF DIRECTORS OF BINA PURI
HOLDINGS BHD, I PRESENT
TO YOU THE ANNUAL REPORT
AND AUDITED FINANCIAL
STATEMENTS FOR THE
FINANCIAL PERIOD ENDED
JUNE 30, 2020.**



Tan Sri Dato' Wong Foon Meng
Chairman



Chairman's Statement

(cont'd)

The 12 months under review saw epoch-making events that unfolded and tested the Group's resilience which brought out the best in the Group's management team in ensuring the company remains lean and strong. We witnessed a change in the Federal Government leadership in February 2020 and, almost happening in tandem, an outbreak of Covid-19 pandemic that sapped the strength out of the economy.

2019 second half was already marked by a slow economy which sputtered along and barely picked up after the year-end festive seasons. Shortly after, the Covid-19 pandemic hit; the country was under lockdown in March. Except for essential services, all businesses shuttered and the economy contracted to a record new low.

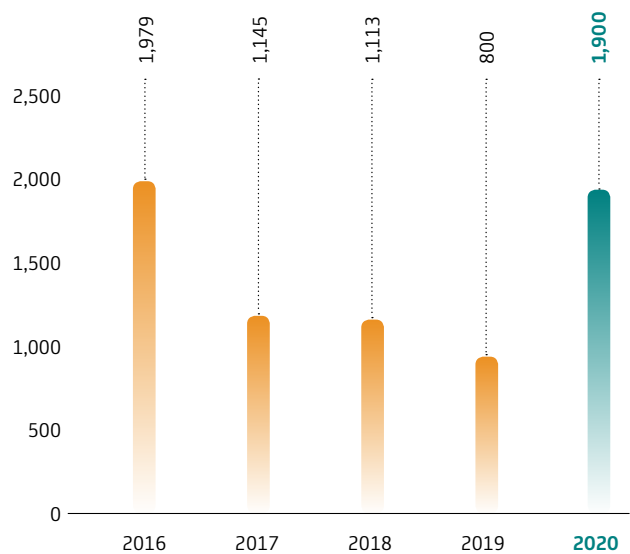
Bank Negara Malaysia reported a 17.1% contraction in Malaysia's GDP in Q2 2020, the worst since the Asian Financial Crisis in 1998 when the growth shrunk to 11%. The hardest hit sector was construction which contracted by 44.5%. Mining and quarrying dropped by 20%, followed by manufacturing (18%) and services at (16.2%). Agriculture, the sole sector to post growth, registered a 1.0% output increase.

None escaped the impact of Covid-19 on our embattled economy; and, if infection rate spiked without any prospect of developing a vaccine in the horizon, the economy would suffer and more people would be out of jobs.

In spite of these impacts, there are encouraging developments that point to a positive outlook; while the economy has been contracting, the rate of decline has tapered off to a single digit in the month of June that seemed to indicate that the decline will soon run its course.

Unbuilt Book Order from 2016-2020 (Sept)

(RM' Mil)



Throughout the 12 months, Bina Puri has exercised financial prudence and tightening operating costs while executing an action plan to overcome disruptions caused by a weakening economy.

I wish to reiterate that precautionary and austerity measures have been put in place since last year and tight control over expenditure has been stringently implemented. With these control measures, I am confident, the Group's management team will be able to continue to steer our ship on an even keel.



LKIM Fishery Complex, Kuching, Sarawak

Chairman's Statement

(cont'd)

SEGMENTAL BUSINESS OVERVIEW

THE GROUP RECORDED REVENUE OF RM420.7 MILLION AND A PROFIT BEFORE TAX OF RM10.4 MILLION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020. THE LOW PROFIT CONTRIBUTION WAS ATTRIBUTABLE TO LOWER PERFORMANCE FROM ALL OPERATING SEGMENTS DUE TO DISRUPTION OF OPERATING ENVIRONMENT AS A RESULT OF COVID-19 PANDEMIC.

The construction division recorded revenue of RM219.3 million and incurred losses of RM39.2 million due to unbudgeted costs.

The property division recorded revenue of RM152.2 million and profit before tax of RM55.1 million for the financial year ended 30 June 2020. This was mainly contributed from the sales of development properties comprising The Opus at Jalan Tallala in Kuala Lumpur, Jesselton View and One Jesselton projects in Kota Kinabalu, The Valley @ Bentong in Pahang and Puri Residences in Masai, Johor.

In addition, rental income from Main Place Mall in USJ, Subang and Rimbun Suites and Residences in Brunei also contributed positively to the performance of the property division.

PROPERTY DIVISION



PROFIT BEFORE TAX

RM 55.1
Million

For the Financial Year Ended 30 June 2020



One Jesselton, Kota Kinabalu



The Valley @ Bentong, Pahang



Hydropower Plant at PLTM Bantaeng 1, Sulawesi Selatan, Pulau Sulawesi, Indonesia



The power supply division recorded revenue of RM11.4 million from the supply of electricity power to PT Perusahaan Listrik Negara (State Electricity Company owned by Indonesia Government) and PLTM Bantaeng and incurred losses of RM4.7 million. The performance of this division was affected by currency movement due to weakening of Ringgit Malaysia against the US Dollar and lower power generated for PT Perusahaan Listrik Negara and PLTM Bantaeng.

In the midst of tackling the daily business challenges, the Group is always guided by its objective of seeking out opportunities to promote sustainability. The Group has embarked on two sustainability ventures through the KL-Kuala Selangor Expressway (LATAR) division.

LATAR invested in solar energy generation by installing solar panels along the LATAR to reduce energy cost. The solar energy generated in future will meet LATAR's usage requirement and, in the event of any excess of supply, LATAR will earn revenue from exporting the excess to TNB's utility grid. LATAR will have the ability in "hedging" or offset part of the risk of any adverse electricity price movements over 21 years whilst at the same time can showcase its initiative leading by example in promoting green energy highways.

The second green undertaking is the planting of more than 5,000 trees on the land reserves along the road shoulders of its expressway to reduce carbon footprint as well as to monetize from harvesting the 'eco-trees' for the local paper and pulp industry.

LATAR EXPRESSWAY GREEN INITIATIVE



Planting more than
5,000
trees



Aerial view of LATAR Expressway

AUTHORISATION FOR ISSUE

THE INTERIM FINANCIAL STATEMENTS WERE AUTHORISED FOR ISSUE BY THE BOARD OF DIRECTORS IN ACCORDANCE WITH RESOLUTION OF THE DIRECTORS.

The Company had successfully issued 382,039,550 new Bina Puri Shares with gross proceeds of RM34.384 million on the Main Market of Bursa Securities on 30 December 2019.

ACHIEVEMENTS AND AWARDS

IMBUED WITHIN THE GROUP CORPORATE DNA IS THE IMPORTANCE PLACED ON QUALITY AND EXCELLENCE IN THE SERVICES WE PROVIDE AND THE PRODUCTS WE BUILD. THIS ATTRIBUTE HAS PRODUCED RESULTS THAT ARE INSPIRING AS WE FULFIL OUR MISSION TO BECOME A LANDMARK BUILDER.

Even though the Group has had to operate with lean resources, we are proud to announce several achievements and awards the Group's subsidiaries have been recognised with.

Bina Puri's hospitality division, Rimbun Suites and Residences at Bandar Seri Begawan, Brunei Darussalam has won three international awards for its excellent services and customers' satisfaction.

The three awards are:

1. The International Five Stars Hotel Award 2019-2020 (By The International Hotel Award) on 7 December 2019
2. Exceptional 10.0 Rating by Hotel.com, and
3. Traveller Review Awards 2020 with 9.8 rating by Booking.com

Another outstanding achievement the Group has won showcases its aspiration to reach for the sky. The Group has achieved the record of constructing the tallest buildings in three states; namely Perak, Sabah and Pahang.

In Pahang, the Group completed the construction of the tallest 27-storey Swiss-Belhotel Kuantan offering 366 rooms and suites at the Kuantan Waterfront Resort City.

In Sabah, the Group constructed the Chief Minister's Office tower at the Sabah State Administration Centre, Kota Kinabalu. It cost RM576.9 mil and was completed in March 2017. The complex comprises of 1 block of 30-storey office tower which is the tallest in the state and 2 blocks of 9-storey buildings.

In Perak, the Group constructed the Haven Hotel and Residences, which comprised three blocks of 25-storey condominium. It was completed in December 2013 at a contract value of RM82.3mil.

Our own Group Managing Director, Tan Sri Datuk Tee Hock Seng, JP has himself personified the strive for excellence he embraced. He was conferred Honorary Builder Award by Master Builders Association Malaysia (MBAM) on Aug 16, 2019, at the 65th MBAM anniversary dinner ceremony in recognition of his exemplary support, participation and meritorious contribution to the development of MBAM and his promotion of a productive and an efficient construction industry in Malaysia. He walked the talk as the saying goes.

He is currently the Honorary Builder of MBAM, and held the positions of Vice-President and Treasurer-General of MBAM previously.

ACKNOWLEDGMENT

On behalf of the Board of Directors, I would like to express our deepest appreciation and gratitude to our capable and reliable management team and staff, for their continuous dedication, commitment and support.

I would also wish to record our sincere appreciation to our financiers, business partners, and relevant approving authorities, for their understanding and continuous support and cooperation.

To all our valued shareholders, thank you once again for your confidence in us. Rest be assured that the Board and management are constantly monitoring our financial health and exercising prudence in the best interest of investors and shareholders.

Bina Puri has matured as an established Group of Companies existing for 45 years without a single year failing to turn a profit, this in itself is a milestone that we are proud of.

As we wait patiently for better days to come, please do not forget to protect yourself by observing the new normal that means complying with the Health Ministry's SOP that includes wearing a face mask at work, doing temperature check and practising hand sanitisation before entering premises, and keeping social distancing.

Stay safe.

TAN SRI DATO' WONG FOON MENG

PSM, DPMT, JSM

Chairman, Bina Puri Holdings Bhd



Solar Panels Installed on the Rooftop of Toll Plaza at LATAR Expressway



Group Managing Director's Message and Management Discussion & Analysis



THE GROUP HAS EMERGED LEANER AND STRONGER AS A VIABLE DIVERSIFIED BUSINESS CORPORATION. THE FIGHT IS ON AND WE, THE MANAGEMENT TEAM AND STAFF, HAVE TO DRAW ON OUR BEST TO FACE OFF MORE CHALLENGES AS THE FULL BRUNT OF THE PANDEMIC BEARS DOWN ON US.



Tan Sri Datuk Tee Hock Seng, JP
Group Managing Director



Group Managing Director's Message and Management Discussion & Analysis

(cont'd)

OVERVIEW

The Group has withstood one of its toughest challenge yet in its 45 years of existence during the 12 months under review.

The business environment was not only tough but also painfully slow and it has not shown any sign of abating in its decline. Internal and external factors worked almost in cohorts to deal a hurtful blow on the economy.

In the first half year under review, Malaysians woke up to a political tsunami that led to a sudden change of Government overnight. There were a lot of uncertainties gripping the country. Less than a week later, the menace of the Covid-19 pandemic swept in; prompting most countries to enforce lockdown. Similarly, the Government invoked the Movement Control Order that shuttered almost all businesses.

The direct damage has been confirmed by Bank Negara Malaysia in its second quarter 2020 report; the country saw the sharpest 17.1% contraction in its GDP. The signs are that the current global recession caused by the Covid-19 pandemic has yet to show its ugliest face.

I am hopeful that things can only get better. The Group has emerged leaner and stronger as a viable diversified business corporation. The fight is on and we, the management team and staff, have to draw on our best to face off more challenges as the full brunt of the pandemic bears down on us.

REVIEW OF PERFORMANCE

The Group recorded revenue of RM420.7 million and a profit before tax of RM10.4 million for the financial year ended 30 June 2020. The low profit contribution was attributable to lower performance from all operating segments due to disruption of operating environment as a result of Covid-19 pandemic.

CONSTRUCTION DIVISION

The construction division recorded revenue of RM219.3 million and incurred losses of RM39.2 million due to unbudgeted costs.

The construction sector had contracted by 44.5% in the second quarter of this year but the percentage point drop had tapered off to a single digit in June which may indicate that it can rebound faster and higher in the coming months.



Opus Kuala Lumpur

PROPERTY DIVISION

The property division recorded revenue of RM152.2 million and profit before tax of RM55.1 million for the financial year ended 30 June 2020. This was mainly contributed by the sales of development properties comprising The Opus at Jalan Tallala in Kuala Lumpur, Jesselton View and One Jesselton projects in Kota Kinabalu, The Valley @ Bentong in Pahang and Puri Residences in Masai, Johor.

In addition, rental income from Main Place Mall in USJ, Subang, and Rimbun Suites and Residences in Brunei also contributed positively to the performance of the property division.

The Opus Kuala Lumpur received its Certificate of Completion & Compliance in June last year. It comprises two blocks of 32-storey condominium covering 1.38 acres at the prime location in the city of Kuala Lumpur with a total of 357 residential units.

Our associate development at Kuantan Waterfront Resort City delivered the Phase 1 comprising of the Swiss-Belhotel and Imperium Residence. The rest of the phases will be developed soon.

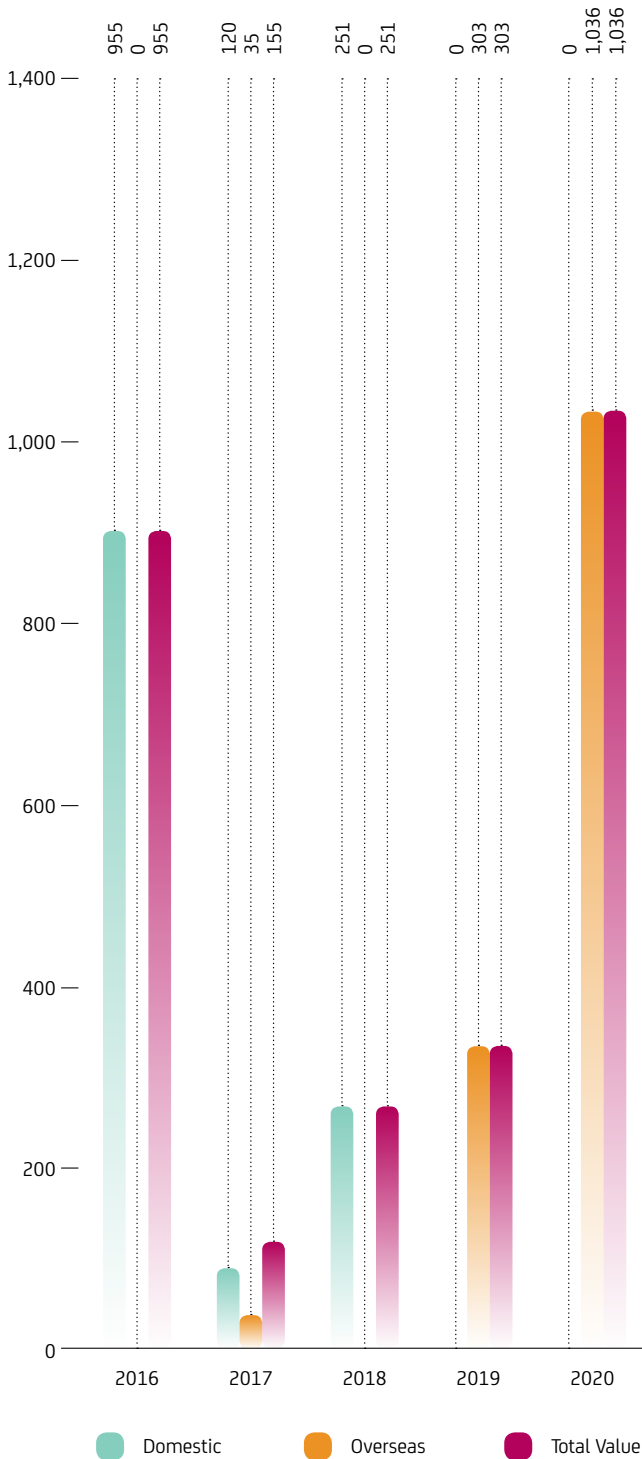
The Valley @ Bentong is a freehold 1,600-acre development for farms and homesteads where owners can enjoy a rustic lifestyle and the popular 'Musang King' durians are being grown there. It is a premier guarded locality that is an hour's drive from Kuala Lumpur.

Group Managing Director's Message and Management Discussion & Analysis

(cont'd)

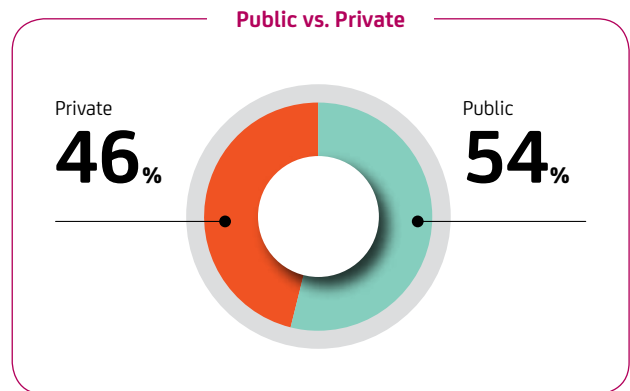
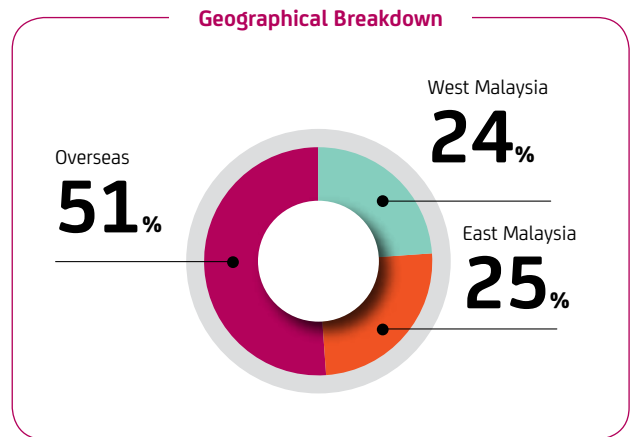
Annual Projects Secured from 2016-2020 (Sept)

(RM' Mil)



Project Secured from 2016 to 2020 (Sept)

Total Value : RM2.7 Billion

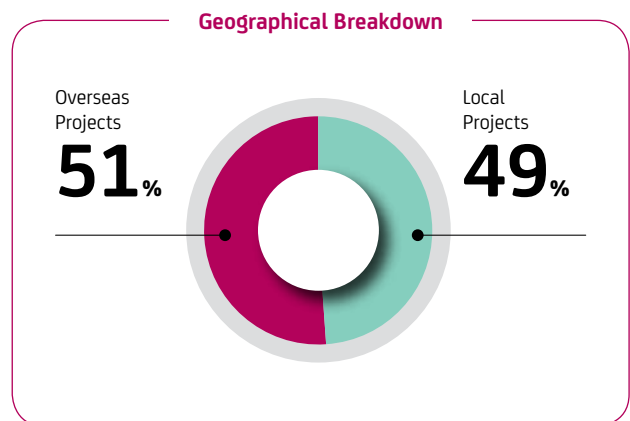


The Group's Current Ongoing Projects

(as at Sept 2020)

Total Value : RM2.34 Billion

Balance of Works : RM1.90 Billion (81%)



Group Managing Director's Message and Management Discussion & Analysis

(cont'd)

NO	PROJECT	GDV (RM Mil)
1.	PETRIE VILLA, JOHOR BAHRU, JOHOR Development of 23 units of 4-storey pool villas and 1 unit of clubhouse on Lot 6463, Jalan Tengku Petrie, Johor Bahru	81.30
2.	ONE JESSELTON CONDOMINIUM, KOTA KINABALU Development of 125 units of 11-Storey Condominium in Kepayan, Kota Kinabalu, Sabah	118.40
3.	8 AVENUE, KOTA KINABALU, SABAH Development of 306 units of 30-Storey service suites with 2-Storey Commercial Retails and 6-Storey Carparks	271.73
4.	1PURI COMMERCIAL CENTRE Development of 28 units of 4 & 5 Storey Shoplots	28.69
5.	THE VALLEY @ BENTONG Development of Homestead Land and Durian Plantation	383.70
6.	PURI RESIDENCES Development of 384 units of 20'x 60' Double Storey Link House at Lakehill Resort City, Pasir Gudang, Johor Darul Takzim	229.50
7.	CHERAS PERTAMA Proposed 318 units Condominium	387.31
TOTAL		1,500.63

QUARRY DIVISION

Our quarry operations under KM Quarry Sdn. Bhd. have entered into the 21st year of its 30-year concession that will expire in 2029. KM Quarry Sdn. Bhd. is owned by our subsidiary Bina Puri Juara Sdn. Bhd. holding 70% equity and Kumpulan Melaka Berhad, the remaining 30%.

As the construction sector recovers in the coming quarters, the demand for quarry aggregates and stones will surely increase.

POWER SUPPLY DIVISION

The power supply division recorded revenue of RM11.4 million from the supply of electricity power to PT Perusahaan Listrik Negara (State Electricity Company owned by Indonesia Government) and PLTM Bantaeng and incurred losses of RM4.7 million.

The performance of this division was mainly attributed to currency loss due to the weakening of Ringgit Malaysia against the US Dollar and low power generated for PT Perusahaan Listrik Negara and PLTM Bantaeng.

HOSPITALITY DIVISION

Our hospitality division also faced a tough time during the pandemic. Barely a month after its opening in February, the Swiss-Belhotel Kuantan has to shut its door. Presently, room occupancy has picked up with restrictions lifted under the Recovery Movement Control Order (RMCO).

Swiss-Belhotel Kuantan is a new four-star 366-room hotel in the Kuantan Waterfront Resort City and enjoys high occupancy as domestic travellers took a break from being confined within their homes in the past four months.

Similarly, The Rimbun Suites and Residences in Brunei has fared better during the recovery state of the pandemic that has appeared to be under control now though RMCO has been extended to Dec 31 this year.

After its recent rebranding, Rimbun Suites and Residences offer 72 three-room luxurious apartments within a four-acre compound equipped with modern facilities like jogging track, outdoor swimming pool, gym and garden.

Group Managing Director's Message and Management Discussion & Analysis

(cont'd)

RECURRING REVENUE

The rental income from Main Place Mall in USJ, Subang, has contributed positively to the performance of the retail division. Due to the current Covid-19 pandemic and being a responsible Main Place Mall operator, rental rebates have been granted to tenants of the Mall.

Footfall has returned and the neighbourhood mall is faring well with larger crowds of customers over the weekends.

HIGHWAY CONCESSION DIVISION

In our quest to diversify and to monetise from our land bank, the Group has embarked on a solar energy venture by installing solar panels along the KL-Kuala Selangor Expressway (LATAR) to reduce energy bills under an arrangement with Tenaga Nasional Berhad.

When completed, the solar energy generated will be sufficient for self-consumption and any excess of supply will be exported to TNB's utility grid and LATAR will be paid on a "one-on-one" offset basis. The accrued credit shall be allowed to roll over for a maximum of 24 months.

With this venture, LATAR will have the ability in "hedging" or offset part of the risk of any adverse electricity price movements over 21 years under a fixed Solar PPA Tariff and at the same time LATAR can show it can lead by example in promoting the concept of a 'green energy' highways.

The solar panels mounted on useable rooftop and on designated land area will have a combined capacity of 413.60kWp.

PROSPECTS

The business environment is expected to be challenging due to the Covid-19 pandemic and the Group is taking precautionary measures to prevent the spread of the coronavirus in its operations.

The Group is involved in various businesses, including construction, property development, and quarry and power generation. In the past few years, construction and property development have been the main focus of the Group.

The Group's construction division is involved in several projects domestically and overseas. The current value of the order book in progress is approximately RM1.9 billion. The Group has been constantly looking for opportunities to increase its order book through participating in tenders both locally and overseas.

The Group's property development division has several ongoing projects in Johor, Pahang, Sabah and Sarawak with an estimated GDV of RM1.5 billion.



Puri Residences at Masai, Johor

One of the projects is Puri Residences, a 21.41-acre residential development comprising 384 units of double-storey houses located in Masai, Johor, with an estimated GDV of RM229.5 million. Puri Residences was launched in the second quarter of 2018.

Another project, The Valley @ Bentong is a 1,600-acre agricultural-based development comprising farms and homesteads located in Karak, Pahang, with an estimated total GDV of RM383 million. The first and second phases were launched in 2017 with an estimated GDV of RM157.0 million.

The Group is currently planning for more launches in 2020. Based on the current sales achieved for the property development division, the unbilled sales amounts to RM89 million. The Group is looking into participating in an integrated resort development project in Pahang through a corporate exercise.

The pandemic outbreak is expected to affect the performance of the rental and hospitality segment due to travel restrictions. The Group has continuously adopted an aggressive marketing strategy to ensure occupancies are optimised.

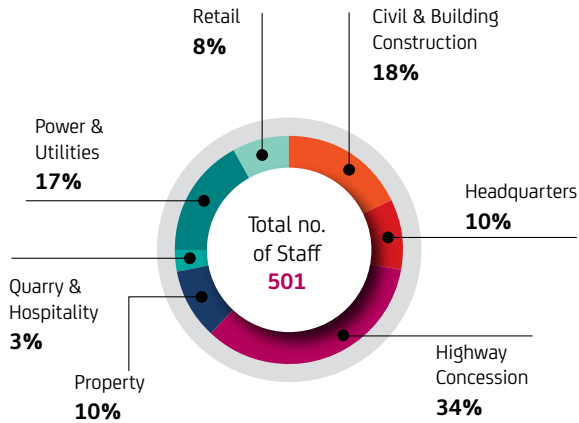
The Group is exploring business ventures in solar and gas power supply both locally and overseas especially in Indonesia.

The Group will strive to explore new markets to broaden its revenue and clientele base and expects to perform satisfactorily in 2020.

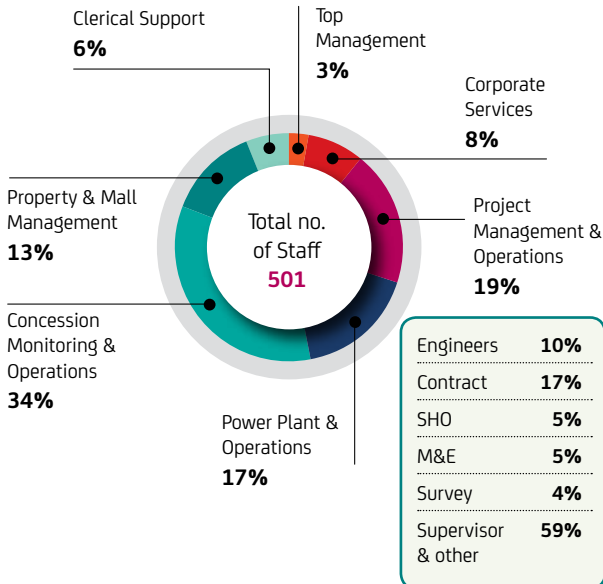
Group Managing Director's Message and Management Discussion & Analysis

(cont'd)

STAFF BY DIVISION



STAFF BY JOB TYPES



DIVIDEND

No dividend has been declared for the financial period under review.

APPRECIATION

The Group is thankful for the unfailing devotion, commitment and loyalty of all its staff and the management who have given their best in this trying time.

Our staff's conviction in adopting good work ethics including complying with the Health Ministry's Standard Operation Procedure (SOP) has helped to uphold the Group's integrity and reputation.

As a landmark builder, we have kept our promise to deliver outstanding projects which are recognized as the industry's standard and helped us to win green and sustainable awards, both locally and internationally.

In August last year, I was conferred the industry's top award, the Honorary Builder Award by Master Builders Association Malaysia (MBAM).

I wish to express my gratitude for the support from the Board of Directors, shareholders, clients, financiers, suppliers, business partners and all the relevant authorities for your continuous patience, steadfastness and your belief in Bina Puri.

Having overcome the challenges during the period under review, the Group is tougher and stronger as it strives to uphold its reputation as Malaysia's landmark builder.

Moving forward, as the Malaysian economy gradually reopens while the Covid-19's Recovery Movement Control Order has been extended until Dec 31, this year, let me remind ourselves of the need to adhere to the Health Ministry's SOP by wearing face mask at work, having temperature check taken and washing hands while keeping social distancing.

Stay healthy and stay safe.

TAN SRI DATUK TEE HOCK SENG

PSM, PGDK, ASDK, JP

Group Managing Director

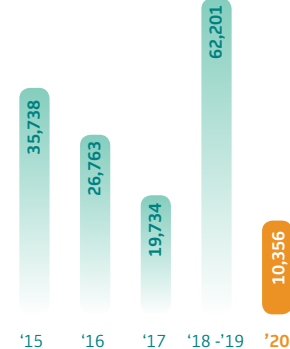
Group Financial Highlights

	2015 RM'000	2016 RM'000	2017 RM'000	2018 - 2019 RM'000	2020 RM'000
Revenue	1,227,939	1,050,297	1,097,330	1,040,989	420,728
Profit before taxation	35,738	26,763	19,734	62,201	10,356
(Loss)/ Profit attributable to the shareholders of the Company	3,373	1,070	3,099	462	(19,015)
Dividend Paid (Net)	4,346	-	-	-	-
Issued share capital	115,319	121,437	136,705	157,821	180,857
Shareholders' equity	216,479	222,992	239,809	253,540	270,660
Total assets employed	1,788,708	1,694,695	1,682,726	1,497,193	1,280,827
Net(loss) /earnings per share (sen)	1.60	0.45	1.19	0.14	(3.32)
Net assets per share (RM)	0.94	0.92	0.90	0.66	0.35
Share price (RM)					
- High	0.65	0.50	0.49	0.37	0.25
- Low	0.33	0.36	0.33	0.17	0.03

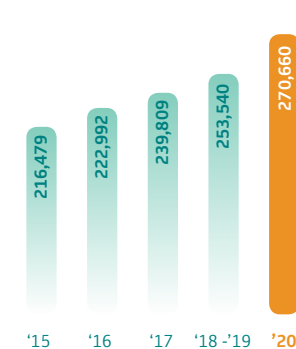
Revenue
(RM'000)



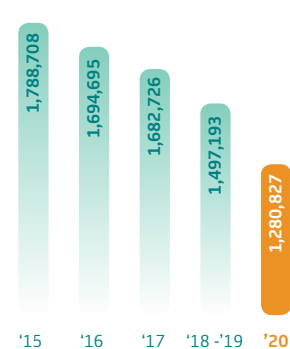
Profit Before Taxation
(RM'000)



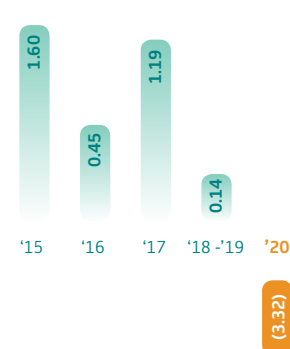
Shareholders' Equity
(RM'000)



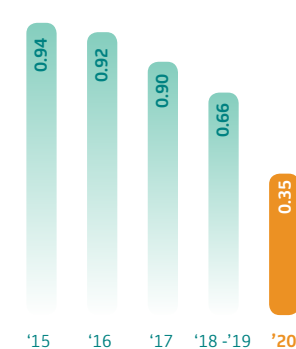
Total assets employed
(RM'000)



Net(loss) /earnings per share
(Sen)



Net Assets Per Share
(RM)



Calendar of Events



1 January 2019



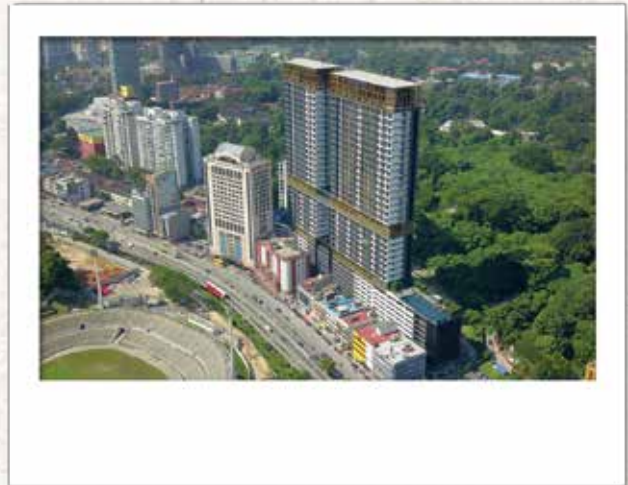
OSP Puni Indah Residences was rebranded to Rimbun Suites and Residences. Located at Jalan Ong Sum Ping, Bandar Seri Begawan in Brunei Darussalam, the rebranding exercise brings a higher hospitality standard to its roomy 3,100 sq. ft. units that enshrine the essence of the luxury, comfort and carefree convenience. Hence, it is able to cater for higher demand of short-term guests by offering daily rates to its luxury and modern apartment units.

13 June 2019

Star Effort Sdn. Bhd., a unit of Bina Puri Holdings Bhd, successfully completed the Opus Kuala Lumpur with the certificate of Compliance & Completion (CCC).

Opus Kuala Lumpur is strategically located opposite PNB 118, which is set to be the tallest tower in Malaysia.

It is another prestigious property development by Bina Puri equipped with modern amenities which include sky lounge, sky garden, herbal garden, swimming pool, wading pool, Jacuzzi, BBQ deck, gym, rock climbing area, 24-hour security, indoor and outdoor CCTV, children playground, and covered car park.



16 August 2019

Bina Puri Holdings Bhd's Group Managing Director, Tan Sri Datuk Tee Hock Seng, JP was conferred the Honorary Builder Award by the Master Builders Association Malaysia (MBAM) in recognition of his exemplary support, participation, and meritorious contribution towards the development of MBAM and the promotion of a productive and efficient construction industry in Malaysia. The conferment of the award was in conjunction with the 65th anniversary of the association.

Calendar of Events

(cont'd)



22 October 2019

An Extraordinary General Meeting (EGM) was held at Bina Puri Selayang Headquarters. A total of 485 shareholders and proxies representing 85,479,348 unit of shares attended the meeting.

The EGM witnessed that 99% of the present shareholders voted in favour of the proposed resolution of the renounceable rights issue of up to 439,345,450 new ordinary shares in Bina Puri together with free detachable warrants.

The EGM was chaired by YBhg Tan Sri Dato' Wong Foon Meng, Chairman of Bina Puri Holdings Bhd.

5 December 2019

Bina Puri Holdings Bhd held its 28th Annual General Meeting (AGM) at Selayang Headquarters. A total of 609 shareholders attended the meeting, chaired by YBhg. Tan Sri Dato' Wong Foon Meng.

The Board of Directors attended the meeting were YBhg Tan Sri Datuk Tee Hock Seng JP, Dr Tony Tan Cheng Kiat, YBhg Datuk Matthew Tee, Ir Ghazali Bujang, Mr Mohd Najib Bin Abd Aziz and Mr Tyson See.



7 December 2019

Bina Puri's hospitality division, Rimbun Suites and Residences at Bandar Seri Begawan, Brunei Darussalam was proud to be awarded the International Five Stars Hotel Award 2019-2020, Exceptional 10.0 Rating by Hotel.com and Traveller Review Awards 2020 with 9.8 rating by Booking.com. These prestigious international awards recognise Rimbun's high quality standards in providing the best staycation experience to its guests at its rooky and modern units.



Calender of Events

(cont'd)



19 February 2020

The Imperium Residence at Kuantan, Pahang received the Certificate of Completion and Compliance (CCC). Imperium Residence is developed by Ideal Height Development Sdn. Bhd., a subsidiary of Ideal Height Properties Sdn. Bhd. which is an associate of Bina Puri Group of Companies.

The property, with contract value of RM131 million, consists of 2 blocks of 28 storeys, is the tallest building in Pahang. One block is managed by Swiss-Belhotel International, while another block is for residential purposes.

2 July 2020

KL-Kuala Selangor Expressway (LATAR) contributed cartons of mineral water to the frontliners at Klinik Kesihatan Ijok, Klinik Kesihatan Bestari Jaya, Klinik Kesihatan Kuala Selangor and Police IPD Kuala Selangor.



28 August 2020

LATAR contributed face masks and hand sanitizers to students and teachers at SK Batu Arang and SMK Tuanku Abdul Rahman, Batu Arang, Selangor.



Sustainability Statement

As a Group of Companies that is already 45 years in existence, Bina Puri Holdings Bhd has over the years matured into a mini-conglomerate which knows how to exercise its corporate social responsibility differently that sets it apart from others; it is by taking on the role of a champion of sustainable development.

The Group draws inspiration from the United Nations' sanctioned Social Development Goals to form part of its vision. The values of these goals have become infused into its corporate DNA to heed the call for action to work with all parties to promote the agenda of climate change.

During the 12 months under review, the Group continues to shoulder its fair share of CSR even though the Group is faced with a challenging year, where a slowing economy and political uncertainties have a direct impact on business. The second half of the year in review was much tougher that demanded the full attention of the Group's management team to think out of the box to safeguard its business operations.

Yet, in this trying time, the Group has invested in ventures that have far-reaching benefits for the environment.

The first was utilising vacant spaces along reserve land alongside road shoulders and usable rooftops throughout the length of KL-Kuala Selangor Expressway (LATAR) to generate solar energy.

LATAR responded to the call by the Ministry of Energy, Science, Technology, Environment and Climate Change (MESTECC), which introduced Solar Photovoltaic (PV) initiatives, to encourage Malaysia's Renewable Energy (RE) uptake.

The improved Net Energy Metering (NEM) system will allow excess solar PV generated energy to be exported back to the electricity grid on a "one-on-one" offset basis and for participating entities to enjoy the benefits of hedging against price increases over a period of 21 years.

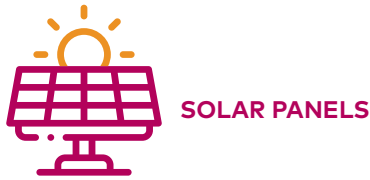
This venture taps solar energy for LATAR's own consumption that saves on its energy cost while exporting excess energy generated to earn credits which it has to use over 24 months.



Solar Photovoltaic installation on the rooftop of one of LATAR toll plazas

Sustainability Statement

(cont'd)



Could generate

1,851,053 kWh

equivalent to LATAR's average annual electricity consumption of 2,212,606 kWh

The useable rooftops were installed with Solar Photovoltaic (PV) Systems at various locations at LATAR which include Kompleks Operasi, Kundang East toll plaza, Kundang West toll plaza, and Templer toll plaza.

The system has also been mounted on three other vacant grounds next to LATAR's building complex. Based on simulation, the solar panels could generate 1,851,053 kWh of energy which is almost equivalent to LATAR's average annual electricity consumption of 2,212,606 kWh.

This venture showcased the benefits derived from tapping solar energy as a viable alternative energy source. LATAR's success speaks volume of the initiative to lead by example in promoting the concept of green energy highways.

LATAR also donated two units of Patrol Cars to the Royal Malaysian Police for enforcing road safety along the expressway. This will ensure road users will have immediate and quick assistance from the police on emergency calls.

As a gesture of appreciation, LATAR also paid a courtesy visit to a nearby school, Sekolah Kebangsaan Puncak Alam, in conjunction with Teachers' Day Celebration, and presented a cake and goodie bags to the teachers.

The second initiative is the redevelopment of disused oil palm plantations in Karak into an agriculture-based property development called The Valley @ Bentong, which selling point is back to nature.

This is a 1,600-acre swathe of freehold land that owners can turn into farms or orchards and homesteads, that is also a short hour-ride from Kuala Lumpur, the capital of Malaysia. The hilly terrain is good for planting durians, especially the Musang King variety, a favourite among locals.

The Valley promotes permaculture and aquaponics farming system to its existing and prospective owners. The purpose is to encourage the owners to start activities on their own land to lead a self-sustainable lifestyle.

At the corporate level, the Group has continued on the tradition to provide assistance to bright students who are children of its staff



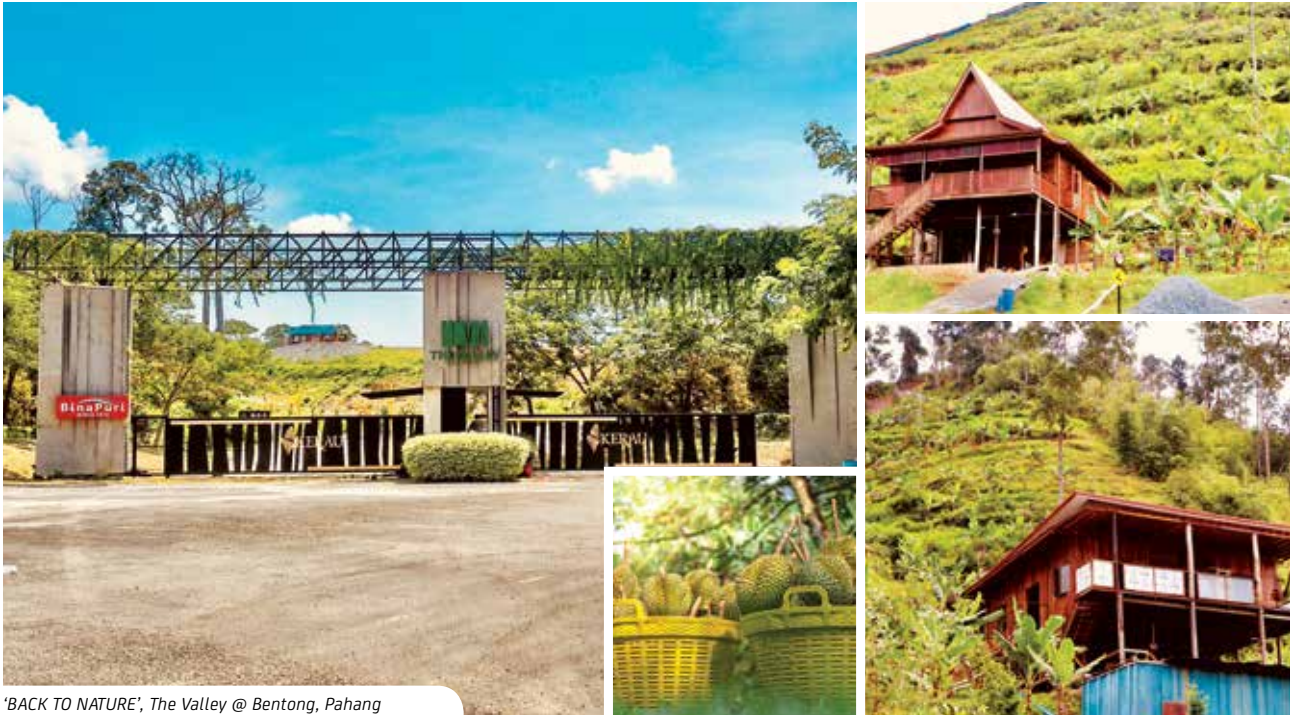
LATAR contribute two units of patrol car to Royal Malaysian Police



Teachers' Day celebration at Sekolah Kebangsaan Puncak Alam

Sustainability Statement

(cont'd)



'BACK TO NATURE', The Valley @ Bentong, Pahang

who excelled in their studies by granting them with education incentives. This year, a total of RM15,000 in cash incentives was distributed out to 24 excellent students including two STPM students, 10 SPM students, five PT3 students and six UPSR students.

Considering that the Covid-19 pandemic has caused nationwide lockdown and work stoppage during the whole of the second half of the year under review, the Group is satisfied that it was able to carry out CSR activities on sustainable development that benefited the local community and safeguarded the environment.

As business gradually re-opens, the Group has to play catch-up and hit the ground running to ensure that as its normal operations resume earnestly it would not forget to extend a helping hand to protect the environment and be a local champion of sustainability to the local communities we serve.



Bina Puri rewarded 24 bright students who scored As' in their 2019 examinations.

Audit Committee Report

A. COMPOSITION, COMPLIANCE AND ATTENDANCE

MEMBERS OF THE COMMITTEE	DESIGNATION IN THE COMPANY	NO. OF MEETINGS ATTENDED
Ir. Ghazali Bin Bujang Chairman	Independent Non-Executive Director	5/5
Tan Sri Dato' Wong Foon Meng	Chairman/Independent Non-Executive Director	5/5
Mohd Najib Bin Abdul Aziz	Independent Non-Executive Director	5/5

- (a) The Audit Committee shall be appointed by the Directors from amongst their numbers via a Directors' resolution and shall consist of not less than three (3) members. All the Audit Committee members must be non-executive directors with a majority of them being Independent Directors. The composition of the Audit Committee shall meet the independence requirements of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and other rules and regulations of the Securities Commission.
- (b) At least one member of the Audit Committee:
- is a member of the Malaysian Institute of Accountants (MIA); or
 - if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and
 - must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.
- (c) In the event of any vacancy in the Audit Committee, the Directors shall within three (3) months of that event, appoint such new members to make up the minimum number of three (3) members.
- (d) An Alternate Director shall not be appointed as a member of the Audit Committee.
- (e) The member of the Audit Committee that meets the requirement for having the necessary accounting qualification is En. Mohd Najib Bin Abdul Aziz.

B. TERMS OF REFERENCE

The Terms of Reference of the Audit Committee are consistent with the MMLR of Bursa Securities and the MCCG 2017 and all the requirements under the Terms of Reference are fully complied with.

The Terms of Reference of the Audit Committee are accessible to the public for reference on Bina Puri's corporate website.

C. MEETINGS

The Committee will meet at least five (5) times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties. The external auditors may request a meeting if they consider that one is necessary.

The quorum for each meeting shall be two (2) members and the majority of members present must be Independent Non-Executive Directors.

The authorised officers and a representative of the external auditors may attend meetings at the invitation of the Committee. Other Board members shall also have the right of attendance upon the invitation of the Committee. If necessary, the Committee shall meet with the external auditors without executive Board members present.

The Secretary to the Committee shall be the Company Secretary or any other person appointed by the Committee.

The Secretary shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it to the Committee members prior to each meeting. The Secretary will also be responsible for keeping the minutes of the meeting of the Committee and circulating to the Committee members and to other members of the Board.

A resolution in writing signed or approved by letter by all the members of the Audit Committee who are sufficient to form a quorum shall be valid and effectual as if it had been passed at a meeting of the Audit Committee duly called and constituted. All such resolution shall be described as "Audit Committee Circular Resolution" and shall be forwarded or otherwise delivered to the Secretary without delay and shall be recorded by the Secretary in the Company's minutes book.

Audit Committee Report

(cont'd)

Any such resolution may consist of several documents in like form, each signed by one (1) or more members.

D. SUMMARY OF ACTIVITIES

The following activities were carried out by the Audit Committee during the year review:

1. Financial Reporting

- Reviewed the quarterly financial results, announcement, annual report and audited financial statements of the Company and the Group for financial year ended 30 June 2020 prior to recommending to the Board for consideration and approval;
- The review also involved discussion with Management and the external auditors to ensure they were drawn up in accordance with the applicable accounting standards approved by Malaysian Accounting Standards Board (“MASB”) and other legal requirements; and
- The quarterly financial statements for the period from 1 July 2019 to 30 June 2020 (four quarters), which were prepared in compliance with the Malaysian Financial Reporting Standard (“MFRS”) 134 Interim Financial Reporting, International Accounting Standards 34 Interim Financial Reporting and paragraph 9.22, including Part A, Appendix 9B of the MMLR, were reviewed at the AC meetings on 23 August 2019, 16 October 2019, 21 November 2019, 24 February 2020 and 11 June 2020 respectively.

2. Internal Audit

- Reviewed and approved the annual audit plan proposed by the internal auditors to ensure the adequacy of the scope and coverage of work;
- Reviewed the internal audit reports presented by the internal auditors on their findings and recommendations including Management’s response;
- Considered internal auditors’ recommendations and the Management’s response with respect to system and control weaknesses, before proposing those system and control weaknesses be rectified and recommendations to be implemented; and
- Considered and recommended to the Board for approval of the audit fees payable.

3. External Audit

- Reviewed the external auditors’ report on the final audit report for the financial year ended 30 June 2020 and Statement of Risk Management and Internal Control (“SORMIC”) in October 2020 before recommending to the Board for approval;
- Reviewed the Internal Control Memorandum, together with Management’s response to the findings of the external auditor;
- Reviewed the 2020 external auditors’ audit plan for Bina Puri Group, encompassing the nature and scope for the year’s audit and engagement strategy in 2020 prior to its implementation;
- Reviewed the terms of engagement of the external auditors for the 2020 statutory audit and SORMIC, upon confirmation of its independence and objectivity, prior to tabling for the Board’s approval. The engagement of the external auditors for the Group was supervised and processed under the Group’s umbrella to streamline their terms of engagement;
- Reviewed and approved the non-audit services provided by the external auditors while ensuring there was no impairment of independence or objectivity. This includes monitoring the fee of the total non-audit work carried out by the external auditors so as not to jeopardise the external auditors’ independent status. In the financial year ended 30 June 2020, the Company did not engage the external auditors for any non-audit projects.

Audit Committee also diligently exercised its right to hold annual meetings with the external auditors without the Management’s presence on one separate occasion on 15 October 2020. These sessions were held to enable an open discussion with the Audit Committee and ensure the external auditors were not restricted in their scope of audit;

- Reviewed, assessed and monitored the performance, suitability and independence of the external auditors. The Audit Committee undertook an annual assessment to assess the performance, suitability and independence of the external auditors based on, amongst others, the quality of service, sufficiency of resources, communication and interaction, as well as independence, objectivity and professional scepticism.

Audit Committee Report

(cont'd)

The external auditors also provide an annual confirmation of their independence in accordance with the terms of all professional and regulatory requirements, including the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. The engagement and concurring partners responsible for the Group audit are rotated at least every five (5) financial years.

Following the review of the external auditors' effectiveness and independence, the Audit Committee is satisfied with the performance and the audit independence of the external auditors. Accordingly, RSL PLT has indicated their intention not to seek re-election as auditor of the Company at the forthcoming Annual General Meeting.

The Board has in place, a formalised External Auditor Assessment Policy to enhance the External Auditors assessment processes and procedures. This Policy provides a structured, formalised/ documented assessment, review and supervision of the performance, suitability, objectivity and independence of External Auditors, to facilitate accountability and transparency of the Group's dealing with its External Auditors; and

- Considered and recommended to the Board for approval of the audit fees payable.

4. Others

- Reviewed the Audit Committee Report and its recommendation to the Board for inclusion in the Annual Report;
- Reviewed the SORMIC and its recommendation to the Board for inclusion in the Annual Report; and
- Reviewed related party transactions that may arise within the Company or the Group.

The Committee discharged its duties and responsibilities in accordance with its Terms of Reference.

E. INTERNAL AUDIT FUNCTION

The Company has outsourced the internal audit function to NGL Tricor Governance Sdn. Bhd. ("NGL Tricor"). The cost incurred for the internal audit function in respect of the financial year ended 30 June 2020 was RM39,376*.

The internal audit function is headed by Mr. Chang Ming Chew, Managing Director of NGL Tricor. Mr. Chang is a Certified Internal Auditor and holds a Certification in Risk Management Assurance from the Institute of Internal Auditors, professional member of the Institute of Internal Auditors Malaysia, member of the Association of Chartered Certified Accountants (UK), and member with the Malaysian Institute of Accountants.

The role of the internal audit function is to provide assurance to the Audit Committee in monitoring and managing risks and internal controls of the Group. A systematic and disciplined approach is used to evaluate the system of internal control of the Group.

The internal audit was carried out by referring to the International Professional Practices Framework issued by the Institute of Internal Auditors. The internal audit approaches are as follows:-

- Meeting with key staff to gain an understanding of the risks along with the processes reviewed, and the controls put in place;
- Reviewing key documents that support the processes and controls in place;
- Performing walkthrough test and test of control, and in particular management oversight controls, in order to provide assurance as to the design and operational effectiveness of the internal control; and
- Comparing existing processes with established best practices.

The internal audit activities are carried out based on a risk-based audit plan, which include both assurance and consulting activities approved by the Audit Committee, in order to achieve the following objectives:

- Compliance with legislation, regulations, policies and procedures;
- Economy and efficiency of operations;
- Safeguarding of assets;

* includes OPE & Government tax

Audit Committee Report

(cont'd)

- Reliability and integrity of financial and operational information; and
- Achievement of operational objectives.

For the financial period under review, NGL Tricor has direct access to the Audit Committee. In order for the function to carry out its responsibilities, it shall have full access to all records, properties and personnel of the Group.

During the financial year ended 30 June 2020, NGL Tricor carried out the following activities:

- a) Prepared the annual internal audit plan for the approval of the Audit Committee.
- b) Issued audit reports to the Committee and management identifying control weaknesses and issues as well as highlighting recommendations for improvements.
- c) Acted on suggestions made by Committee and/or senior management on concerns over operations or controls and significant issues pertinent to the Company or the Group.

- d) The internal audit undertaken by NGL Tricor for the financial period from 1 July 2019 to 30 June 2020 included the following:

- i. Internal Control Review (“ICR”) Report on Project Cost Management of Bina Puri Sdn. Bhd.
- ii. ICR Report on Project Tendering of Bina Puri Sdn. Bhd.

All findings and recommendations arising from the ICRs for financial year ended 30 June 2020 were tabled to the Audit Committee and the reviews were conducted based on an internal audit plan approved by the Audit Committee.

F. REVIEW OF THE AUDIT COMMITTEE

The nominating committee, as required of a listed issuer, reviews the term of office and performance of an Audit Committee and each of its members annually to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

Corporate Governance Overview Statement

INTRODUCTION

THE BOARD IS COMMITTED TO UPHOLD AND IMPLEMENT A CORPORATE CULTURE WHICH IS BASED ON THE PRINCIPLES AND BEST PRACTICES OF CORPORATE GOVERNANCE (“CG”) AND IS PRACTICED BY THE COMPANY AND ITS SUBSIDIARIES (“THE GROUP”).

The Group CG framework is premised upon the following statutory provision, best practices, rules and guidelines:

- Companies Act 2016 (“the Act”).
- Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad; and
- Malaysian Code on Corporate Governance (“the Code”).

This report demonstrates the steps taken by the Board to apply three (3) key principles highlighted in the CG code in respect of Board Leadership and Effectiveness, Effective Audit and Risk Management and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

Good governance depends on capable and effective leadership, professional behaviour and ethical corporate culture. Therefore the Board acknowledges that it is their responsibilities to inculcate the appropriate culture, values which reinforce ethical, prudent and professional behaviour throughout the organisation to create a healthy and dynamic corporate culture within the Group.

BOARD LEADERSHIP AND EFFECTIVENESS

OVERVIEW

The Board

The Board as a whole continues to take ownership of effective leadership and the long-term success of the Group. The diversified skills and leadership experience offered by the Non-Executive Directors enables them to scrutinise performance, assess the Group’s risk management and control processes and to support the Executive Directors.

Practice 1.1 – Roles and Responsibilities of the Board

In discharging its functions and responsibilities, the Board is guided by the Board Charter, Authority Limits and Matters Reserved for the Board. The Board delegates certain roles and responsibilities to the Board Committees noted below whilst, amongst others, assuming the roles and responsibilities as stated below:

- Formulating and reviewing strategic plan for the Group quarterly;
The Board reviews and approves the annual corporate plan for the Group which includes overall corporate strategy, operational plan and the budget. These plans include

consideration on the environmental condition, changes to rules and regulations, and incorporate environmental and social responsibility strategies which underpin the sustainability of the business.

The Board also intends to take steps to formalise a Sustainability Policy which sets out the business strategy that drives long-term corporate growth and profitability, by including environmental and social considerations in the business model. The Board will take steps to make available the policy on Group’s corporate website.

- Overseeing the conduct of the businesses and financial performance of the Group;

Guidance is provided to management through frequent meetings and reporting whilst line managers are given sufficient level of autonomy to make decisions. The skillset and experience of the Directors enable in-depth discussion and examination of issues on performance, strategy, compliance and resources are discussed and examined in depth in order to take into consideration the long-term interest of the Group’s stakeholders.

- Identifying and managing the principal risks of all aspects of the Group’s operations and affairs;

The Board with the assistance from management, regularly review, identify, evaluate, monitor and manage the principal risks faced by the Group.

Details of the Risk Management are further discussed in the Statement on Risk Management and Internal Control.

- Ensuring all senior management positions are held by candidates of sufficient experience;

The Board has established a formal organisation structure for the Group with delineated lines of authority, responsibility and accountability. The organisation structure is formed by focusing on performance delivery. It fosters and promotes the continual development of Executive Directors and key employees, thus enabling the Group to achieve its business objectives.

Moving forward, the Board intends to focus on business continuity through establishing a formal succession planning, to ensure that key positions maintain some measure of continuity.

Corporate Governance Overview Statement

(cont'd)

- Ensuring that effective communication with its shareholders and stakeholders is in place; and

The Board strives to ensure that all shareholders have ready and timely access to all publicly available information of the Group and promote effective communication with shareholders so as to enable them to engage actively with the Group and exercise their rights as shareholders in an informed manner.

The Board also strives to ensure that the Group's disclosed information is compliant to legal, listing authority and stock exchange requirements, especially price-sensitive information.

- Ensuring that a sound framework of reporting on management information and internal controls is in place.

The Board's function in fulfilling the above responsibility is supported and reinforced through the various Committees established at both the Board and the management's level. Aided by independent outsourced Internal Audit and External Audit functions, the active functioning of these Committees through periodical meetings and discussions would provide a check and balance and reasonable assurance on the adequacy of the Group's internal controls.

Details on the Internal Audit and External Audit functions are further discussed in the Statement on Risk Management and Internal Control and Audit Committee Report.

Practice 1.2 - Role of Chairman

The Chairman leads and ensures the effectiveness of the board by among others, encouraging healthy debates by all directors, allowing sufficient time for discussion of issues and ensuring that the board's decisions fairly reflect board consensus.

YBhg. Tan Sri Dato' Wong Foon Meng takes on the role of Independent Non-Executive Chairman of the Group. Over the years, he has accumulated vast experience in public sector and legislative experience at state and federal level, as well as corporate experience. The Board is confident; he will be able to show leadership, entrepreneurship skills, business insight as well as instilling sound corporate governance practices in the best interests of the Group. He also communicates regularly with management and other Board Committee members.

Practice 1.3 - Separation of role of Chairman and Group Managing Director (GMD)

The role of the Independent Non-Executive Chairman and the Group Managing Director ("GMD") are distinct and separate to ensure that there is a balance of power and authority.

The GMD has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The GMD is responsible to ensure due execution of strategic goals, effective operations within the Group, and to explain, clarify and inform the Board on key matters pertaining to the Group.

The GMD, YBhg. Tan Sri Datuk Tee Hock Seng, JP was assisted by a team of senior management in managing the day to day operations of the Group for the financial year under review.

The Group continues to comply with the MCCG 2017 in respect of separation of role between Chairman and GMD.

Practice 1.4 - Company Secretary

The Company Secretaries plays significant role in supporting the Board for ensuring that all governance matters and Board procedures are followed and that applicable laws and regulations are complied with.

The Company Secretaries also highlighted all compliance and governance issues which they feel ought to be brought to the Board's attention.

Practice 1.5 - Information and Support for Directors

All Directors are provided with the meeting materials on a timely basis prior to the scheduled Board meetings. All Board papers, including those on complicated issues or specific matters and minutes of all Board Committee meetings, are distributed on a timely basis to ensure Directors are well informed and have the opportunity to seek additional information, and are able to obtain further clarification from the Company Secretary, should such a need arise.

The Board members are supplied with information and reports on financial, operational, corporate, regulatory, business development and audit matters by way of board reports or upon specific request to enable them to discharge their duties and responsibilities. All Directors are notified of the announcements release to Bursa Malaysia Securities berhad ("Bursa Securities"). In addition, all Directors have access to the management and auditors for independent view and advice.

In furtherance of their duties, the Directors may seek independent advice, where necessary, at the expense of the Company, so as to ensure that they are able to make independent and informed decisions.

Corporate Governance Overview Statement

(cont'd)

DIRECTORS' TRAINING PROGRAMME

The Board of Directors continues to evaluate and determine the training needs of its Directors to ensure continuing education to assist them in the discharge of their duties as Directors.

In addition to the Mandatory Accreditation Programmes required by the Bursa Securities, the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes to keep them abreast with the current development of industry as well as any new statutory and regulatory requirements. This also will enable Directors to effectively discharge duties and sustain active participation in the Board deliberations.

The Directors had participated in various training programmes, seminars and briefings in relation to governance, industry, finance and regulatory developments. During the financial year under review the Board members attended the following training programmes, seminars and briefings:

DIRECTOR	TOPIC	DATE
Tan Sri Dato' Wong Foon Meng	<ul style="list-style-type: none"> Anti-Bribery Management System Awareness Training 	6 July 2020
Tan Sri Datuk Tee Hock Seng, JP	<ul style="list-style-type: none"> Anti-Bribery Management System Awareness Training 	6 July 2020
Dr Tony Tan Cheng Kiat	<ul style="list-style-type: none"> Anti-Bribery Management System Awareness Training 	6 July 2020
Datuk Matthew Tee Kai Woon	<ul style="list-style-type: none"> Anti Bribery and Anti Corruption Awareness Training Anti-Bribery Management System Awareness Training 	3 July 2020 6 July 2020
Ir Ghazali Bin Bujang	<ul style="list-style-type: none"> Anti-Bribery Management System Awareness Training 	6 July 2020
Mohd Najib Bin Abdul Aziz	<ul style="list-style-type: none"> Corporate Liability in Bribery Offences 	27 February 2020

BOARD MEETINGS

The Board meeting calendar scheduling the meeting dates of the Board for each financial year were fixed in advance for the whole year to ensure that all Board meeting dates are booked and also to enable the Management's planning for the whole financial year.

The Board meets at least four (4) times a year with additional meetings being convened where necessary. The Board obtains the commitment from Directors to devote sufficient time and efforts to carry out their responsibilities at the time of their appointment. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees. None of the Directors of Group serve in more than five (5) listed companies. The present directorships in external organisations held by the Group's Directors do not give rise to any conflict of interests nor impair their ability to discharge their responsibilities to the Group. Board meetings for the ensuing financial year are scheduled in advance before the end of the current financial year so that the Directors are able to plan and schedule ahead for their attendance to the Board meetings in the coming year.

Corporate Governance Overview Statement

(cont'd)

BOARD MEETINGS (cont'd)

For the financial year ended 30 June 2020, the Board met five (5) times. The Board meetings were held on 27 August 2019, 26 November 2019, 28 February 2020, 15 May 2020 and 18 June 2020.

The Board is satisfied with the level of time commitment given by Directors towards fulfilling their roles and responsibilities as Directors which is evidenced by their attendance at the Board meetings and AGM as follows:

NAME OF DIRECTOR	BOARD MEETINGS	AGM
Tan Sri Dato' Wong Foon Meng	5/5	1/1
Tan Sri Datuk Tee Hock Seng, JP	5/5	1/1
Dr Tony Tan Cheng Kiat	5/5	1/1
Datuk Matthew Tee Kai Woon	5/5	1/1
Ir Ghazali Bin Bujang	4/5	1/1
Mohd Najib Bin Abdul Aziz	5/5	1/1
Dato' Leong Sir Ley (or her Alternate, Mr See Tai Soon) (resigned on 17 June 2020)	3/4	1/1

All Directors have complied with the minimum requirements on attendance at Board meetings as stipulated in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") (minimum 50% attendance).

Practice 2.1 - Board Charter

The Board has in place a Board Charter which is accessible on the Group website. The Board Charter demarcates the responsibilities between Board, Board Committee, Chairman, Group Managing Director, Individual Director and Company Secretaries.

The Board shall review the said Charter periodically and any amendments/improvements shall be made thereto as and when the Board deems appropriate and necessary. Any subsequent amendments shall be approved by the Board.

Practice 3.1 - Code of Conduct and Ethics

Code of Conduct and Ethics defines the standards of conduct that are expected of Directors and employees to help them make the right decision in the course of performing their jobs to the highest standards of ethics, integrity and governance. Details of the Code of Conduct and Ethics which includes policies and procedures for managing conflicts of interest as well as preventing abuse of power, corruption, insider trading and money laundering is accessible from the Group's corporate website.

Practice 3.2 - Establishing and Implementation of Whistleblowing Policies and Procedures

The Board encourages employees and associates to report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Group. The Whistleblowing Policy established by the Group provides and facilitates a mechanism for any employee and associate to report concerns about any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse.

The Whistle-Blowing Policy is available on the Group's corporate website for ease of access for reporting by employees and associates of the Group.

Corporate Governance Overview Statement

(cont'd)

Practice 4.1 - Presence of Independent Directors on the Board

The Board believes that the current composition is appropriate given the collective skills and experience of the Directors. The Board is of the view that with the current Board size, there is no disproportionate of power and authority on the Board between the Non-Independent and Independent Directors. The Board will continue to monitor and review the Board size and composition as may be needed.

The Board currently has six (6) members comprising three (3) Non-Executive Directors and three (3) Executive Directors. The Board is made up of an Independent Non-Executive Chairman, a Group Managing Director, a Founder Director/Executive Director, a Group Executive Director and two (2) Independent Non-Executive Directors. The Board has complied with Paragraph 15.02 of the Listing Requirements which requires at least two (2) Directors or one third (1/3) of the Board (whichever is higher) to be Independent Directors.

Practice 4.2 & 4.3 - Tenure of Independent Directors

The Board has considered the independence of each Independent Non-Executive Director in office as at the date of Annual Report and has concluded that the independence criteria as set out by MMLR have been met satisfactorily. The Board is generally satisfied that each Independent Non-Executive Director remains independent in character and judgement and is free from relationships or circumstances which are likely to affect or could appear to affect the Director's judgement.

To enhance the current process, Independent Non-Executive Directors will be required to declare formally on an annual basis his/her independence. Retention of independent directors after serving a cumulative term of nine (9) years are subject to shareholders' approval in line with the recommendation of the Code.

1/3 of Directors are subject to retirement by rotation yearly or at the interval of every 3 years. Information on Directors who are retiring and who are willing to serve if so re-elected is disclosed in the notice of meeting.

Practice 4.4 & 4.5 - Diversity on Board and in Senior Management

The Board acknowledges importance of fostering diversity to enhance the effectiveness of the Board and senior management.

The Board takes appropriate measures to ensure that boardroom diversity is considered as part of its selection and recruitment exercise. However, the merits of the individual and knowledge and expertise relevant to the Company will be the main criteria when considering the selection of new candidates to the Board and/or senior management team.

Although currently, the Company do not have a written policy on diversity pertaining to the selection of its Board members and senior management team, the Board always taken into account diversity as one of the selection criteria.

The Board takes note of the Code with regard to Board gender diversity.

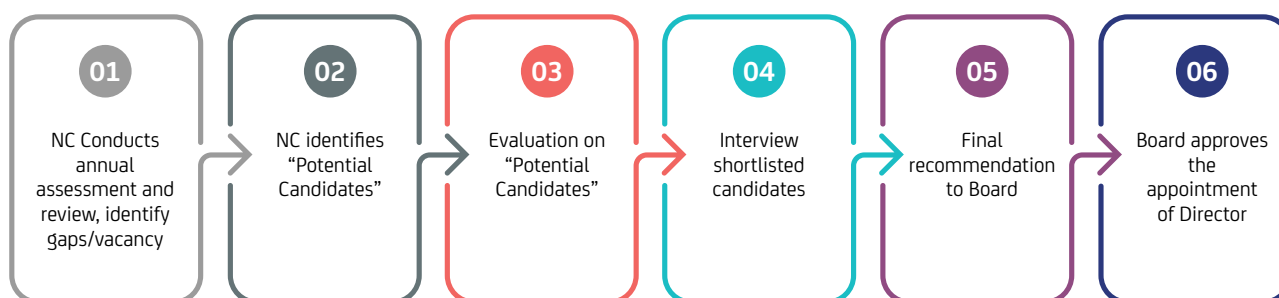
Practice 4.6 - Appointment of Directors

The Board is responsible for the appointment of Directors. It has formulated the terms of reference of the Nomination Committee ("NC") and has identified the composition of the Committee members. It is the Board's policy for Directors to notify the Chairman before accepting any new directorships notwithstanding that the MMLR of Bursa Securities allow a Director to sit on the board of 5 listed issuers. The Board had formalised the Boardroom Appointment and Performance Evaluation processes.

Corporate Governance Overview Statement

(cont'd)

The processes will be as follow:



Boardroom Appointments

The selection, nomination and appointment of suitable candidates to the Board follow a transparent process.

Review of candidates for Board appointment has been delegated to the NC. NC is also responsible to review the existing composition of the Board, identifying the gaps and subsequently review and recommend to the Board a suitable candidate with the relevant skillsets, expertise and experience.

The Group's Boardroom appointment process is as follows:

Boardroom Membership Criteria

In reviewing and recommending to the Board any new Director appointments, the NC considers:

- a) Age, skills, knowledge, expertise, experience, professionalism, integrity, capabilities and such other factors which would contribute to the Board's collective skills;
- b) Competing time commitments if the candidate has multiple board representations;
- c) Composition requirements for the Board and Committees; and
- d) Independence, for the appointment of an Independent Non-Executive Director.

In identifying candidates for appointment of Directors, the Board does not solely rely on recommendations from existing board members, management or major shareholders.

THE BOARD COMMITTEE

Practice 4.7 - Nomination Committee

The Nomination Committee ("NC") which comprises three (3) Directors, are exclusively made up of Independent Non-Executive Directors and is chaired by YBhg. Tan Sri Dato' Wong Foon Meng. The NC is responsible for nominating to the Board individuals as Directors and for assessing the Directors on an ongoing basis.

The Nomination Committee's Terms of Reference ("TOR") is available on Group's corporate website. The Terms of Reference discloses the following in compliance with the MMLR of Bursa Securities:

- i) Board composition;
- ii) Objectives of the committee;
- iii) Meetings and access to information;
- iv) Authorities; and
- v) Duties and Responsibilities.

Corporate Governance Overview Statement

(cont'd)

In the process of selecting and evaluating candidates, the NC takes into consideration suitability for the role, Board balance and composition, mix of skills, experience, knowledge and other qualities as well as diversity in terms of gender, age and ethnicity background.

An assessment mechanism is in place to assess on an annual basis, the effectiveness of the Board as a whole and the Board Committees and the contribution of each individual Director. The annual assessment enables the Board to ensure that each of the Board members including the Group Managing Director and Chief Financial Officer has the character, experience, integrity, competence and time to effectively discharge their respective roles.

The key activities undertaken by the NC during the year are as follows:

- a) Recommending and reviewing the Policy on Board Composition;
- b) Reviewing the TORs of the Board Committees;
- c) Reviewing compliance of Board Committees with their respective TOR; and
- d) Reviewing the Term of Office and performance of the Audit Committee.

Practice 5.1 - Evaluation for Board, Board Committees and Individual Directors

The purpose of the Board Evaluation is to assess the processes by which the Board fulfils its responsibilities, including those provided by the MCGG 2017 and outlined by the Board Charter.

The Board, through its Nomination Committee, undertakes an evaluation each year in order to assess how well the Board, its committees, the Directors and the Chairman are performing including assessing the independence of Independent Directors after taking into account the individual Director's capability to exercise independent judgement at all times.

The evaluation covers the Director's composition, combination of skills, experience, communication, roles and responsibilities, effectiveness as well as conduct. All Directors complete questionnaires regarding the Board and Committees' on the processes, their effectiveness and where improvements may be considered.

The outcome of the evaluation exercise is reported to the Nomination Committee and then to the Board for review.

The Director Performance Evaluation Process is as follow:



The criteria used in the Director Assessment process:

- Integrity, Commitment and Ethics
- Governance
- Strategic Perspective
- Adding Value
- Judgement and Decision Making
- Teamwork
- Communication
- Commitment

Corporate Governance Overview Statement

(cont'd)

Individual board members' performances are tied to a full board assessment process. Board members rate their own performance at the same time that they rate board performance.

The main elements used in the Board and Committee assessment process:

1. Board Mix and Composition

Composition, constitution and diversity and that of its Committees, competencies of the members, review of Board and Committee charters and frequency of meetings.

2. Skills and Expertise

Determination of the skill, knowledge and expertise a board should ideally hold, those it holds currently and the identified gaps.

3. Dynamics and Functioning of the Board

Availability of timely and accurate information, interaction and communication with senior management, setting of Board agenda, cohesiveness and the quality of participation of members in meetings.

Practice 6.1 - Remuneration Policy and Procedures for Directors and Senior Management

The Group has adopted the Remuneration Policy that link the level of remuneration to the experience and level of responsibilities undertaken by a Non-Executive Director and to structure the component parts of remuneration so as to link rewards to corporate and individual performance of Executive Directors and ensure it was aligned with the business strategy and long-term objectives of the Group.

The performance of the Executive Director is measured based on the achievements of his annual performance as well as the performance of the Group. The Group rewards its employees and the Executive Directors with options under the Share Issuance Scheme (SIS).

The details of the vesting of options under the SIS are set out on page 68 under the Directors' Report of the Audited Financial Statements for the FY2020.

Practice 6.2 - Remuneration Committee

The Remuneration Committee ("RC") is chaired by YBhg. Tan Sri Dato' Wong Foon Meng, comprises of four (4) Directors, of which three (3) are Independent Non-Executive Directors and one (1) Director is the Executive Director.

The Remuneration Committee's Terms of Reference ("TOR") is available on Group's corporate website. The terms of reference are as follows:

- (a) Review and recommend the entire individual remuneration packages for each of the Directors and key management of the Group;
- (b) Ensure that a strong link is maintained between the level of remuneration and individual performance against agreed targets, the performance-related elements of remuneration forming a significant proportion of the total remuneration package of the Directors and key management of the Group; and
- (c) Review and recommend to the Board of Directors of the Group the remuneration structure and policy and the terms of employment or contract of employment/service, any benefit, pension or incentive scheme entitlement; other bonuses, fees and expenses; any compensation payable on the termination of the service contract for the Directors and key management.

Corporate Governance Overview Statement

(cont'd)

Practice 7.1 & 7.2 - Disclosure of Remuneration

The details of the remuneration of the Directors of the Company and the Group for the financial year ended 30 June 2020:

	COMPANY		GROUP	
	EXECUTIVE DIRECTORS	NON EXECUTIVE DIRECTORS	EXECUTIVE DIRECTORS	NON EXECUTIVE DIRECTORS
Salary, Bonus & Socso (RM)	1,442	-	1,496	-
Fee (RM)	24	252	24	252
Defined Contribution Plan (RM)	124	-	124	-
Benefit-In-Kind (RM)	-	-	-	-

The number of Directors whose remuneration falls into the following bands is as follows:-

	SALARIES, BONUSES AND OTHER EMOLUMENTS		FEE	
	EXECUTIVE DIRECTORS	NON EXECUTIVE DIRECTORS	EXECUTIVE DIRECTORS	NON EXECUTIVE DIRECTORS
Group				
Below RM50,000	-	-	2	-
RM50,001 – RM100,000	-	-	-	2
RM100,001 – RM150,000	-	-	-	1
RM550,001 – RM600,000	1	-	-	-
RM1,000,001 – RM1,050,000	1	-	-	-
Company				
Below RM50,000	-	-	2	-
RM50,001 – RM100,000	-	-	-	2
RM100,001 – RM150,000	-	-	-	1
RM500,001 – RM550,000	1	-	-	-
RM1,000,001 – RM1,050,000	1	-	-	-

The details of the remuneration of each Director in name basis is not to disclosed due to confidentiality and security reasons and such disclosure may be prejudicial to the Company's business interest.

Although the disclosure is not on named basis, the details above nonetheless still provide breakdown and different bands.

The number of Senior Management for the financial year under review, whose remuneration falls within the respective bands is as follows:

	RM200,000 – RM300,000
Senior Management	6

Corporate Governance Overview Statement

(cont'd)

The Group does not comply with the recommendation to disclose on named basis the top six senior management's remuneration in the bands of RM50,000 in order to preserve confidentiality and would be detrimental to the Group as this will facilitate opportunity for competitors to pinch the Group's top senior management.

EFFECTIVE AUDIT AND RISK MANAGEMENT

Practice 8.1 - Chairman of Audit Committee

Ir. Ghazali Bin Bujang chaired the Committee and is not the Chairman of the Board. This is in compliance with the step up recommendation of MCCG 2017 and MMLR of Bursa Securities.

Practice 8.2 & 8.3 - Cooling off period for Key Audit Partner and Assessment of External Auditor

The Audit Committee will undertake an annual assessment on the performance of internal and external auditors, including the suitability and independence of the auditors, in accordance with the Group's policy. Both the internal and external auditors are independent.

The Group has in place a policy that requires a former key audit partner of existing external auditor to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

The Board has in place a formalised External Auditors Assessment Policy to enhance the External Auditors assessment processes and procedures. The policy shall assess the performance, suitability, objectivity and independence of the external auditor.

The functions of the Audit Committee in relation to the external and internal auditors are disclosed in pages 40 to 43 of the Annual Report.

Practice 8.4 - Independence of Audit Committee

The Committee consists of three (3) members of which all are independent non-executive directors. None of them are alternate Directors.

Practice 8.5 - Financial Literacy of Audit Committee Member

The Audit Committee possess the right mix of skills to discharge its duties effectively.

The Committee is chaired by Ir. Ghazali Bin Bujang who specialized in planning, engineering and management of infrastructure and development works. He also has a broad and balanced knowledge with respect to issues on economic and finance, technical and environmental relevant to development and infrastructure projects. En. Mohd Najib bin Abdul Aziz is a member of the Audit Committee and is a member of the Malaysian Institute of Accountants (MIA). The Committee also comprises members with engineering, corporate and finance backgrounds which are financially literate and provide diverse perspectives that strengthen the quality of deliberations.

Practice 9.1 & 9.2 - Risk Management and Internal Controls

The Board remains committed to ensuring that its communications with shareholders continue to present a fair, balanced and understandable assessment of the Group and its prospects. The Board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives.

The Group has an ongoing process for identifying, evaluating and managing key risks in the context of its business objectives. These processes are embedded within the Group's overall business operations and guided by operational manuals and policies and procedures.

The Board assisted by management regularly review, identify, evaluate, monitor and manage the principal risks faced by the Group. In addition, the internal auditors, using a risk-based approach, annually review the operational procedures and processes to ensure the integrity of the system of internal control.

Oversight of risk has been delegated to the Audit Committee ("AC"). The AC has responsibility for regularly reviewing the risk management assessment to ensure it remains sound. The AC is assisted by Board Executive Committee which are responsible for driving and supporting risk management across the Group.

Corporate Governance Overview Statement

(cont'd)

The Statement of Risk Management and Internal Control is set out in page 57 the Annual Report outlines the principal risks and uncertainties associated with the Group's business. The Audit Committee monitors and reports on the Group's risk management systems, corporate reporting and internal control principles. The committee is also responsible for maintaining an appropriate relationship with its internal and external auditors which is set out on pages 40 to 43 of the Audit Committee Report.

Practice 10.1 & 10.2 - Effectiveness of Internal Audit Function

The Group outsourced its internal audit function to an independent internal audit service provider, NGL Tricor Governance Sdn. Bhd.. The primary function of internal audit is to undertake systematic reviews of the governance, risk and internal control systems within the Group in accordance with an internal audit plan, so as to provide assurance that such systems are adequate and functioning as proposed.

The internal audit function's responsibilities are to provide independent and objective reports on the state of internal controls of the various operating units within the Group to the Audit Committee and provide recommendations for the improvement of the control procedures, so that corrective actions are taken to mitigate weaknesses noted in the system and controls of the respective operating units.

Details of the internal audit activities and scope of coverage of the outsourced internal audit function including the cost incurred are set out in the Statement on Risk Management and Internal Control included in this Annual Report.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Practice 11.1 - Communication with Stakeholders

The Board is committed to ensure that Group continues to engage effectively with the shareholders to facilitate a mutual understanding of objectives. The Group has a number of formal channels in place to effectively communicate this information to all the shareholders and stakeholders. The Board primarily achieve this through the following activities; the annual report, announcements to Bursa Securities, quarterly reports, Group's website and investor relations.

The Group also maintains a website which shareholders and other stakeholders can gain access to information about the Group, activities and/or any announcements made by the Group. This can all be located at www.binapuri.com.my.

Practice 12.1 - Notice of General Meeting

The notice of Annual General Meeting ("AGM") is sent out to the shareholders at least 28 days before the date of the meeting so that shareholders have adequate time to consider the resolutions that will be discussed at the AGM.

The AGM serves as a principal forum for dialogue with shareholders. Extraordinary General Meetings are held as and when required.

Practice 12.2 - Attendance of Directors at General Meeting

During the AGM, the Board presents the financial performance of the Group as contained in the Annual Report. Shareholders are encouraged to participate and are given every opportunity to raise questions and seek clarification during the session. All the Board members are available to respond to shareholders' queries.

Practice 12.3 – Use of Technology for Shareholders' Voting

The Group held its AGM at the corporate office in Selayang, Selangor. Since 2018, the general meeting have adopted the voting exercise via electronic polling for convenience of the shareholders.

Corporate Governance Overview Statement

(cont'd)

Compliance with the CG Code

The Board considers that the Group has complied with the best practice and applied the main principles of MCCG 2017 with the exception of the following:

	EXPLANATION
Practice 4.1	<p>The Board currently has six (6) members comprising three (3) Non-Executive Directors and three (3) Executive Directors. The Board is made up of an Independent Non-Executive Chairman, a Group Managing Director, a Founder Director/Executive Director, an Executive Directors, and two (2) Independent Non-Executive Directors.</p> <p>The Board do not fulfil the requirement of MCCG 2017 to have majority of the board comprising of independent directors. Currently, Board is in compliance with the requirements by the MMLR of Bursa Securities of having at least one third (1/3) of Independent Non-Executive Directors.</p>
Practice 6.2	<p>The Remuneration Committee should only consist of non-executive directors and a majority of them must be Independent Directors, drawing advice from experts, if necessary.</p> <p>The Remuneration committee currently consist of three (3) Independent Directors and one (1) executive director which is the Group Managing Director who is able to give insight on the Group's performance in relation to the industry.</p>
Practice 7.2	<p>To preserve confidentiality, the Group does not comply with recommendation to disclose on named basis the top five senior management's remuneration in the bands of RM 50,000.</p>
Practice 9.1	<p>The Board has a risk management assessment in practice for identifying, evaluating and managing key risks in the context of its business objectives. These processes are embedded within the Group's overall business operations and guided by operational manuals and policies and procedures.</p> <p>The Board assisted by management regularly review, identify, evaluate, monitor and manage the principal risks faced by the Group. In addition, the internal auditors, using a risk-based approach, annually review the operational procedures and processes to ensure the integrity of the system of internal control.</p>
Practise 12.3	<p>Since 2018, the general meeting have adopted the voting exercise via electronic polling for convenience of the shareholders.</p>

CG Report

As required under paragraph 15.25 (2) of MMLR of Bursa Securities, the Group's application of each Practice of the CG Code during the financial year and explanation for departure and setting out timeline for compliance or alternative practice is set out in the Group CG Report and can be downloaded at www.binapuri.com.my.

ADDITIONAL DISCLOSURE

(a) Share Buy-Back

There was no Share Buy-Back during the financial year ended 30 June 2020.

(b) Options, Warrants or Convertible Securities Exercised

There were 97,833,500 options granted to the eligible employees and Directors of the Group during the financial year ended 30 June 2020.

(c) American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR")

There was no ADR or GDR Programme sponsored by the Company.

(d) Sanctions and/or Penalties Imposed

There were no sanctions and/or penalties imposed on the Company or its subsidiaries, directors or management by the relevant regulatory bodies.

Corporate Governance Overview Statement

(cont'd)

(e) Non-Audit Fees

The amount of non-audit fees paid to a company affiliated to the auditors' firm by the Company and its subsidiaries for the financial period ended 30 June 2020 was RM32,000.

(f) Variation of Results

The results for the financial year ended 30 June 2020 do not differ by 10% or more from the unaudited results previously released. The Company has not released or announced any estimated profit, financial forecast or projection during the said financial year.

(g) Profit Guarantee

The Company has not issued any profit guarantee in the financial year ended period ended 30 June 2020.

(h) Material Contracts

None of the directors and major shareholders has any material contract with the Company and/or its subsidiaries during the financial year under review.

(i) Revaluation Policy on Landed Properties

The Group did not adopt a policy on regular revaluation of its landed properties.

(j) Private Placement

The Private Placement entails the issuance of up to 124,395,200 Placement Shares, representing not more than 10% of the enlarged number of 1,243,952,150 issued Bina Puri Shares. The private placement had been approved by Bursa Malaysia and shareholders of the Company on 17 July 2020 and 5 December 2019 respectively. The Private Placement was completed on 21 September 2020;

The Company had successfully placed out 76,907,900 new Bina Puri Shares pursuant to the Private Placement, which raised cumulative gross proceeds of approximately RM6.193 million. The Company has utilised the proceeds in the following manner:

	AMOUNT (RM'000)
Funding for existing property development and construction projects	5,129
Working capital requirements	481
Repayment of bank borrowings	500
Expenses in relation to the Private Placement	83
Total	6,193

(k) Share Issuance Scheme ("SIS")

The SIS of the Company is governed by the SIS By-Laws and was approved by the shareholders on 24 September 2018. The SIS is in force for a period of five (5) years effective from 1 March 2019 and will be expiring on 29 February 2024.

Date of offer	Exercise Price of option offered (RM)	Total number of Options offered
17 February 2020	0.076	97,833,500

Please refer to page 68 and 148 of the Annual Report for the further details on the SIS.

Statement on Risk Management and Internal Control

INTRODUCTION

THE MALAYSIAN CODE OF CORPORATE GOVERNANCE 2017 (“THE CODE”) STIPULATES THAT THE BOARD OF DIRECTORS (“THE BOARD”) OF LISTED COMPANIES SHOULD MAINTAIN A SOUND RISK MANAGEMENT FRAMEWORK AND INTERNAL CONTROL SYSTEM TO SAFEGUARD SHAREHOLDERS’ INVESTMENTS AND THE GROUP’S ASSETS. PURSUANT TO PARAGRAPH 15.26(B) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) AND THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL: GUIDELINES FOR DIRECTORS OF LISTED ISSUERS (“GUIDELINES”), THE BOARD IS PLEASED TO PROVIDE THE FOLLOWING STATEMENT, WHICH OUTLINES THE MAIN FEATURES AND ADEQUACY OF THE GROUP’S RISK MANAGEMENT AND INTERNAL CONTROL FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020.

BOARD’S RESPONSIBILITY

The Board recognises the importance of maintaining an effective risk management practice and a sound system of internal control of the Group as a whole. The Board also affirms its responsibility of reviewing the adequacy and integrity of these systems, so as to safeguard shareholders’ investments and the Group’s assets.

However, it should be noted that any system of internal control and risk Management is designed to manage rather than to eliminate the risk of failure to achieve the Group’s strategic business and operational objectives within the risk appetite established by the Board and management. Accordingly, they can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

KEY RISK MANAGEMENT AND INTERNAL CONTROL FEATURES

The Group has a well-defined organisational structure with clearly defined lines of accountability, authority and responsibility to the Board, its committees and functional units. Key processes have been established in reviewing the adequacy and effectiveness of the risk management and internal control system including the following:

- The Group Executive Committee was established to manage the Group’s operating divisions in accordance with corporate objectives, strategies, policies and annual budgets as approved by the Board.
- The Audit Committee (“AC”) of the Group performs regular risk management assessments and through the Internal Audit function, reviews the internal control processes, and evaluates the adequacy and effectiveness of the risk management and internal control system. The AC also seeks the observations of the independent external and internal auditors of the Group. Further details are set out in the Audit Committee Report.
- Senior Management and Head of Department is responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed, to support the Group’s risk management philosophy, promote compliance and manage risks.

Statement on Risk Management and Internal Control

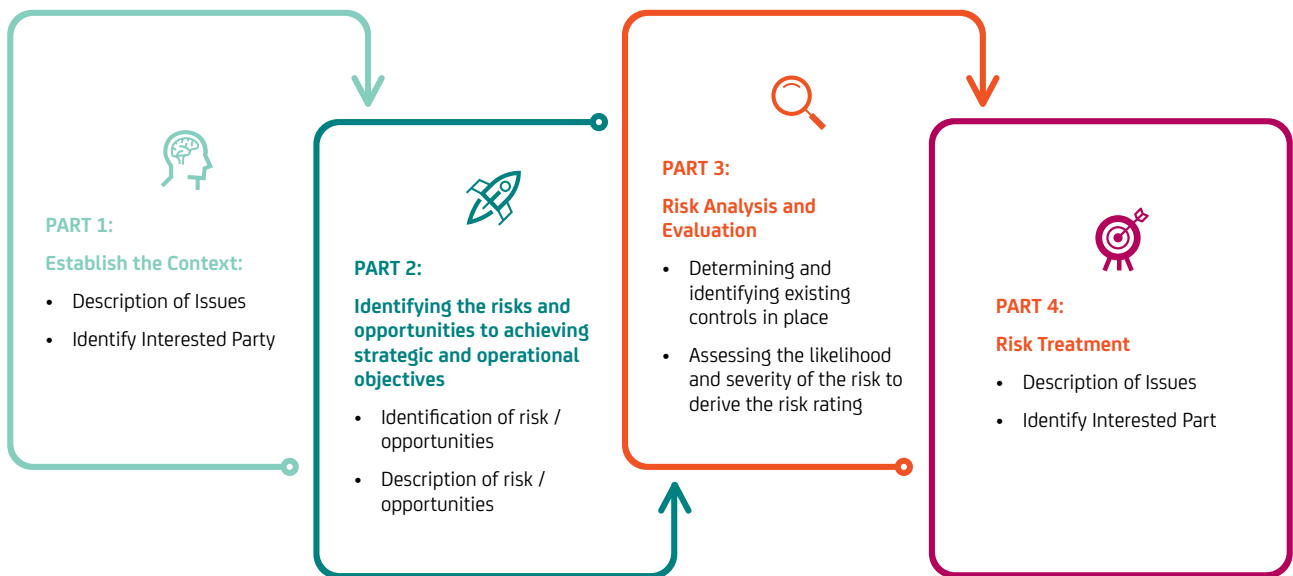
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Risk Management

The Group has an ongoing process for identifying, evaluating and managing key risks in the context of its business objectives. These processes are embedded within the Group's overall business operations and guided by operational manuals and policies and procedures.

The Board assisted by management regularly review, identify, evaluate, monitor and manage the principal risks faced by the Group. In addition, the internal auditors, using a risk-based approach, annually review the operational procedures and processes to ensure the integrity of the system of internal control.

The Group adopted the followings steps for its risk management:



Statement on Risk Management and Internal Control


(cont'd)

Through quarterly Board meeting discussion and operational meeting among project team, the Group had identified major risk areas of concern and mitigating actions were undertaken within appropriate timeframes. The Group's significant risks identified for the financial year ended 30 June 2020 are outlined below:

PRINCIPAL RISKS	DESCRIPTION	RISK MITIGATION STRATEGIES
<p>Economic risk</p> 	<p>Slowdown in the local and global economy may affect the Property and Construction Division's order book replenishment and result in overcapacity situations in its capital resources.</p> <p>The Property Division's property sales slowed down due to the subdued market sentiments, saturated market and stiff competition.</p> <p>All of these factors affect the Group's profitability.</p>	<ul style="list-style-type: none"> • Securing long term yearly income recurring projects; • Exploring various business and geographical diversifications; • Regularly reviewing the business plans against performances to address any gaps or shortfalls • Securing long term yearly income recurring projects; • Exploring various business and geographical diversifications; • Regularly reviewing the business plans against performances to address any gaps or shortfalls; • Maintaining good relationships with contractors and suppliers in order to negotiate for more favourable terms; • Enhancing customer retention and also obtaining awards of projects from new customers; • Enhancing efficiency and productivity in its operations, particularly in project management; • Adopting innovative marketing strategies with appropriate product differentiation and flexibility in product offerings to suit the market demand for its properties.
<p>Project Risk</p> 	<p>These are risks associated with projects that are of specific nature, in particular, project management and construction risks in relation to both Construction and Property divisions, in both short and long term, potentially arising from delay in project completion, escalating construction costs, shortages of construction materials, supply chain efficiency and shortage of workers and experienced project managers.</p>	<ul style="list-style-type: none"> • Develop an effective strategy for managing project risks • Develop a set of key criteria to manage the significant risks that are common within most projects. • Setting a project governance structure consisting of clear project definition and planning process • An effective talent management program. • Specific risks associated with project management are normally delegated to project managers for attention and action. • Frequent site visits by contract officers and project management team

Statement on Risk Management and Internal Control

(cont'd)

PRINCIPAL RISKS	DESCRIPTION	RISK MITIGATION STRATEGIES
<p>Financial Risk</p> 	<p>This is related to the risk that the Group may have inadequate cash flow to meet its financial obligations. The financial risks are in relation to interest rates, foreign currency, liquidity and credit.</p>	<ul style="list-style-type: none"> The Group constantly seeks to ensure that there is a reduction in cash outflow and increased cash inflow for the development of the Group's businesses, at the same time taking into consideration the impact of currency fluctuation, interest rates, credit risks and other risks related to the external market. The Group's fund raising exercises include Private Placement to investors and Rights Issue to all shareholders of Bina Puri Holdings Bhd.

Key Elements of the Group's Internal Control System

Authority and Responsibility

i. Organisation Structure

The Group has a comprehensive organisational structure which organises business operations. Clear lines of reporting, authority and segregation of duties are well documented in the organisation chart. The structure promotes ownership and accountability and delegated authority for planning, executing, controlling and monitoring of business operations. This structure is subject to periodic review to incorporate any emerging business needs.

ii. Clear Description of Roles and Responsibilities

Each role in the organisation structure is supported by clear job description established, which are linked to the vision, mission and business strategies of the Group.

iii. Delegation Authority Limit ("DAL")

The Group DAL is subject to regular review and update to promote organisational efficiency and ensure it is aligned with the Board's risk appetite.

Policies and Procedures

Policies and Procedures are established to ensure consistency in complying with related Group's operations requirement. New and revised policies are formulated to cater business needs or risks arise and to support implementation of proper governance of the Group.

Policies and Procedures are subject to periodic review to ensure it remains effective and relevant to the business growth and transformation. The Group's Policies and Procedures are categorised as follows:

i. Board Policies

Board level policies comprise Board Charters, Terms of References of Board Committees to ensure proper working of the Board in the handling of risk and control matters of the Group.

These are further explained in detail in the Corporate Governance Overview Statement.

Statement on Risk Management and Internal Control

(cont'd)

ii. Operational Policies and Procedures

Systematic documented standard operating policies and procedures that cover various operational areas which are subject to regular review and improvement. Other Policies and Procedures required by ISO 9001:2015 Quality Management System, are subject to regular review and improvement, to continually manage and controls the quality requirement of the Group's products and services.

iii. Code of Conduct and Ethics, and Whistle-blowing Policy

The Board has formalised a Code of Conduct and Ethics and a Whistle-blowing Policy to ensure the Board, senior management and employees' business decisions follow the Group commitment to the highest ethical standards and law, and to provide a channel for employees and stakeholders to provide information on frauds, wrongdoings and non-compliance with regulations and procedures by a vendor, customer or employee of the Group.

Human Resource Management and Development

A standardised performance management system is developed to continually appraise and reward the employees of the Group in accordance with their performance. Emphasis is also placed on enhancing the quality and capability of human assets through training and development programs, which enhances their ability to meet their performance and job expectations.

Monitoring

i. Financial and Operational Review

The Group presents its financial results to the Audit Committee for review in each quarter before financial statement is tabled to the Board for approval and subsequent announcement to Bursa Securities. The quarterly review enables the AC to assess and deliberate the Group's financial results, operational performance and variances against budget to enable them to monitor and contribute towards improving the performance of the Group.

ii. Budgetary Review

The Group performs an annual budgeting and forecasting exercise, including the development of business plan and performance targets for the Group. A comprehensive operating and capital expenditure requirement is tabled to the Board for approval prior to the commencement of a new financial year.

iii. Internal Audit Function

The Group had established an Audit Committee with the primary objective of assisting the Board to review the adequacy and integrity of the Group's internal control. In discharging its duties, the internal audit function of the Group is outsourced to NGL Tricor Governance Sdn. Bhd. ("NGLTGSB").

The NGLTGSB independently reviews the adequacy and integrity of the system of internal control and reports to the Audit Committee on a regular basis. The annual audit plan covering the key activities of the Group is tabled to the Audit Committee for discussion and approval. The Internal Auditors review the Group's internal control system based on a risk-based approach and guided by accepted internal auditing practices.

For the financial year ended 30 June 2020, NGLTGSB has completed two (2) internal control review according to the approved annual audit plan. The findings arising from the internal control reviews together with recommendations, management responses and proposed action plans were promptly reported to the Audit Committee. The audit plan is further explained in detail in the Audit Committee Report.

The Audit Committee, on behalf of the Board, reviews the measures undertaken on internal control issues identified by the Internal Auditors. The Board will discuss with the Audit Committee and management on matters relating to internal controls and deliberates on their recommendations for implementation.

iv. Other Reviews

Frequent site visits by contract officers and project management team are established in monitoring the progress of projects undertaken by the Group. The ongoing performance of each business operating unit is reviewed on a monthly basis and these performance reviews are escalated to the Board on a quarterly basis.

Statement on Risk Management and Internal Control

(cont'd)

THE BOARD'S STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board believes that the risk management and system of internal control are in place for the year under review and up to the date of issuance of financial statements, are effective and adequate to safeguard shareholders' investment, the interest of regulators and employees and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The Board has received assurance from the Group Managing Director and Group Chief Financial Officer that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects throughout the year under review.

The Board is committed to continually strengthen the transparency and efficiency of the Group's operations and control environment. This will be supported by an assessment independent of operations on the adequacy and integrity of the controls by the Internal Auditors. Other initiatives deemed necessary will be considered from time to time in order to ensure that the control environment remains reasonably secure.

The Statement on Risk Management and Internal Control does not deal with the associated companies and joint ventures as the Group does not have management control over their operations.

The internal control system is reviewed on an ongoing basis by the Board, Audit Committee and Management for the monitoring of compliance with policies and procedures. The Heads of Department as well as the respective Project Managers are involved in continually improving the control processes within their respective departments and projects.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have conducted a limited assurance engagement on this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Information and Audit and Assurance Practice Guide 3 (previously RPG 5 (Revised 2015) ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control.

Based on their procedures performed, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is not prepared, in all material aspects, in accordance with disclosure required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls: Guidance for Directors of Listed Issuers to be set out, nor is factually inaccurate. AAPG 3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The External Auditors also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

CONCLUSION

The Board recognises the ever changing dynamic business environment and will endeavour to continue improving and enhancing the existing system of risk management and internal controls to ensure their continued relevance.



**Sarawak State Assembly Hall,
Kuching, Sarawak, Malaysia**





**The Haven Resort,
Ipoh, Perak**



Financial Statements

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Statement of Directors' Responsibility

in Relation to the Audited Financial Statements

The Directors are required by the Companies Act 2016 to prepare the financial statements for each financial year which have been made out in accordance with the applicable approved accounting standard in Malaysia.

It is the responsibility of the Directors to ensure that the financial reporting of the Group and the Company present a true and fair view of the statement of affairs of the Group and the Company as at the end of the financial year and of their results and their cash flows for the year then ended.

In preparing the financial statements, the Directors have observed the following criteria:

- Overseeing the overall conduct of the company's business and that of the group;
- Identifying principal risks and ensuring that an appropriate system of internal control exists to manage these risk;
- Reviewing the adequacy and integrity of internal controls system and management system in the Company and the Group;
- Adopting suitable accounting policies and apply them consistently
- Ensuring that the financial statements were prepared on a going concern basis and in compliance with all applicable approved accounting standard in Malaysia subject to any material departures, if any, were disclosed.

The Directors are satisfied that in preparing the financial statements of the Group and the Company for the financial year ended 30 June 2020 appropriate accounting policies were used and applied consistently, and adopted to include new and review Malaysian Financial Reporting Standards were applicable. The Directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimize fraud and other irregularities.

Directors' Report

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company are contractor for earthworks and building, project management services and investment holding. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year	(2,898)	(8,522)
Attributable to:		
Owners of the Company	(19,015)	(8,522)
Non-controlling interests	16,117	-
	(2,898)	(8,522)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 30 June 2020.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

Directors' Report

(cont'd)

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year, other than as disclosed in Note 38 to the financial statements.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial period which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than the expected credit losses and impairment loss on trade receivables as disclosed in Note 13 to the financial statements; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

On 7 August 2019, the Company announced the proposal to undertake the renounceable rights issue of up to 439,345,450 new ordinary shares of the Company at an issue price of RM0.09 per rights share together with up to 439,345,450 free detachable warrants in the Company on the basis of 1 rights share together with 1 free warrant for every 1 existing share held by the shareholders of the Company. The proposed rights issue with warrants was approved by the shareholders of the Company through the Extraordinary Shareholders' Meeting held on 22 October 2019.

On 30 December 2019, the Company completed the issuance, listing and quotation of 382,039,500 rights shares and 382,039,500 warrants on the Main Market of Bursa Malaysia Securities Berhad. The proceed from the right issues would be used by the Group for the funding of existing property development and construction projects, repayment of borrowings and for working capital purposes.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

During the financial year, no new issue of debentures was made by the Company.

Directors' Report

(cont'd)

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year except the share option scheme as follows.

SHARE ISSUANCE SCHEME

A new Share Issuance Scheme ("SIS") has been implemented on 1 March 2019 to enable the Company to grant new and additional SIS options to the eligible persons in accordance with the By-Laws of the SIS. The maximum number of shares which may be allotted under the SIS shall not exceed in aggregate fifteen percent (15%) of the total number of issued shares (excluding treasury shares, if any) of the Company at any point in time during the duration of the SIS or such other limit prescribed by any guideline, rule and/or regulation of the relevant authorities from time to time throughout the duration of the SIS.

The SIS shall be in force for a period of five (5) years from 1 March 2019. However, the Board of Directors may at its absolute discretion extend the duration of the scheme upon the recommendation of the option committee, subject always that the duration of the SIS shall not exceed ten (10) years or such other period as may be prescribed by Bursa Malaysia Securities Berhad or other relevant authorities.

Subject to any adjustments made in accordance with the By-Laws and pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad, the price payable for the new shares upon exercise of the SIS options shall be based on the five (5) day volume-weighted average market price of the Company's shares immediately preceding the date of offer with a discount of not more than ten percent (10%).

On 17 February 2020, the Company made an offer of 114,575,000 SIS options under the scheme to eligible persons at an exercise price of RM0.076. As at the end of the financial year 97,833,500 SIS options were vested upon acceptance of the offer. No SIS options were exercised into ordinary shares of the Company during the current financial year.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Tan Sri Dato' Wong Foon Meng
 Tan Sri Datuk Tee Hock Seng, JP *
 Dr. Tan Cheng Kiat *
 Datuk Matthew Tee Kai Woon *
 Ir. Ghazali Bin Bujang
 Mohd Najib Bin Abdul Aziz
 Dato' Leong Sir Ley
 See Tai Soon (alternate to Dato' Leong Sir Ley)

(Resigned on 17 June 2020)

(Resigned on 17 June 2020)

* *Directors of the Company and of certain subsidiaries*

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Ng Keong Wee
 Kittipat Songcharoen
 Dato' Nik Ismail Bin Dato' Nik Yusoff
 Haji Ismail Bin Omar
 Mohd Zaharudin Bin Hussain
 Dato' Sri Yong Seng Yeow
 Ooi Tat Lean
 Ang Kiam Chai
 Tan Sri Datuk Seri (Dr) Foong Cheng Yuen
 Syed Sarfaraz H Rizvi
 Dato' Ng Kee Leen

Gan Choo Ann
 Dato' Gan Yeew Tian
 Hoong Leng Wai
 Yam Huang Meng
 Yam Lee Ken
 Hoi Choi Wan
 Lee Poh Teng
 Faizan Talat Khan
 Dato' Razali Bin Daud
 Mohd Razif Bin Razali
 Abd Kadir Bin Md Iris

Datuk Borhan Bin Mohd Doya
 Datuk Roslan Bin Datuk Hj. Ahmad
 Mohd Saleh Bin Jusman
 Chen Xiasheng
 Chen Yifan
 Foong Yuen Fatt
 Imee Nurshafinaz Binti Mohd Bashah
 We Her Ching

Directors' Report

(cont'd)

DIRECTORS (cont'd)

In accordance with the Company's Articles of Association, Tan Sri Datuk Tee Hock Seng, JP and Dr. Tan Cheng Kiat retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares and options in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	At 01 July 2019	Bought	Sold	At 30 June 2020
The Company				
Bina Puri Holdings Bhd.				
<i>Direct interests:</i>				
Tan Sri Datuk Tee Hock Seng, JP	19,139,778	19,139,778	-	38,279,556*
Dr. Tan Cheng Kiat	9,668,902	-	-	9,668,902**
Datuk Matthew Tee Kai Woon	4,568,925	4,748,925	-	9,317,850

	Number of ordinary shares			
	At 01 July 2019	Bought	Sold	At 30 June 2020
The subsidiary				
Sungai Long Industries Sdn. Bhd.				
<i>Indirect interests:</i>				
Tan Sri Datuk Tee Hock Seng, JP	1,820,000	-	-	1,820,000®

Directors' Report

(cont'd)

DIRECTORS' INTERESTS (cont'd)

	Number of warrants			
	Rights issue with warrants	Bought	Sold	At 30 June 2020
The Company				
Bina Puri Holdings Bhd.				
<i>Direct interests:</i>				
Tan Sri Datuk Tee Hock Seng, JP	19,139,778	-	-	19,139,778 [#]
Datuk Matthew Tee Kai Woon	4,608,925	10,000	-	4,618,925

	Number of SIS options over ordinary shares		
	At 01 July 2019	Offered and/or Accepted	At 30 June 2020
The Company			
Bina Puri Holdings Bhd.			
Tan Sri Datuk Tee Hock Seng, JP	-	13,000,000	13,000,000
Datuk Matthew Tee Kai Woon	-	13,000,000	13,000,000
Dr. Tan Cheng Kiat	-	6,500,000	6,500,000

* Including shares held through nominee company, 800,000 shares held through Tee Hock Seng Holdings Sdn. Bhd..

** Including shares held through nominee company.

@ Deemed interested by virtue of his indirect substantial shareholding in the subsidiary.

Including warrants held through nominee company, 400,000 warrants held through Tee Hock Seng Holdings Sdn. Bhd.

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016, Tan Sri Datuk Tee Hock Seng, JP is deemed to have an interest in shares in the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares and options of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 36 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is 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, other than the SIS and warrants.

Directors' Report

(cont'd)

INDEMNITY AND INSURANCE COSTS

During the financial year, directors and officers of the Group and the Company were covered under a Directors and Officers Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, directors and officers of the Group and the Company subject to the terms of the policy. The total amount of indemnity coverage and insurance premium paid during the year for the directors and officers of the Group and of the Company were RM5,000,000 and RM17,000 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

Other than those subsidiaries without auditors' reports as disclosed in Note 8 to the financial statements, the auditors' reports on the financial statements of the remaining subsidiaries did not contain any qualification.

OTHER SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Details of other significant events during the financial year are disclosed in Note 41 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 42 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 31 to the financial statements.

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

AUDITORS

The auditors, RSL PLT, have indicated that they are not seeking re-appointment.

The report was approved and signed on behalf of the Board of directors in accordance with a resolution of the directors:

.....
TAN SRI DATUK TEE HOCK SENG, JP

Director

.....
DATUK MATTHEW TEE KAI WOON

Director

Date: 26 October 2020

Consolidated Statement of Financial Position

As at 30 June 2020

	Note	2020 RM'000	2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	113,262	124,622
Investment properties	6	208,803	208,803
Goodwill	7	11,585	14,585
Investment in associates	9	1,365	7,949
Other investments	11	6,327	6,842
Inventory properties held for development	12	7,487	7,359
Trade and other receivables	13	2,040	689
Deferred tax assets	14	121	-
Total non-current assets		350,990	370,849
Current assets			
Inventory properties under development	15	209,036	239,893
Inventories	16	29,139	147
Trade and other receivables	13	290,715	438,957
Contract assets	17	347,052	384,268
Current tax assets		730	835
Amount owing by associates	19	31,462	44,507
Fixed deposits placed with licensed banks	20	11,253	11,173
Cash and bank balances	21	10,450	6,564
Total current assets		929,837	1,126,344
TOTAL ASSETS		1,280,827	1,497,193

Consolidated Statement of Financial Position

As at 30 June 2020

(cont'd)

	Note	2020 RM'000	2019 RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	22	180,856	157,821
Reserves	23	89,804	95,719
		270,660	253,540
Non-controlling interests		123,267	113,663
TOTAL EQUITY		393,927	367,203
Non-current liabilities			
Bank borrowings	24	181,229	208,154
Hire purchase payables	25	660	124
Trade and other payables	26	2,100	1,866
Deferred tax liabilities	14	14,013	14,158
Total non-current liabilities		198,002	224,302
Current liabilities			
Bank borrowings	24	259,421	292,874
Hire purchase payables	25	165	1,250
Trade and other payables	26	387,802	542,373
Contract liabilities	17	13,262	36,724
Amount owing to associates	19	6	12,076
Amount owing to a joint venture	27	34	34
Current tax liabilities		28,208	20,357
Total current liabilities		688,898	905,688
TOTAL LIABILITIES		886,900	1,129,990
TOTAL EQUITY AND LIABILITIES		1,280,827	1,497,193

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

Statement of Financial Position

As at 30 June 2020

	Note	2020 RM'000	2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	14,400	14,630
Investment in subsidiaries	8	147,575	148,244
Investment in associates	9	33,455	34,905
Other investments	11	2,832	3,342
Total non-current assets		198,262	201,121
Current assets			
Trade and other receivables	13	46,256	33,122
Contract assets	17	4,492	8,020
Amount owing by subsidiaries	18	81,995	57,807
Amount owing by associates	19	28,418	42,594
Current tax assets		107	207
Fixed deposits placed with licensed banks	20	6	6
Cash and bank balances	21	402	255
Total current assets		161,676	142,011
TOTAL ASSETS		359,938	343,132

Statement of Financial Position

As at 30 June 2020

(cont'd)

	Note	2020 RM'000	2019 RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	22	180,856	157,821
Reserves	23	46,912	42,106
TOTAL EQUITY		227,768	199,927
Current liabilities			
Bank borrowings	24	68,117	69,685
Hire purchase payables	25	-	73
Trade and other payables	26	36,267	39,664
Amount owing to subsidiaries	18	27,746	33,743
Amount owing to associates	19	6	6
Amount owing to a joint venture	27	34	34
Total current liabilities		132,170	143,205
TOTAL LIABILITIES		132,170	143,205
TOTAL EQUITY AND LIABILITIES		359,938	343,132

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

Statements of Comprehensive Income

For the Financial Year Ended 30 June 2020

	Note	Group		Company	
		01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000
Revenue	28	420,728	1,040,989	4,911	23,781
Cost of sales	29	(347,042)	(885,410)	(656)	(18,925)
Gross profit		73,686	155,579	4,255	4,856
Other income		7,862	47,460	3,858	2,036
Administrative expenses		(49,733)	(103,342)	(11,911)	(38,529)
Operating profit/(loss)		31,815	99,697	(3,798)	(31,637)
Finance costs	30	(21,088)	(36,173)	(4,893)	(9,294)
Share of results of associates, net of tax		(371)	(1,323)	-	-
Profit/(loss) before tax	31	10,356	62,201	(8,691)	(40,931)
Income tax expense	32	(13,254)	(28,604)	169	50
(Loss)/profit for the financial year/period		(2,898)	33,597	(8,522)	(40,881)
Other comprehensive loss, net of tax					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of foreign operations		(41)	(821)	-	-
Other comprehensive loss for the financial year /period		(41)	(821)	-	-
Total comprehensive (loss)/ income for the financial year/period		(2,939)	32,776	(8,522)	(40,881)

Statements of Comprehensive Income

For the Financial Year Ended 30 June 2020

(cont'd)

		Group		Company	
	Note	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000
(Loss)/profit attributable to:					
Owners of the Company		(19,015)	462	(8,522)	(40,881)
Non-controlling interests		16,117	33,135	-	-
		(2,898)	33,597	(8,522)	(40,881)
Total comprehensive loss attributable to:					
Owners of the Company		(19,241)	(47)	(8,522)	(40,881)
Non-controlling interests		16,302	32,923	-	-
		(2,939)	32,876	(8,522)	(40,881)
(Loss)/earnings per share (sen)	33				
- basic		(3.32)	0.14		
- diluted		-	0.14		

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

Consolidated Statement of Changes in Equity

For the Financial Year Ended 30 June 2020

Group	Non-distributable						Attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Other capital reserve RM'000	Exchange reserve RM'000	Share option reserve RM'000	Distributable retained earnings RM'000				
At 31 December 2017 - as previously reported	136,705	15,682	(9,349)	3,078	93,693	239,809	100,343	340,152	
Impact arising from adoption of MFRS 16	-	(15,682)	-	-	8,344	(7,338)	(863)	(8,201)	
At 01 January 2018 - as restated	136,705	-	(9,349)	3,078	102,037	232,471	99,480	331,951	
Total comprehensive income for the financial period	-	-	-	-	462	462	33,135	33,597	
Profit for the financial period	-	-	-	-	-	(509)	(312)	(821)	
Other comprehensive income for the financial period	-	-	(509)	-	-	-	-	-	
Total comprehensive income	-	-	(509)	-	462	(47)	32,823	32,776	
Transactions with owners:									
Issue of ordinary shares	21,116	-	-	-	-	21,116	-	21,116	
Dividends paid to non-controlling interests	-	-	-	-	-	-	(18,640)	(18,640)	
Termination of share option scheme	-	-	-	(3,078)	3,078	-	-	-	
Total transactions with owners	21,116	-	-	(3,078)	3,078	21,116	(18,640)	2,476	
At 30 June 2019	157,821	-	(9,858)	-	105,577	253,540	113,663	367,203	

Consolidated Statement of Changes in Equity

For the Financial Year Ended 30 June 2020

(cont'd)

Group	Non-distributable						Attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Warrant reserve RM'000	Exchange reserve RM'000	Share option reserve RM'000	Distributable retained earnings RM'000	Share option reserve RM'000			
At 01 July 2019	157,821	-	(9,858)	-	105,577	253,540	113,663	367,203	
Total comprehensive loss for the financial year	-	-	-	-	(19,015)	(19,015)	16,117	(2,898)	
Loss for the financial year	-	-	-	-	(19,015)	(19,015)	16,117	(2,898)	
Other comprehensive loss for the financial year	-	-	(226)	-	-	(226)	185	(41)	
Total comprehensive income	-	-	(226)	-	(19,015)	(19,241)	16,302	(2,939)	
Transactions with owners:									
Issue of ordinary shares	23,035	10,039	-	-	-	33,074	-	33,074	
Dividends paid to non-controlling interests	-	-	-	-	-	-	(6,650)	(6,650)	
Grant of share option scheme	-	-	-	3,287	-	3,287	-	3,287	
Acquisition of non-controlling interests	-	-	-	-	-	-	(48)	(48)	
Total transactions with owners	23,035	10,039	-	3,287	-	36,361	(6,698)	29,663	
At 30 June 2020	180,856	10,039	(10,084)	3,287	86,562	270,660	123,267	393,927	

The company notes form an integral point of these financial statements.

Statement of Changes in Equity

For the Financial Year Ended 30 June 2020

	← Non-distributable →				
Company	Share capital RM'000	Exchange reserve RM'000	Share option reserve RM'000	Distributable retained earnings RM'000	Total equity RM'000
At 01 January 2018	136,705	52	3,078	79,857	219,692
Total comprehensive loss for the financial period					
Loss for the financial period	-	-	-	(40,881)	(40,881)
Other comprehensive loss for the financial period	-	-	-	-	-
Total comprehensive loss	136,705	52	3,078	38,976	178,811
Transactions with owners:					
Issue of ordinary shares	21,116	-	-	-	21,116
Termination of share option scheme	-	-	(3,078)	3,078	-
Total transactions with owners	21,116	-	(3,078)	3,078	21,116
At 30 June 2019	157,821	52	-	42,054	199,927

	← Non-distributable →					
	Share capital RM'000	Warrant reserve RM'000	Exchange reserve RM'000	Share option reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 01 July 2019	157,821	-	52	-	42,054	199,927
Total comprehensive loss for the financial year						
Loss for the financial year	-	-	-	-	(8,522)	(8,522)
Other comprehensive loss for the financial year	-	-	2	-	-	2
Total comprehensive loss	157,821	-	54	-	33,532	191,407
Transactions with owners:						
Dividends paid on shares	-	-	-	-	-	-
Grant of share options scheme	-	-	-	3,287	-	3,287
Issue of ordinary shares	23,035	10,039	-	-	-	33,074
Total transactions with owners	23,035	10,039	-	3,287	-	36,361
At 30 June 2020	180,856	10,039	54	3,287	33,532	227,768

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

Statements of Cash Flows

For the Financial Year Ended 30 June 2020

	Note	Group		Company	
		01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000
Cash flows from operating activities					
Profit/(loss) before tax		10,356	62,201	(8,691)	(40,931)
Adjustments for:					
Allowance for impairment loss of goodwill		3,000	-	-	-
Allowance for expected credit losses		2,178	20,391	490	14,550
Change in fair value of investment properties		-	(513)	-	-
Depreciation of property, plant and equipment		9,489	15,624	686	1,078
Dividend income		(50)	-	(50)	(37)
Loss/(gain) on disposal of:					
- property, plant and equipment		(1,856)	(4,987)	(171)	(742)
- subsidiaries		-	(16,169)	-	-
- associates		2,721	-	1,449	-
Share-based payment expenses		657	-	363	-
Reversal of expected credit losses on amount due by subsidiary		-	-	(3,178)	-
Interest expense		34,260	29,488	4,893	9,098
Interest income		(2,033)	(8,858)	-	(136)
Net effect of unwinding of interest from discounting		(77)	(448)	-	(75)
Property, plant and equipment written-off		98	57	-	-
Reversal of impairment losses on investment in subsidiaries		-	-	-	-
Share of results of associates		371	1,323	-	-
Unrealised loss/(gain) on foreign exchange		2,589	(2,564)	-	-
		61,703	95,545	(4,209)	(17,195)

Statements of Cash Flows

For the Financial Year Ended 30 June 2020

(cont'd)

	Note	Group		Company	
		01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000
Cash flows from operating activities (cont'd)					
Changes in working capital:					
Inventories		(28,992)	522	-	-
Contract assets		37,216	64,571	3,528	7,193
Contract liabilities		(23,462)	(6,887)	-	-
Inventory properties under development		-	24,291	-	-
Inventory properties held for development		30,729	41,967	-	-
Receivables		158,304	(10,975)	(6,853)	(8,225)
Payables		(163,565)	(149,231)	(3,397)	(11,354)
Subsidiaries		-	-	-	22,676
Associates		-	(2,479)	-	(7,065)
		71,913	57,324	(10,931)	(13,970)
Interest paid		(34,233)	(29,488)	(4,893)	(9,089)
Income tax paid		(5,649)	(12,498)	-	(157)
Income tax refund		269	-	269	-
Net cash from/(used in) operating activities		32,300	15,338	(15,555)	(23,216)

Statements of Cash Flows

For the Financial Year Ended 30 June 2020

(cont'd)

	Note	Group		Company	
		01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000
Cash flows from investing activities					
Subscription of additional shares in a subsidiary		(47)	-	-	-
Proceeds from dilution of interest in subsidiary		-	-	-	-
Repayment from associates		-	-	14,176	-
Advances to subsidiaries		-	-	(24,188)	1,098
Dividend received		50	-	50	37
Interest received		2,033	8,858	-	136
Placement of fixed deposits		(48)	-	-	-
Subscription of shares by non-controlling interests		-	-	-	-
Proceeds from disposal of:					
- investments in subsidiaries		-	12,042	-	-
- investment in associates		2,887	-	1	-
- other investments		515	-	510	-
- property, plant and equipment		6,087	22,025	171	1,985
Purchase of:					
- property, plant and equipment		(1,158)	(1,056)	(456)	(6)
- investment properties		58	-	-	-
- investment in subsidiaries		-	-	-	(1,500)
Withdrawal of fixed deposits		-	-	-	2,577
Net cash from/(used in) investing activities		10,377	41,869	(9,736)	4,327

Statements of Cash Flows

For the Financial Year Ended 30 June 2020

(cont'd)

	Note	Group		Company	
		01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000
Cash flows from financing activities					
Repayment to subsidiaries		-	-	(5,997)	(8,455)
Dividends paid to non-controlling interest		(6,650)	(18,640)	-	-
Net drawdown of/(repayment to) bank borrowings		1,488	(74,653)	(50)	10,500
Repayment of banker acceptance		(54,102)	-	-	-
Repayment to associates		-	(3,993)	-	-
Increase in deposits pledged		-	2,502	-	-
Interests paid		(27)	-	-	(9)
Payment of hire purchase obligations		(1,054)	(4,078)	(73)	(150)
Proceeds from issuance of shares		33,074	21,116	33,074	21,116
Net cash flows (used in)/from financing activities		(27,271)	(77,746)	26,954	23,002
Net increase/(decrease) in cash and cash equivalents		15,406	(20,539)	1,663	4,113
Cash and cash equivalents at the beginning of the financial year/period		(32,093)	(12,345)	(12,930)	(17,043)
Effect of exchange rate changes on cash and cash equivalents		(1,168)	791	2	-
Cash and cash equivalents at end of the financial year/period		(17,855)	(32,093)	(11,265)	(12,930)
Cash and cash equivalents including in statement of cash flows comprise following amounts:					
Fixed deposits placed with licensed banks		11,253	11,173	6	6
Less: Fixed deposits pledged to licensed banks	20	(11,253)	(11,173)	(6)	(6)
		-	-	-	-
Cash and bank balances		10,450	6,564	402	255
Bank overdrafts		(28,305)	(38,657)	(11,667)	(13,185)
		(17,855)	(32,093)	(11,265)	(12,930)

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

Notes to the Financial Statements

1. CORPORATE INFORMATION

Bina Puri Holdings Bhd. (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and the principal place of business of the Company are located at Wisma Bina Puri, 88 Jalan Bukit Idaman 8/1, Bukit Idaman, 68100 Selayang, Selangor Darul Ehsan.

The principal activities of the Company are as contractor for earthworks and building, project management services and investment holding. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 October 2020.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company for the financial year ended 30 June 2020 have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act 2016 (“the Act”) in Malaysia.

Unless otherwise stated in the notes to the financial statements, the Group and the Company have consistently applied the same accounting policies in its opening MFRS statement of financial position as at 01 January 2018 and throughout the comparable period presented, as if these policies had always been in effect.

The Group and the Company have prepared financial statements that comply with MFRS applicable as at 30 June 2020, together with the comparative period data for the period ended 30 June 2019, as described in the summary of significant accounting policies.

The adoption of the above standards and interpretations did not have any significant effect on the financial statements of the Group and of the Company.

2.2 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of the Group’s and of the Company’s financial statements are as follows. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosure – Interest Rate Benchmark Reform*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendments to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

Notes to the Financial Statements

(cont'd)

2. BASIS OF PREPARATION (cont'd)

2.2 Standards issued but not yet effective (cont'd)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The management is currently in the process of assessing the financial implications for adopting the new standard.

2.3 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate (“the functional currency”).

The consolidated financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.4 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

2.5 Use of estimates and judgement

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting year. It also requires directors to exercise their judgement in the process of applying the Group’s and the Company’s accounting policies. Although these estimates and judgement are based on the directors’ best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4 to the financial statements.

Notes to the Financial Statements

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to the financial years/period presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.6 to the financial statements.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

Notes to the Financial Statements

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of consolidation (cont'd)

(a) Subsidiaries and business combination (cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture or a financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Notes to the Financial Statements

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of consolidation (cont'd)

(c) Associates (cont'd)

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(d) Joint arrangements

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as a "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of the assets (including its share of any assets held jointly), the liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).
- A joint arrangement is classified as "joint venture" when the Group has rights to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method in accordance with MFRS 128: *Investments in Associates and Joint Ventures*.

(e) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries, joint ventures and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.9 to the financial statements.

Contributions to subsidiaries are amounts which the Company does not expect repayment in the foreseeable future and are considered as part of the Company's investment in the subsidiaries.

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Notes to the Financial Statements

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Foreign currency transactions and operations (cont'd)

(a) Translation of foreign currency transactions (cont'd)

Non-monetary items denominated in foreign currencies that are measured at fair values are retranslated at the rates prevailing at the dates when the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. If the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserve related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

3.4 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9 to the financial statements.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.14 to the financial statements.

Cost of bearer plants consists of plantation development cost incurred from the commencement of planting of oil palm seedlings up to the maturity of crop cultivated. Capitalisation of plantation development and other operating costs ceases upon the commencement of commercial harvesting of the agricultural produce.

Notes to the Financial Statements

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Property, plant and equipment (cont'd)

(a) Recognition and measurement (cont'd)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate item of property, plant and equipment.

(b) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

When bearer plants reached the end of its useful life and are replanted, the carrying amount of the old bearer plant is derecognized.

(c) Depreciation

Freehold land has an unlimited useful live and therefore is not depreciated.

Immature bearer plants are not depreciated. Depreciation commences when the bearer plants mature.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. The depreciable amount is determined after deducting the residual value. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

Freehold buildings	2%
Leasehold land and buildings	Between 15 and 50 years
Plant, machinery and equipment	5% - 50%
Truck and motor vehicles	5% - 20%
Renovations, electrical installation, furniture and fittings	10% - 20%
Office equipment	10%

Depreciation of property, plant and equipment which are used for a specific project will be charged to that particular project. Depreciation of other property, plant and equipment are charged to profit or loss accordingly.

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

Notes to the Financial Statements

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss in period in which they arise.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.14 to the financial statements.

Investment properties are derecognised when they have either been disposed off or when the investment property is permanently withdrawn from use and no future benefit is expected. Any gains or losses arising from derecognition of the asset are recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any surplus arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

3.6 Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9 to the financial statements.

In respect of equity-accounted associates and joint ventures, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

3.7 Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time.

In the case of property development and construction contracts, contract asset is the excess of cumulative revenue earned over cumulative billings-to-date. The balance is classified as contract assets in the statement of financial position.

The policy for the recognition and measurement of impairment losses on contract assets is in accordance with Note 3.9 to the financial statements.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer. The balance is classified as contract liability in the statement of financial position.

3.8 Financial instruments

(i) Recognition and initial measurement

Financial instruments are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Notes to the Financial Statements

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Financial instruments (cont'd)

(i) Recognition and initial measurement (cont'd)

Except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if and only if, the derivative is not closely related to the economic characteristics and risks of the host contract. The host contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

The Group categorises the financial instruments as follows:

(A) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses
- Financial assets at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies their debt instruments:

- **Amortised cost**

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

Notes to the Financial Statements

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

(A) Financial assets (cont'd)

(a) Debt instruments (cont'd)

- **Fair value through other comprehensive income ("FVOCI")**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

- **Fair value through profit or loss ("FVPL")**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

(b) Equity instruments

The Group subsequently measures all equity investments at fair value. Upon initial recognition, the Group can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(B) Financial liabilities

The Group classifies their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Notes to the Financial Statements

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

(B) Financial liabilities (cont'd)

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group has not designated any financial liability at fair value through profit or loss.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss through the amortisation process.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with MFRS 9, and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15. Liabilities arising from financial guarantees are presented together with other provisions.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group commits themselves to purchase or sell an asset).

Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(v) Derecognition

A financial asset or a part of it is derecognised when, and only when:

- (a) the contractual rights to receive the cash flows from the financial asset expire, or

Notes to the Financial Statements

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Financial instruments (cont'd)

(v) Derecognition (cont'd)

- (b) the Group has transferred their rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group has transferred their rights to receive cash flows from an asset or has entered into a pass-through arrangement, the Group evaluates if, and to what extent, the Group has retained the risks and rewards of ownership. When the Group has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) Offsetting of financial statements

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.9 Impairment of assets

(i) Impairment of financial assets and contract assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL. ECLs are based on the difference between the contracted cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company established a provision matrix for trade receivable that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Notes to the Financial Statements

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Impairment of assets (cont'd)

(i) Impairment of financial assets and contract assets (cont'd)

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amount in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets and investment properties measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life or are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its 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 or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

Notes to the Financial Statements

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10 Inventories

(i) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw material: Purchase costs on a first-in first out basis.
- Finished goods and work-in-progress: Costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Inventory properties under development

Costs of inventory properties under development consist of the cost of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the percentage of completion method. The stage of completion is determined by the proportion of property development costs incurred for the work performed up to the reporting date over the estimated total property development costs to completion (input method). Under this method, profits are recognised as the property development activity progresses.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue and expenses are recognised only to the extent where the recoverability of property development costs incurred is probable, and the property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any foreseeable loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately in profit or loss. Property development costs not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net realisable value. Upon the completion of the development, the unsold completed development properties are transferred to inventories.

Borrowing costs incurred on the property development project are capitalised and included as part of property development costs in accordance with the accounting policy on borrowing costs in Note 3.14 to the financial statements.

(iii) Inventory properties held for development

Inventory properties held for development consist of land costs where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current assets and is stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9 to the financial statements.

Inventory properties held for development will be reclassified to inventory properties under development when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

3.11 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts and exclude deposits pledged to secure banking facilities.

Notes to the Financial Statements

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Leased assets

Current Year

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and 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, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

Notes to the Financial Statements

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Leased assets (cont'd)

Current Year (cont'd)

(ii) Recognition and initial measurement (cont'd)

(a) As a lessee (cont'd)

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) 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.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

The Group recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, 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.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

Notes to the Financial Statements

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Leased assets (cont'd)

Current Year (cont'd)

(iii) Subsequent measurement (cont'd)

(b) As a lessor (cont'd)

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, Financial Instruments (see note 3.9(i)).

Previous Year

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(i) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights within intangible assets.

(ii) Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Notes to the Financial Statements

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.13 Provisions (cont'd)

A provision for warranties is recognised when the underlying goods or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.14 Borrowing costs

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.15 Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"), the national defined contribution plan. Some of the Group's foreign subsidiary companies make contributions to their respective countries' statutory pension scheme. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

(iii) Share-based payments

At grant date, the fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Notes to the Financial Statements

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.16 Revenue and other income

The Group recognises revenue that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue recognition of the Group is applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics in the property development business if the Group reasonably expects that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

The Group measures revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and services tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group uses the expected value method by estimating the sum of probability-weighted amounts in a range of possible consideration amounts, or the most likely outcome method, depending on which method the Group expects to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group estimates it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group assesses the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract, or forms a part of the existing contracts.

(i) Sales of goods

Revenue from sales of goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term of 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

(ii) Property development

The Group develops and sell residential and commercial properties. Contracts with customers may include multiple distinct promises to customers and therefore accounted for as separate performance obligations. If the contract with customer contains more than one performance obligation, when the stand-alone selling price are not directly observable, they are estimated based on expected cost-plus margin.

Revenue from residential and commercial properties are recognised as and when the control of the asset is transferred to the customer. Based on the terms of the contract and the laws that apply to the contract, control of the asset is transferred over time as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of property development costs incurred for work performed to date to the estimated total property development costs (input method).

Notes to the Financial Statements

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.16 Revenue and other income (cont'd)

(ii) Property development (cont'd)

The consideration is due based on the scheduled payments in the contract, therefore, no element of financing is deemed present. When a particular milestone is reached in excess of the scheduled payments, a contract asset will be recognised for the excess of revenue recognised to-date under the input method over the progress billings to-date and includes deposits or advances received from customers. When the progress billings to-date and includes deposits or advances received from customers exceed revenue recognised to-date, then the Group recognises a contract liability for the difference.

Consistent with market practice, the Group collects deposit from customers for sale of properties. A contract liability is recognised for the customer deposits as the Group has obligations to transfer the goods or services to the customer in respect of deposits received. Customer deposits would be recognised as revenue upon transfer of goods or services to the customer.

For residential properties, as part of the statutory requirements, the obligations to repair and made good of any defect, shrinkage or other faults in the building or in the common property which have become apparent within a period of 24 months after the customer takes vacant possession of the building are recognised as a provision.

(iii) Construction contracts

The Group's construction service contracts are under long-term contracts with customers. Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control is transferred over time as the Group is contractually restricted from redirecting the properties to another customer and have an enforceable right to payment for work performed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date to the estimated total construction costs (input method).

Sales are made with a credit term of 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers for construction based on achieving a series of performance-related milestones.

The Group recognises a contract asset for any excess of revenue recognised to date over the billings to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due. If the milestone payment exceeds the revenue recognised to date and any deposit or advances received from customers then, the Group recognises a contract liability for the difference.

(iv) Rendering of services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(v) Interest income

Interest income is recognised using the effective interest method.

(vi) Dividend income

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

(vii) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

Notes to the Financial Statements

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.16 Revenue and other income (cont'd)

(viii) Sale of land and completed unsold properties

Revenue from sale of land and completed unsold properties are measured at the fair value of the consideration receivable and are recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

(ix) Sale of electricity

Revenue is recognised when electricity is consumed by customer based on meter reading of the customer.

(x) Management fees

Management fees are recognised on an accrual basis.

3.17 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(i) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the current financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(ii) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3.5 to the financial statements, 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 the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Notes to the Financial Statements

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.17 Income tax (cont'd)

(ii) Deferred tax (cont'd)

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

3.18 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which is the Group Executive Committee, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.19 Share capital

(i) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(ii) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3.20 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

- (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

3.21 Earning per share ("EPS")

The Group presents basic and diluted earnings per share data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential of ordinary shares, which comprise of convertible notes, bonus issue and share options granted to employees.

Notes to the Financial Statements

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.22 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based, on the input used in the valuation technique, as follows:

- Level 1: Quoted prices (unadjusted) in active markets for the identical assets or liabilities that the Group can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

(a) Expected credit losses of financial assets (Note 13, Note 17, Note 18 and Note 19)

The measurements of expected credit losses under MFRS 9 and MFRS 139 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining expected credit losses and assessment of significant increase in credit risk. These estimates are driven by a number of factors, which can result in different levels of allowances.

(b) Impairment of goodwill (Note 7)

The Group tests goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating unit to which goodwill has been allocated. The value-in-use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

(c) Construction contracts and property development (Note 28 and Note 29)

The Group recognises construction contracts and property development revenue and costs in profit or loss by using the over time criteria of revenue recognition. The over time criteria of revenue recognition is determined using the input method by the proportion that construction contracts and property development costs incurred for the work performed to date, to the estimated total construction contracts and property development costs respectively. Significant judgement is required in determining the extent of the construction contracts and property development costs incurred, the estimated total construction contracts and property development revenue and costs, as well as the recoverability of the construction contracts and development projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

Notes to the Financial Statements

(cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

(d) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amounts, which is the higher of its fair value less costs of disposal and its value-in-use. The fair value less costs of disposal calculation is based on available data from binding sales transaction, conducted at arm's length, for similar assets or observable market price less incremental costs for disposing the assets.

Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(e) Fair value measurement of financial instruments

For financial assets measured at fair value, where available, quoted and observable market prices in an active market or dealer price quotations are used to measure fair value. When the fair value of financial assets and financial liabilities recorded cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair value. Judgement include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

(f) Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged independent valuation specialist to assess fair value in January 2019 for investment properties. A valuation methodology either based on a discounted cash flow ("DCF"), comparison method, or investment approach was used.

(g) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group and the Company anticipate that the residual values of their property, plant and equipment will be insignificant. As a result, residual values are taken into consideration for the computation of the depreciation amount in accordance with its accounting policy. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(h) Income taxes

The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amount that was initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(i) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in future years in which tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting year. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting year, changes in business strategy, future operating performance and other factors could potentially impact on the actual amount, which would be recognised in the profit or loss in the year in which actual realisation and settlement occurs.

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available in the respective entities within the Group against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Notes to the Financial Statements

(cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings RM'000	Long leasehold land and buildings RM'000	Short leasehold land and buildings RM'000	Plant, machinery and equipment RM'000	Renovation, electrical installation, furniture and fittings RM'000	Office equipment RM'000	Trucks and motor vehicles RM'000	Total RM'000
Cost								
At 01 July 2019	4,570	64,681	1,738	77,148	31,770	15,288	46,156	241,351
Additions	-	-	-	-	10	1,138	395	1,543
Disposals	-	(2,266)	-	(3,126)	(131)	(138)	(9,412)	(15,073)
Reclassification	-	(75)	-	3,936	334	(187)	(4,008)	-
Exchange differences	-	343	-	636	155	25	128	1,287
At 30 June 2020	4,570	62,683	1,738	78,594	32,138	16,126	33,259	229,108
Accumulated depreciation								
At 01 July 2019	490	11,106	1,112	32,464	16,851	12,086	42,620	116,729
Depreciation charges for the financial year	73	2,168	54	3,945	1,071	1,105	1,073	9,489
Disposals	-	-	-	(1,980)	(84)	(84)	(8,596)	(10,744)
Reclassification	-	(75)	-	3,297	197	(233)	(3,186)	-
Exchange differences	-	55	-	232	76	1	8	372
At 30 June 2020	563	13,254	1,166	37,958	18,111	12,875	31,919	115,846
Carrying amounts								
At 30 June 2020	4,007	49,429	572	40,636	14,027	3,251	1,340	113,262

Notes to the Financial Statements

(cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)	Freehold land and buildings RM'000	Long leasehold land and buildings RM'000	Short leasehold land and buildings RM'000	Bearer plants RM'000	Plant, machinery and equipment RM'000	Renovation, electrical installation, furniture and fittings RM'000	Office equipment RM'000	Trucks and motor vehicles RM'000	Total RM'000
Group									
Cost									
At 01 January 2018	7,222	68,715	1,738	1,000	93,943	31,770	15,737	67,611	287,736
Additions	-	121	-	-	622	15	88	210	1,056
Disposals	(1,634)	(3,443)	-	(1,000)	(7,385)	(54)	(194)	(18,602)	(32,312)
Disposals of subsidiary	(1,018)	-	-	-	(8,214)	(226)	(587)	(3,055)	(13,100)
Written-off	-	-	-	-	(215)	(9)	(111)	-	(335)
Reclassification	-	-	-	-	(325)	-	325	-	-
Exchange differences	-	(712)	-	-	(1,278)	274	30	(8)	(1,694)
At 30 June 2019	4,570	64,681	1,738	-	77,148	31,770	15,288	46,156	241,351
Accumulated depreciation									
At 01 January 2018	386	8,374	1,031	-	35,563	14,581	12,048	51,283	123,266
Depreciation charges for the financial period	116	3,269	81	-	4,476	2,079	919	4,684	15,624
Disposals	-	(546)	-	-	(3,345)	(9)	(206)	(11,168)	(15,274)
Disposals of subsidiary	(12)	-	-	-	(3,731)	(279)	(323)	(2,182)	(6,527)
Written-off	-	-	-	-	(165)	(9)	(104)	-	(278)
Reclassification	-	-	-	-	-	278	(278)	-	-
Exchange differences	-	9	-	-	(334)	210	30	3	(82)
At 30 June 2019	490	11,106	1,112	-	32,464	16,851	12,086	42,620	116,729
Carrying amounts									
At 30 June 2019	4,080	53,575	626	-	44,684	14,919	3,202	3,536	124,622

Notes to the Financial Statements

(cont'd)

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

Company	Long leasehold land and buildings RM'000	Renovation, electrical installation, furniture and fittings RM'000	Office equipment RM'000	Trucks and motor vehicles RM'000	Total RM'000
Cost					
At 01 July 2019	19,797	3,635	1,629	1,138	26,199
Additions	-	-	456	-	456
Disposals	-	-	-	(583)	(583)
Reclassification	-	(1,292)	1,292	-	-
At 30 June 2020	19,797	2,343	3,377	555	26,072
Accumulated depreciation					
At 01 July 2019	5,558	3,528	1,477	1,006	11,569
Depreciation charges for the financial year	465	36	97	88	686
Disposals	-	-	-	(583)	(583)
Reclassification	-	(1,315)	1,315	-	-
At 30 June 2020	6,023	2,249	2,889	511	11,672
Carrying amounts					
At 30 June 2020	13,774	94	488	44	14,400

Notes to the Financial Statements

(cont'd)

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

Company	Long leasehold land and buildings RM'000	Renovation, electrical installation, furniture and fittings RM'000	Office equipment RM'000	Trucks and motor vehicles RM'000	Total RM'000
Cost					
At 01 January 2018	21,482	3,635	1,630	1,328	28,075
Additions	-	-	6	-	6
Disposals	(1,685)	-	-	(190)	(1,875)
Written-off	-	-	(7)	-	(7)
At 30 June 2019	19,797	3,635	1,629	1,138	26,199
Accumulated depreciation					
At 01 January 2018	5,260	3,455	1,439	976	11,130
Depreciation charges for the financial period	740	73	45	220	1,078
Disposals	(442)	-	-	(190)	(632)
Written-off	-	-	(7)	-	(7)
At 30 June 2019	5,558	3,528	1,477	1,006	11,569
Carrying amounts					
At 30 June 2019	14,239	107	152	132	14,630

(a) Assets held in trust

Included in property, plant and equipment of the Group is a freehold land with a net book value of RM935,000 (2019: RM935,000) which is held in trust by a former director of the Company.

Notes to the Financial Statements

(cont'd)

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

(b) Assets pledged as security

The carrying amount of property, plant and equipment of the Group charged to licensed financial institutions for banking facilities granted to the Group as disclosed in Note 24 to the financial statements are as follows:

	Group	
	2020 RM'000	2019 RM'000
Freehold land and buildings	3,073	9,216
Long leasehold land and buildings	6,826	-
Plant, machinery and equipment	-	1,708
Trucks and motor vehicles	-	62
Renovation, electrical installation and furniture and fittings	-	504
Office equipment	-	487
	9,899	11,977

(c) Assets under hire purchase arrangements

The carrying amount of property, plant and equipment acquired under hire purchase arrangements are as follows:

	Group	
	2020 RM'000	2019 RM'000
Trucks and motor vehicles	672	3,146
	672	3,146

	Company	
	2020 RM'000	2019 RM'000
Trucks and motor vehicles	-	57

(d) Lease period for leasehold land

Leasehold land consisting of land with unexpired lease period of more than 50 years, except for leasehold land and buildings with carrying amount of RM561,000 (2019: RM886,000) which has a lease period of less than 50 years.

Notes to the Financial Statements

(cont'd)

6. INVESTMENT PROPERTIES

	Group	
	2020 RM'000	2019 RM'000
At fair value		
At 01 July/01 January 2018	208,803	208,290
Net gain arising from fair value adjustments	-	513
At 30 June	208,803	208,803

Included in the above are:

	Group	
	2020 RM'000	2019 RM'000
At fair value		
Leasehold land	3,203	3,203
Shopping mall	205,600	205,600
	208,803	208,803

An investment property of a subsidiary with a carrying value of RM205,600,000 (2019: RM205,600,000) has been pledged as security for banking facilities granted to the Group and the Company as disclosed in Note 24 to the financial statements.

Fair value information

Fair value of investment properties is categorised as follows:

	Group		
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
At fair value			
2020			
Leasehold land	-	-	3,203
Shopping mall	-	-	205,600
	-	-	208,803
2019			
Leasehold land	-	-	3,203
Shopping mall	-	-	205,600
	-	-	208,803

Notes to the Financial Statements

(cont'd)

6. INVESTMENT PROPERTIES (cont'd)

Fair value information (cont'd)

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Property category	Valuation technique	Significant unobservable	Significant inputs by the accredited valuer	Relationship of unobservable inputs to fair value
Leashold land	Information available through internal research and directors' best estimation	Estimated selling price of comparable properties in close proximity	N/A	The higher the estimated selling price, the higher the fair value
Shopping mall	Investment method	Term rental, reversionary rental, carparking income yield	Retail tenant term rental of 5.5% and reversionary rental of 6.0%; carparking income yield of 6.5% per annum	The higher the term yield, the higher the fair value

Valuation processes applied by the Group

The Group's finance department includes a team that performs valuation analysis of land and buildings required for financial reporting purposes, including Level 3 fair value. This team reports directly to the Group Executive Director.

The fair value of the shopping mall is determined by external independent property valuers, a member of the Board of Valuers in Malaysia, with appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation firm provides the fair value of the Group's investment property portfolio every year. Changes in Level 3 fair values are analysed by the management annually after obtaining the valuation report from the valuation firm. There has been no change to the valuation technique during the financial period. The valuation firm provides the fair value for the current financial year to be same as the previous financial period.

Highest and best use

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Notes to the Financial Statements

(cont'd)

6. INVESTMENT PROPERTIES (cont'd)

Fair value information (cont'd)

Transfer between Level 1 and Level 2

There is no transfer between Level 1 and Level 2 fair values during the financial year ended 30 June 2020.

The following are recognised in profit and loss in respect of investment properties:

	Group	
	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000
Rental income	16,455	27,909
Direct operating expenses:		
- income generating investment properties	(11,085)	(18,752)

7. GOODWILL

	Group	
	2020 RM'000	2019 RM'000
Cost	15,858	15,858
Accumulated impairment losses		
At 01 July/ 01 January 2018	1,273	1,273
Additions	3,000	-
At 30 June	4,273	1,273
Carrying amount at 30 June	11,585	14,585

Impairment testing for cash generating units ("CGUs") containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amount of goodwill is allocated to each unit as follows:

	Group	
	2020 RM'000	2019 RM'000
Power supply division	350	350
Property division	11,235	14,235
	11,585	14,585

Notes to the Financial Statements

(cont'd)

7. GOODWILL (cont'd)

Management has assessed the recoverable amounts of goodwill based on value-in-use calculations determined by discounting future cash flows generated from the continuing use of the CGU's covering a period of five (5) years and considering the terminal value of the CGUs.

The management estimates that the CGUs will generate revenue based on its estimated capacity throughout the projected period.

The values assigned to the key assumptions (e.g. sales growth & gross margin) represent management's assessment of future trends of the two divisions and is based on both external and internal sources of information.

The cash flows projection for property division is derived from the most recent financial budgets for the next five (5) years and budgeted property sales. Discount rate of 14% (2019: 14%) was estimated based on the industry weighted average cost of capital. The discount rate applied to the cash flow projections is pre-tax and reflects management's estimate of the risks specific to the CGU at the date of assessment.

Sensitivity to changes in assumptions

The management believes that while cash flows projections are subject to inherent uncertainty, any reasonably possible changes to the key assumptions utilised in assessing the recoverable amount have been considered. The management is of the opinion that any such changes in any of the key assumptions would not cause the recoverable amount of the units to be materially below their carrying amount.

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Unquoted shares - at cost		
At 01 July/01 January 2018		
In Malaysia	109,655	108,155
Outside Malaysia	1,845	1,845
	111,500	110,000
Additions during the financial year/period:		
In Malaysia	-	1,500
	111,500	111,500
Capital contribution to subsidiaries, at cost	43,416	44,085
Less: Accumulated impairment losses	(7,341)	(7,341)
At 30 June	147,575	148,244

Capital contribution represents unsecured, interest free non-trade advances given to subsidiaries. The settlement of these advances is neither planned nor likely to occur in the foreseeable future and it is the Company's intention to treat them as a long-term source of capital to the subsidiaries. As these advances are, in substance, a part of the Company's net investment in those subsidiaries, they are stated at cost less impairment losses, if any.

Notes to the Financial Statements

(cont'd)

8. INVESTMENT IN SUBSIDIARIES (cont'd)

Movements in allowance for impairment losses in respect of investment in subsidiaries are as follows:

	Company	
	2020 RM'000	2019 RM'000
At 01 July/01 January 2018	7,341	7,341
Reversal	-	-
At 30 June	7,341	7,341

(a) Details of the subsidiaries are as follows:

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		2020 %	2019 %	
Held by the Company				
Bina Puri Sdn. Bhd.	Malaysia	100	100	Contractor of earthworks, buildings and road construction
Bina Puri Construction Sdn. Bhd.	Malaysia	100	100	Contractor of earthworks, buildings, road construction
Aksi Bina Puri Sdn. Bhd.	Malaysia	60	60	Investment holding
Bina Puri Ventures Sdn. Bhd.	Malaysia	100	100	Investment holding and contractor of earthworks, buildings and road construction
Bina Puri Infrastructure Pte. Ltd. *	India	100	100	Inactive
Gugusan Murni Sdn. Bhd.	Malaysia	100	100	Property developer and management
Maskimi Venture Sdn. Bhd.	Malaysia	100	100	Commission agent
Bina Puri Power Sdn. Bhd.	Malaysia	80	80	Investment holding
DPBS-BPHB Sdn. Bhd.	Malaysia	100	100	Investment holding
Bina Puri Juara Sdn. Bhd.	Malaysia	100	100	Investment holding
Bina Puri Gah Sdn. Bhd.	Malaysia	60	60	Inactive
Bina Puri Pakistan (Private) Ltd. ^	Pakistan	99.97	99.97	Builder of motorway
Bina Puri Properties (B) Sdn. Bhd. ^	Brunei Darussalam	100	100	Renting of service apartment and property management
Bina Puri (B) Sdn. Bhd. ^	Brunei Darussalam	80	80	Contractor of earthworks, buildings and road construction
Bina Puri Properties Sdn. Bhd.	Malaysia	100	100	Property developer and management
Bina Puri Hong Kong Limited ^	Hong Kong	100	100	Inactive
BP Energy Sdn. Bhd.	Malaysia	100	100	Inactive

Notes to the Financial Statements

(cont'd)

8. INVESTMENT IN SUBSIDIARIES (cont'd)

(a) Details of the subsidiaries are as follows: (cont'd)

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		2020 %	2019 %	
Held by the Company (cont'd)				
Bina Puri Builder Sdn. Bhd.	Malaysia	100	100	Contractor of earthworks, buildings and road construction
Bina Puri Cambodia Ltd. *	Cambodia	100	100	Inactive
Held through Bina Puri Properties Sdn. Bhd.				
Ascotville Development Sdn. Bhd.	Malaysia	100	100	Property developer and management
BP S14 Sdn. Bhd.	Malaysia	100	-	Inactive
BP Healthcare Development Sdn. Bhd.	Malaysia	100	-	Inactive
Held through Bina Puri Sdn. Bhd.				
Konsortium Syarikat Bina Puri-TA3 JV Sdn. Bhd.	Malaysia	70	70	Inactive
Held through Bina Puri Construction Sdn. Bhd.				
Latar Project Management Sdn. Bhd.	Malaysia	60	60	Inactive
Bina Puri Development Sdn. Bhd. ^	Malaysia	-	100	Inactive
Bina Puri Lao Co. Ltd. *	Laos	100	100	Inactive
Held through Bina Puri Ventures Sdn. Bhd.				
Maskimi Polyol Sdn. Bhd.	Malaysia	100	100	Manufacturer of polyol
Held through Bina Puri Power Sdn. Bhd.				
PT Megapower Makmur ^	Republic of Indonesia	56	56	Power supply
Held through Bina Puri Properties (B) Sdn. Bhd.				
Bina Puri (B) Sdn. Bhd. ^	Brunei Darussalam	10	10	Contractor of earthworks, buildings and road construction
Held through Bina Puri Juara Sdn. Bhd.				
Bina Puri Mining Sdn. Bhd.	Malaysia	100	100	Inactive
BP Energy (Indoneisa) Sdn. Bhd. (formerly known as Sungai Long Bricks Sdn. Bhd.)	Malaysia	100	100	Inactive
Sungai Long Industries Sdn. Bhd.	Malaysia	51	51	Quarry operator and contractor of road paving projects

Notes to the Financial Statements

(cont'd)

8. INVESTMENT IN SUBSIDIARIES (cont'd)

(a) Details of the subsidiaries are as follows: (cont'd)

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		2020 %	2019 %	
Held through Bina Puri Juara Sdn. Bhd. (cont'd)				
KM Quarry Sdn. Bhd.	Malaysia	70	70	Quarry operator and contractor of road paving projects
Held through Aksi Bina Puri Sdn. Bhd.				
Sumbangan Lagenda Sdn. Bhd. ^	Malaysia	60	60	Property developer, management and investment holding
Karak Land Sdn. Bhd.	Malaysia	70	70	Property developer and management
Semarak Semerah Sdn. Bhd.	Malaysia	100	100	Investment holding
Held through Semarak Semerah Sdn. Bhd.				
Star Effort Sdn. Bhd.	Malaysia	95	95	Property developer and management

^ Audited by auditors other than RSL PLT.

* Subsidiaries without audited financial statements and auditors' reports but the unaudited financial statements of the subsidiaries were adopted by the Group for the purpose of the consolidated financial statements of the Group.

(b) On 28 August 2018, the Company and Bina Puri Properties Sdn. Bhd, a wholly-owned subsidiary of the Company, entered into a Conditional Sale and Purchase agreement with Tan Sri Datuk Tee Hock Seng, JP, Dr Tony Tan, Datuk Henry Tee, Datuk Matthew Tee, Mr Tee Kai Soon and Syarikat Masyakin Sdn. Bhd. for the proposed acquisition of 2,477,108 ordinary shares in Ideal Heights Properties Sdn. Bhd. for a total consideration of RM42,682,343 ("Proposed Acquisition"). In addition, the Company also announced that concurrent with the Proposed Acquisition, the Company proposed to undertake the proposed amendments to the memorandum and articles of association of the Company ("Proposed Amendments") to facilitate the issuance of the consideration redeemable preference share and retention redeemable preference shares pursuant to the Proposed Acquisition.

In the Extraordinary Shareholders Meeting held on 24 December 2018, the non-interested shareholders approved ordinary resolution for the Proposed Acquisition whilst the special resolution for the Proposed Amendments was not approved. Given the inter-conditionality of the ordinary resolution and the special resolution, the Proposed Acquisition and Proposed Amendments were not approved. The Company would contemplate the next course of action with regards to the Proposed Acquisition and Proposed Amendments accordingly.

(c) On 15 April 2019, the Company acquired additional 400 ordinary shares representing 40% of the issued and paid-up capital in DPBS-BPHB Sdn. Bhd. for a total consideration of RM400.

Notes to the Financial Statements

(cont'd)

8. INVESTMENT IN SUBSIDIARIES (cont'd)

- (d) On 30 June 2019, the Group entered into a sale agreement to dispose of 100% of its equity interest in its wholly-owned subsidiary, Easy Mix Sdn. Bhd., at a cash consideration of RM11,500,000. The disposal was completed on 30 June 2019, on which date control of Easy Mix Sdn. Bhd. passed to the acquirer.

The value of assets and liabilities of Easy Mix Sdn. Bhd. as at 30 June 2019 and the effects of the disposal were:

	RM'000
Property, plant and equipment	6,573
Trade and other receivables	3,990
Inventories	38
Cash and cash equivalents	(542)
	10,059
Trade and other payables	(9,756)
Borrowings	(4,972)
Carrying value of net liabilities	(4,669)
Cash consideration	11,500
Cash and cash equivalents of the subsidiary	542
Net cash inflow or disposal of a subsidiary	12,042
Gain on disposal	
Cash received	11,500
Net liabilities deregonised	4,669
Gain on disposal	16,169

The gain on disposal was included in other income in profit or loss.

- (e) On 13 February 2020, Bina Puri Properties Sdn. Bhd. acquired 100% equity interest in BP S14 Sdn. Bhd. and BP Healthcare Development Sdn. Bhd. for a total consideration of RM1 respectively.
- (f) During the financial year, Bina Puri Construction Sdn. Bhd. disposed entire equity interest in Bina Puri Development Sdn. Bhd. for a total consideration RM40,000.

Notes to the Financial Statements

(cont'd)

8. INVESTMENT IN SUBSIDIARIES (cont'd)

(g) Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	Sumbangan Lagenda Sdn. Bhd. RM'000	PT Megapower Makmur RM'000	Other individually immaterial subsidiary companies RM'000	Total RM'000
2020				
NCI percentage of ownership interest and voting interest	64%	55%		
Carrying amount of NCI	70,980	19,041	33,246	123,267
Profit allocated to NCI	(387)	(986)	17,490	16,117
2019				
NCI percentage of ownership interest and voting interest	64%	55%		
Carrying amount of NCI	71,368	19,831	22,464	113,663
Profit allocated to NCI	(2,595)	2,371	33,359	33,135

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have material non-controlling interests are as follows:

Sumbangan Lagenda Sdn. Bhd.

	2020 RM'000	2019 RM'000
Non-current assets	206,015	206,096
Current assets	9,712	13,368
Non-current liabilities	(75,897)	(81,072)
Current liabilities	(28,923)	(26,880)
Net assets	110,907	111,512

Notes to the Financial Statements

(cont'd)

8. INVESTMENT IN SUBSIDIARIES (cont'd)

(g) Non-controlling interests in subsidiaries (cont'd)

Sumbangan Lagenda Sdn. Bhd. (cont'd)

	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000
Revenue	16,455	27,909
Loss for the financial year/period	(605)	(4,055)
Total comprehensive loss	(605)	(4,055)
Net cash flows from operating activities	4,736	9,446
Net cash flows used in investing activities	(23)	(46)
Net cash flows used in financing activities	(4,589)	(9,720)
Net increase/(decrease) in cash and cash equivalents	124	(320)
Dividends paid to NCI	-	-

PT Megapower Makmur

	2020 RM'000	2019 RM'000
Non-current assets	66,585	72,207
Current assets	5,672	8,152
Non-current liabilities	(41)	(237)
Current liabilities	(37,722)	(44,196)
Net assets	34,494	35,926

	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000
Revenue	11,442	25,504
(Loss)/profit for the financial year/period	(1,787)	4,295
Total comprehensive (loss)/income	(1,787)	4,295
Net cash flows from operating activities	3,118	10,358
Net cash flows from/(used in) investing activities	728	(494)
Net cash flows used in financing activities	(3,514)	(10,718)
Net increase/(decrease) in cash and cash equivalents	332	(854)
Dividends paid to NCI	-	-

Notes to the Financial Statements

(cont'd)

9. INVESTMENT IN ASSOCIATES

		Group	
	Note	2020 RM'000	2019 RM'000
Unquoted shares - at cost			
In Malaysia		32,310	33,210
Outside Malaysia		3,916	3,916
		36,226	37,126
Disposal during the financial year/period:			
In Malaysia		(1,850)	(900)
		34,376	36,226
Share of post-acquisition reserves		(32,089)	(27,355)
Less: Allowance for impairment losses		(922)	(922)
		1,365	7,949

The Group has not recognised its share of losses of KL-Kuala Selangor Expressway Berhad amounting to RM14,046,000 (2019: RM16,906,000) because the Group's cumulative share of losses has exceeded its interest in that associate and the Group has no obligation in respect of these losses. The Group's cumulative losses not recognised were RM105,358,000 (2019:RM91,312,000).

		Company	
	Note	2020 RM'000	2019 RM'000
Unquoted shares - at cost			
In Malaysia		31,700	31,700
Outside Malaysia		3,916	3,916
		35,616	35,616
Disposal during the financial year:			
In Malaysia		(1,450)	-
Less: Allowance for impairment losses		(711)	(711)
		33,455	34,905

Notes to the Financial Statements

(cont'd)

9. INVESTMENT IN ASSOCIATES (cont'd)

(a) Details of associates are as follows:

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		2020 %	2019 %	
Held through the Company				
Bina Puri Holdings (Thailand) Ltd. ^	Thailand	49	49	Investment holding
Bina Puri (Thailand) Ltd. ^	Thailand	49	49	Contractor of earthworks, buildings and road construction
Bina Puri Norwest Sdn. Bhd.	Malaysia	-	50	Property development and management
Bina Puri Saudi Co. Ltd. *	Arab Saudi	50	50	Inactive
KL-Kuala Selangor Expressway Berhad ("KLKSE") ^	Malaysia	50	50	Builder and operator of an expressway
Bina Puri Amat Aramak Properties Sdn. Bhd.	Malaysia	50	50	Inactive
Bina Puri Amat Aramak Sdn. Bhd.	Malaysia	50	50	Inactive
Held through Bina Puri Juara Sdn. Bhd.				
Dimara Building System Sdn. Bhd. ^	Malaysia	30	30	Contractor in steel engineering works
Rock Processors (Melaka) Sdn. Bhd.^	Malaysia	-	40	Quarry operator and contractor of road paving project
Bina Puri Sentosa Venture Sdn. Bhd.	Malaysia	50	50	Inactive
Held through Bina Puri Power Sdn. Bhd.				
BP Power (Thailand) Ltd. ^	Thailand	-	49	Inactive
Held through Bina Puri Properties Sdn. Bhd.				
BP XA Sdn. Bhd.	Malaysia	50	50	Inactive
Held through Karak Land Sdn. Bhd.				
Karak Spring Sdn. Bhd.	Malaysia	50	50	Durian Plantation

^ Audited by auditors other than RSL PLT.

* Associates without audited financial statements and auditors' reports but the unaudited financial statements of the associates were adopted by the Group for the purpose of the consolidated financial statements of the Group.

Notes to the Financial Statements

(cont'd)

9. INVESTMENT IN ASSOCIATES (cont'd)

(a) Details of associates are as follows: (cont'd)

On 3 August 2018, Bina Puri Properties Sdn. Bhd., a wholly-owned subsidiary of the Company, acquired 500 ordinary shares, representing 50% equity interest in Bina Puri XA Sdn. Bhd. for a consideration of RM500.

On 31 October 2018, the Company disposed of 100% equity interest in Karak Spring Sdn. Bhd. for total cash consideration of RM4. Karak Land Sdn. Bhd., an indirect subsidiary of the Company, purchased 50% equity interest in Karak Spring Sdn. Bhd. for a consideration of RM2. Karak Spring Sdn. Bhd. ceased to be a wholly-owned subsidiary of the Company after the disposal but has become a 50% indirect associate.

On 14 February 2020, the Company disposed entire equity interest in Bina Puri Norwest Sdn. Bhd. for a consideration of RM1,000.

On 20 February 2020, Bina Puri Juara Sdn. Bhd., a wholly-owned subsidiary of the Company disposed entire equity interest in Rock Processors (Melaka) Sdn. Bhd. for a consideration of RM2,886,246.

(b) The summarised financial information of the Group's material associate is as follow:

	KLKSE	
	2020 RM'000	2019 RM'000
Assets and liabilities		
Non-current assets	943,952	957,788
Current assets	48,922	84,546
Non-current liabilities	(1,173,080)	(1,196,326)
Current liabilities	(30,512)	(28,633)
Net liabilities	(210,718)	(182,625)
	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000
Results		
Revenue	63,570	106,776
Loss for the financial year/period	(28,092)	(33,812)
Total comprehensive loss	(28,092)	(33,812)

Notes to the Financial Statements

(cont'd)

9. INVESTMENT IN ASSOCIATES (cont'd)

(c) The reconciliation of net assets to carrying amount of the associates is as follows:

	KLKSE RM'000	Other individually immaterial associates RM'000
2020		
Group's share of net assets:		
Carrying amount in the consolidated statements of financial position	(105,359)	1,365
01.07.2019 to 30.06.2020		
Group's share of results:		
Group's share of profit or loss	(14,046)	(371)
Group's share of other comprehensive income	-	-
Group's share of total comprehensive loss	(14,046)	(371)
2019		
Group's share of net assets:		
Carrying amount in the consolidated statements of financial position	(91,312)	7,949
01.01.2018 to 30.06.2019		
Group's share of results:		
Group's share of profit or loss	(16,906)	(1,323)
Group's share of other comprehensive income	-	-
Group's share of total comprehensive loss	(16,906)	(1,323)

Notes to the Financial Statements

(cont'd)

10. INVESTMENT IN A JOINT OPERATIONS

Details of the Group joint operations are as follows:

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		2020 %	2019 %	
Joint operation under the Company				
SPK-Bina Puri Joint Venture	United Arab Emirates	30	30	Builder and contractor for general engineering and construction works
Joint operation under Bina Puri Sdn. Bhd.				
UEMC-Bina Puri Joint Venture	Malaysia	40	40	Builder and contractor for general engineering and construction works

11. OTHER INVESTMENTS

	Group	
	2020 RM'000	2019 RM'000
At fair value		
Financial assets at fair value through other comprehensive income		
Unquoted shares in Malaysia	10,085	10,085
Transferable corporate membership in golf and country resort	61	61
Less: Disposals during the year	(515)	-
Less: Allowance for expected credit losses	(3,304)	(3,304)
	<u>6,327</u>	<u>6,842</u>

	Company	
	2020 RM'000	2019 RM'000
At fair value		
Financial assets at fair value through other comprehensive income		
Unquoted shares in Malaysia	6,646	6,646
Less: Disposals during the year	(510)	-
Less: Allowance for expected credit losses	(3,304)	(3,304)
	<u>2,832</u>	<u>3,342</u>

Notes to the Financial Statements

(cont'd)

12. INVENTORY PROPERTIES HELD FOR DEVELOPMENT

	Group	
	2020 RM'000	2019 RM'000
At 01 July/01 January 2018		
- leasehold land	5,240	5,240
- development costs	2,119	3,893
	7,359	9,133
Add: Costs incurred during the financial year/period		
- leasehold land	-	-
- development costs	128	(1,774)
	128	(1,774)
At 30 June		
- leasehold land	5,240	5,240
- development costs	2,247	2,119
	7,487	7,359

Notes to the Financial Statements

(cont'd)

13. TRADE AND OTHER RECEIVABLES

	Group	
	2020 RM'000	2019 RM'000
Trade receivables		
Non-current		
Retention sums	3,925	2,595
Less: Allowance for expected credit losses	(1,885)	(1,906)
	2,040	689
Current		
Third parties	186,463	304,709
Related parties	-	113
	186,463	304,822
Less: Allowance for expected credit losses	(34,375)	(46,309)
	152,088	258,513
Total trade receivables, net	154,128	259,202
Other receivables		
Current		
Third parties	114,149	136,499
Related parties	-	668
	114,149	137,167
Less: Allowance for expected credit losses	-	(35)
Other receivables, net	114,149	137,132
Advances to sub-contractors	-	523
GST refundable	263	4,101
Deposits	22,722	30,643
Prepayments	1,493	8,045
Total other receivables, net	138,627	180,444
Total trade and other receivables	292,755	439,646
Presented by:		
Non-current	2,040	689
Current	290,715	438,957
	292,755	439,646

Notes to the Financial Statements

(cont'd)

13. TRADE AND OTHER RECEIVABLES (cont'd)

	Company	
	2020 RM'000	2019 RM'000
Trade receivables		
Current		
Third parties	11,489	29,052
Less: Allowance for expected credit losses	-	(14,550)
	11,489	14,502
Total trade receivables, net	11,489	14,502
Other receivables		
Third parties	18,713	1,777
Less: Allowance for expected credit losses	(490)	-
Other receivables, net	18,223	1,777
GST refundable	38	235
Deposits	16,460	16,580
Prepayments	46	28
Total other receivables, net	34,767	18,620
Total trade and other receivables	46,256	33,122

(a) Trade receivables

Trade receivables of the Group and the Company are non-interest-bearing with normal credit terms of 30 to 90 days (2019: 30 to 90 days). Special credit terms are assessed and approved on a case by case basis.

As at the end of the reporting year, the Company has significant concentration of credit risk in the form of outstanding balances owing by 1 (2019: 1) customers represent 100% (2019: 79.22%) of the total trade receivables.

Notes to the Financial Statements

(cont'd)

13. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables (cont'd)

Ageing analysis of trade receivables

The ageing analysis of the Group's and of the Company's trade receivables are as follows:

	Group	
	2020 RM'000	2019 RM'000
Neither past due nor impaired	66,916	108,583
Past due but not impaired		
1 to 30 days past due but not impaired	14,713	50,073
31 to 60 days past due but not impaired	1,347	16,722
61 to 90 days past due but not impaired	4,905	4,613
91 to 120 days past due but not impaired	18,553	3,332
More than 121 days past due but not impaired	45,809	75,879
	85,327	150,619
Impaired		
Not past due	-	-
Past due	36,260	48,215
	36,260	48,215
	188,503	307,417

	Company	
	2020 RM'000	2019 RM'000
Neither past due nor impaired	-	-
Past due but not impaired		
1 to 30 days past due but not impaired	-	-
31 to 60 days past due but not impaired	-	-
61 to 90 days past due but not impaired	-	-
91 to 120 days past due but not impaired	-	-
More than 121 days past due but not impaired	11,489	14,502
	11,489	14,502
Impaired		
Not past due	-	-
Past due	-	14,550
	-	14,550
	11,489	29,052

Notes to the Financial Statements

(cont'd)

13. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables (cont'd)

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group and the Company. The Group and the Company monitor the credit quality of trade receivables through ageing analysis. Any receivables having significant balances past due or more than 120 days, which are deemed to have higher credit risk, are monitored individually.

Trade receivables that are past due but not impaired

The Group and the Company believe that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting year are as follows:

	Group	
	2020 RM'000	2019 RM'000
Individually impaired		
Trade receivables, nominal value	36,260	48,215
Less: Allowance for expected credit losses	(36,260)	(48,215)
	-	-
	Company	
	2020 RM'000	2019 RM'000
Individually impaired		
Trade receivables, nominal value	-	14,550
Less: Allowance for expected credit losses	-	(14,550)
	-	-

Notes to the Financial Statements

(cont'd)

13. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables (cont'd)

Trade receivables that are impaired (cont'd)

The movement in the Group's allowance accounts are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 01 July/01 January 2018	48,215	27,824	14,550	-
Additions	2,178	20,391	-	14,550
Written-off	(14,133)	-	(14,550)	-
At 30 June	36,260	48,215	-	14,550

Trade receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral.

(b) Other receivables

The Group's and the Company's other receivables are non-trade, unsecured, interest-free and are repayable on demand.

The Group's amount owing by related parties represents interest receivable from companies in which certain directors have interests. The amount is non-trade, unsecured, interest-free repayable on demand and is expected to be settled in cash.

Other receivables that are impaired

The Group's and the Company's other receivables that are impaired at the end of the reporting year are as follows:

	Group	
	2020 RM'000	2019 RM'000
Individually impaired		
Other receivables, nominal value	-	35
Less: Allowance for expected credit losses	-	(35)
	-	-

	Company	
	2020 RM'000	2019 RM'000
Individually impaired		
Other receivables, nominal value	490	-
Less: Allowance for impairment losses	(490)	-
	-	-

Notes to the Financial Statements

(cont'd)

13. TRADE AND OTHER RECEIVABLES (cont'd)

(b) Other receivables (cont'd)

Other receivables that are impaired (cont'd)

The movement in the Group's and the Company's allowance accounts are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 01 July/01 January 2018	35	4,406	-	4,371
Additions	-	-	490	-
Written-off	(35)	(4,371)	-	(4,371)
At 30 June	-	35	490	-

Other receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral.

Included in deposits of the Group and of the Company is an amount of RM16,291,000 (2019: RM16,291,000), which is deposits paid for the acquisition of land in Laos. The balance consideration is disclosed as capital commitment in Note 37 to the financial statements.

14. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 01 July/01 January 2018	(14,158)	(10,176)	-	(50)
Recognised in profit or loss	266	(4,078)	-	50
Disposal of subsidiary	-	249	-	-
Foreign exchange	-	(153)	-	-
At 30 June	(13,892)	(14,158)	-	-
Presented after appropriate offsetting:				
Deferred tax assets	121	-	-	-
Deferred tax liabilities	(14,013)	(14,158)	-	-
	(13,892)	(14,158)	-	-

Notes to the Financial Statements

(cont'd)

14. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

The components and movements of deferred tax assets and liabilities during the financial year/period prior to offsetting are as follows:

(a) Deferred tax assets

	Group	
	2020 RM'000	2019 RM'000
At 01 July/01 January 2018	-	3
Recognised in profit or loss	121	(3)
At 30 June	121	-

Deferred tax assets are attributable to the following items:

	Group	
	2020 RM'000	2019 RM'000
Unutilised tax losses	-	-
Unabsorbed capital allowances	-	-
Others	121	-
	121	-

Deferred tax assets are recognised by a subsidiary based on the probable future taxable profit by the said subsidiary.

Notes to the Financial Statements

(cont'd)

14. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

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

(b) Deferred tax liabilities

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 01 July/01 January 2018	14,158	10,179	-	50
Recognised in profit or loss	(145)	4,075	-	(50)
Disposal of subsidiaries	-	(249)	-	-
Foreign exchange	-	153	-	-
At 30 June	14,013	14,158	-	-
Representing tax effect of:				
- property, plant and equipment	(235)	208	-	-
- arising from business combination	-	9,671	-	-
- arising from investment properties	14,287	4,279	-	-
- unutilised tax losses	(39)	-	-	-
	14,013	14,158	-	-

(c) Unrecognised deferred tax assets

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

	Group	
	2020 RM'000	2019 RM'000
Unutilised tax losses	37,122	31,760
Unabsorbed capital allowances	9,281	9,281
	46,403	41,041

	Company	
	2020 RM'000	2019 RM'000
Unutilised tax losses	16,246	27,688
Unabsorbed capital allowances	392	135
	16,638	27,823

Notes to the Financial Statements

(cont'd)

14. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

(c) Unrecognised deferred tax assets (cont'd)

The availability of the unutilised tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority. Deferred tax assets have not been recognised in respect of these items as expected taxable profits of the subsidiaries where these deferred tax assets can be utilised is not foreseen.

With effect from 01 January 2019, the unutilised tax losses of Malaysian entities can be carried forward up to 7 consecutive years of assessment.

15. INVENTORY PROPERTIES UNDER DEVELOPMENT

	Group	
	2020 RM'000	2019 RM'000
At 01 July/01 January 2018		
- freehold land	70,898	68,998
- leasehold land	27,267	27,267
- development costs	141,728	167,919
	239,893	264,184
Add: Costs incurred during the financial year/period		
- freehold land	-	1,900
- development costs	64,560	186,613
	64,560	188,513
Less: Costs recognised in profit or loss during the financial year/period		
- freehold land	(28,417)	-
- leasehold land	(9,946)	-
- development costs	(28,071)	(212,804)
	(66,434)	(212,804)
Less: Reclassified to inventory		
- freehold land	(2,030)	-
- leasehold land	-	-
- development costs	(26,953)	-
	(28,983)	-
At 30 June		
- freehold land	40,451	70,898
- leasehold land	17,321	27,267
- development costs	151,264	141,728
	209,036	239,893

Notes to the Financial Statements

(cont'd)

15. INVENTORY PROPERTIES UNDER DEVELOPMENT (cont'd)

Included in the inventory properties under development during the financial year/period are:

	Group	
	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000
Depreciation of property, plant and equipment	3	48
Finance costs	2,981	5,307

The inventory properties under development of the Group amounting to RM117,078,000 (2019: RM117,255,000) were charged to a licensed bank to secure a banking facility granted to the Group as stated in Note 24 to the financial statements.

16. INVENTORIES

	Group	
	2020 RM'000	2019 RM'000
At cost:		
Completed development units	28,971	-
Raw materials and consumables	168	147
Finished goods	-	-
	29,139	147

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group is RM845,000 (2019: RM1,839,000).

Notes to the Financial Statements

(cont'd)

17. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2020 RM'000	2019 RM'000
Revenue recognised in profit or loss to date	5,542,946	6,085,050
Less: Progress billings	(5,209,156)	(5,737,506)
	333,790	347,544
Presented as:		
- Contract assets	347,052	384,268
- Contract liabilities	(13,262)	(36,724)
	333,790	347,544
- Contract revenue recognised during the financial year/ period	219,311	584,466
- Contract cost recognised during the financial year/ period	223,157	558,234

	Company	
	2020 RM'000	2019 RM'000
Revenue recognised in profit or loss to date	456,132	461,968
Less: Progress billings	(451,640)	(453,948)
Contract assets	4,492	8,020
- Contract revenue recognised during the financial year/ period	4,492	19,659
- Contract cost recognised during the financial year/ period	1,309	18,925

Included in the Group's and the Company's contract assets is an amount of RM23,548,000 (2019: RM23,395,000) which relates to the construction costs incurred on a project related to the project as disclosed in Note 18(b)(i) to the financial statements. The Group is currently engaged in an arbitration process to recover the said amounts from the Government of Pakistan. The recoverability of the said amounts is dependent on the outcome of the mediation process which, based on the advice of the Group's solicitors, the directors are of the opinion that the outcome of the mediation amount is sufficient to recover the contract assets. The status of the arbitration is disclosed in Note 38(b)(ii) to the financial statements.

Notes to the Financial Statements

(cont'd)

18. AMOUNT OWING BY/(TO) SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Current		
Amount owing by subsidiaries		
- Trade	11,542	11,542
- Non-trade	111,835	90,825
	123,377	102,367
Less: Allowance for expected credit losses		
- Trade	(11,542)	(11,542)
- Non-trade	(29,840)	(33,018)
	81,995	57,807
Amount owing to subsidiaries		
- Trade	(565)	(565)
- Non-trade	(27,181)	(33,178)
	(27,746)	(33,743)

(a) Trade amounts owing

The trade amounts owing are subject to the normal trade credit terms ranging from 30 to 60 days (2019: 30 to 60 days). The amounts owing is to be settled in cash.

Ageing analysis of the Company's trade-related amount owing by subsidiaries

The ageing analysis of the Company's trade-related amount owing by subsidiaries is as follows:

	Group	
	2020 RM'000	2019 RM'000
Neither past due nor impaired	-	-
Past due but not impaired		
1 to 30 days past due but not impaired	-	-
31 to 60 days past due but not impaired	-	-
61 to 90 days past due but not impaired	-	-
91 to 120 days past due but not impaired	-	-
More than 121 days past due but not impaired	-	-
	-	-
Impaired	11,542	11,542
	11,542	11,542

Notes to the Financial Statements

(cont'd)

18. AMOUNT OWING BY/(TO) SUBSIDIARIES (cont'd)

(a) Trade amounts owing (cont'd)

Trade-related amount owing by subsidiaries that are neither past due nor impaired

The Company monitors the credit quality of the trade-related amounts owing by subsidiaries through ageing analysis.

Trade amount owing by subsidiaries that are impaired

The Company's trade amount owing by subsidiaries that are impaired at the end of the reporting year are as follows:

	Group	
	2020 RM'000	2019 RM'000
Individually impaired		
Trade amounts owing by subsidiaries, nominal value	11,542	11,542
Less: Allowance for expected credit losses	(11,542)	(11,542)
	-	-

Trade amount owing by subsidiaries that are individually impaired at the end of the reporting year relate to a subsidiary that is in significant financial difficulties and have defaulted on payments. The receivables are not secured by any collateral or credit enhancements.

(b) Non-trade amounts owing

The non-trade amounts owing represent unsecured interest-free advances and payments made on behalf. The amounts owing are receivable/(repayable) on demand and are to be settled in cash.

Non-trade amounts owing by subsidiaries that are impaired

The Company's non-trade amounts owing by subsidiaries that are impaired at the end of the reporting year are as follows:

	Company	
	2020 RM'000	2019 RM'000
Individually impaired		
Non-trade amount owing by subsidiaries, nominal value	10,076	33,018
Less: Allowance for expected credit losses	(10,076)	(33,018)
	-	-

Notes to the Financial Statements

(cont'd)

18. AMOUNT OWING BY/(TO) SUBSIDIARIES (cont'd)

(b) Non-trade amounts owing (cont'd)

Non-trade amounts owing by subsidiaries that are impaired (cont'd)

The movement in the Company's allowance accounts are as follows:

	Company	
	2020 RM'000	2019 RM'000
At 01 July/01 January 2018	33,018	33,018
Reversal	(3,178)	-
Written-off	-	-
At 30 June	29,840	33,018

Non-trade amounts owing by subsidiaries that are individually impaired at the end of the reporting year relate to subsidiaries that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

- (i) Included in the Company's amounts owing by subsidiaries is an advance of RM17,951,973 (2019: RM17,876,000) to a foreign subsidiary to undertake a project awarded by the Government of Pakistan. The project subsequently had been terminated by the Government of Pakistan. As disclosed in Note 17(a) to the financial statements, included in the Group's and the Company's contract assets is an amount of RM23,548,000 (2019: RM23,395,000) which relates to the construction costs incurred on the same project. The Group and the Company are currently engaging in an arbitration process to recover the said amounts from the Government of Pakistan. The details of the arbitration proceedings are as disclosed in Note 38(b)(ii) to the financial statements. The recoverability of the said amounts is dependent on the successful outcome of the arbitration process which, based on the advice of the Group's and the Company's solicitors, the directors are of the opinion that there is a reasonable likelihood of success in the arbitration process. Hence, no allowance for expected credit losses is required.

Notes to the Financial Statements

(cont'd)

19. AMOUNT OWING BY/(TO) ASSOCIATES

	Group	
	2020 RM'000	2019 RM'000
Amount owing by associates:		
- Trade	9,283	9,283
- Non-trade	26,858	39,903
	36,141	49,186
Less: Allowance for expected credit losses		
- Trade	-	-
- Non-trade	(4,679)	(4,679)
	31,462	44,507
Amount owing to associates:		
- Trade	(6)	(11,358)
- Non-trade	-	(718)
	(6)	(12,076)
	Company	
	2020 RM'000	2019 RM'000
Amount owing by associates:		
- Trade	9,283	9,283
- Non-trade	23,814	37,990
	33,097	47,273
Less: Allowance for expected credit losses		
- Non-trade	(4,679)	(4,679)
	28,418	42,594
Amount owing to associates:		
- Trade	(6)	(6)
	(6)	(6)

Notes to the Financial Statements

(cont'd)

19. AMOUNT OWING BY/(TO) ASSOCIATES (cont'd)

(a) Trade amounts owing

The trade amounts owing are subject to the normal trade credit terms ranging from 30 to 60 days (2019: 30 to 60 days). The amounts owing are to be settled in cash.

Ageing analysis of the Group's and the Company's trade-related amounts owing by associates

The ageing analyses of the Group's and the Company's trade-related amounts owing by associates are as follows:

	Group	
	2020 RM'000	2019 RM'000
More than 121 days past due but not impaired	9,283	9,283

	Company	
	2020 RM'000	2019 RM'000
More than 121 days past due but not impaired	9,283	9,283

Trade-related amount owing by associates that are past due but not impaired

The Group and the Company believe that no impairment allowance is necessary in respect of these amounts. The directors are of the opinion that no impairment is required based on past experience and the likelihood of recoverability of these amounts.

(b) Non-trade amounts owing

The non-trade amounts owing represent unsecured, interest-free advances and payments made on behalf. The amounts owing are receivable/(repayable) on demand and are to be settled in cash.

Non-trade related amount owing by associates that are impaired

The Group's and the Company's non-trade related amounts owing by associates that are impaired at the end of the reporting year are as follows:

	Group and Company	
	2020 RM'000	2019 RM'000
Individually impaired		
Nominal value	4,679	4,679
Less: Allowance for expected credit losses	(4,679)	(4,679)
	-	-

Notes to the Financial Statements

(cont'd)

19. AMOUNT OWING BY/(TO) ASSOCIATES (cont'd)

(b) Non-trade amounts owing (cont'd)

Non-trade related amount owing by associates that are impaired (cont'd)

The movement in the Group's and the Company's allowance accounts are as follows:

	Group and Company	
	2020 RM'000	2019 RM'000
At 01 July/01 January 2018	4,679	4,679
Written-off	-	-
At 30 June	4,679	4,679

Non-trade related amount owing by associates that is individually impaired at the end of the reporting year relates to an associate that is in significant financial difficulties and has defaulted on payments. This receivable is not secured by any collateral or credit enhancements.

- (c) Included in the Group's and the Company's amounts owing by associates are amounts of RM27,315,000 (2019: RM26,707,341) owing by certain associates which have been long outstanding. The directors are of the opinion that the amounts due from these associates are recoverable as these associates have committed to the Group and the Company to repay the amounts owing when they have successfully recovered the performance bond from their customer. The recovery of the said amounts is also dependent on the successful outcome of the legal claims against the customer which, based on the advice of the Group's and the Company's solicitors, the directors are of the opinion that there is a reasonable likelihood of success in the arbitration process. Hence, no allowance for impairment is required.

20. FIXED DEPOSITS PLACED WITH LICENSED BANKS

The fixed deposits placed with licensed banks of the Group and of the Company at the end of the reporting year bear effective interest rates at 0.45% to 3.35% (2019: 0.45% to 3.59%) per annum.

Included in fixed deposits placed with licensed banks of the Group and of the Company at the end of the reporting year were amounts of RM11,253,000 (2019: RM11,173,000) and RM6,000 (2019: RM6,000) respectively, which have been pledged to licensed banks as security for banking facilities granted to the Group and the Company.

21. CASH AND BANK BALANCES

Included in cash and bank balances of the Group are:

- (a) an amount of RM50,453 (2019: RM1,140,000) held in a special project's bank account from which withdrawals are restricted to contract expenditure incurred in respect of specific projects, and
- (b) an amount of RM973,379 (2019: RM1,625,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations. Withdrawals from the Housing Development Account are restricted to property development expenditure incurred in respect of the specific development project.

Notes to the Financial Statements

(cont'd)

22. SHARE CAPITAL

	Group and Company	
	2020 Number of shares Unit '000	2019 Number of shares Unit '000
Issued and fully paid:		
At 01 July/01 January 2018	382,039	267,160
Issued during the financial period/year	382,039	114,879
At 30 June	764,078	382,039

	Group and Company	
	2020 RM'000	2019 RM'000
Issued and fully paid:		
At 01 July/01 January 2018	157,821	136,705
Issued during the financial period/year	23,035	21,116
At 30 June	180,856	157,821

The holders of ordinary shares entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

On 7 August 2019, the Company announced the proposal to undertake the renounceable rights issue of up to 439,345,450 new ordinary shares of the Company at an issue price of RM0.09 per rights share together with up to 439,345,450 free detachable warrants in the Company on the basis of 1 rights share together with 1 free warrant for every 1 existing share held by the shareholders of the Company. The proposed rights issue with warrants was approved by the shareholders of the Company through the Extraordinary Shareholders' Meeting held on 22 October 2019.

On 30 December 2019, the Company completed the issuance, listing and quotation of 382,039,550 rights shares and 382,039,550 warrants on the Main Market of Bursa Malaysia Securities Berhad. The proceed from the right issues would be used by the Group for the funding of existing property development and construction projects, repayment of borrowings and for working capital purposes.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

Notes to the Financial Statements

(cont'd)

23. RESERVES

	Group	
	2020 RM'000	2019 RM'000
Warrant reserve	10,039	-
Exchange reserve	(10,084)	(9,858)
Share option reserve	3,287	-
Retained earnings	86,562	105,577
	<u>89,804</u>	<u>95,719</u>

	Company	
	2020 RM'000	2019 RM'000
Warrant reserve	10,039	-
Exchange reserve	54	52
Share option reserve	3,287	-
Retained earnings	33,532	42,054
	<u>46,912</u>	<u>42,106</u>

(a) Warrant reserve

Warrants are classified as equity investment and the value is allocated based on the closing price on the first trading day and recognised in the warrant reserve.

The issuance of ordinary shares upon exercise of the warrants is treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

Warrant reserve represents cumulative fair value of the warrants yet to be exercised.

The warrants are valid to be exercised for a period of 3 years from its issue date and ending on 29 December 2023 ("Exercise Period"). During the Exercise Period, each warrant shall entitle its registered holder to subscribe for one new ordinary share of the Company at an exercise price of RM0.10 per warrant in accordance with the provisions of the Deed Poll dated 11 November 2020. Any warrants not exercised will lapse thereafter and cease to be valid.

On 30 December 2020, the Company issued 382,039,550 warrants in connection with the proposed rights issue with warrants. At end of the current financial year, the entire 382,039,550 warrants remain unexercised.

(b) Exchange reserve

The translation reserve arose from the translation of the financial statements of foreign subsidiaries or foreign operations and is not distributable by way of dividends.

(c) Share option reserve

A Share Issuance Scheme ("SIS") has been implemented on 01 March 2019 to enable the Company to grant new and additional SIS option to the eligible persons in accordance with the By-Laws of the SIS. The maximum number of shares which may be allotted under the SIS shall not exceed in aggregate fifteen percent (15%) of the total number of issued shares (excluding treasury shares, if any) of the Company at any point in time during the duration of the SIS or such other limit prescribed by any guideline, rule and/or regulation of the relevant authorities from time to time throughout the duration of the SIS.

Notes to the Financial Statements

(cont'd)

23. RESERVES (cont'd)

(c) Share option reserve (cont'd)

The SIS shall be in force for a period of five (5) years from 01 March 2019. However, the Board of Directors may at its absolute discretion extend the duration of the scheme upon the recommendation of the option committee, subject always that the duration of the SIS shall not exceed ten (10) years or such other period as may be prescribed by Bursa Malaysia Securities Berhad or other relevant authorities.

Subject to any adjustments made in accordance with the By-Laws and pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad, the price payable for the new shares upon exercise of the SIS options shall be based on the five (5) day volume-weighted average market price of the Company's shares immediately preceding the date of offer with a discount of not more than ten percent (10%).

On 17 February 2020, the Company made an offer of 114,575,000 SIS options under the scheme to eligible persons at an exercise price of RM0.076. The SIS options were vested upon acceptance of the offer. 97,833,500 options accepted. No SIS options were exercised into ordinary shares of the Company during the current financial year.

The salient features of the SIS are as follows:

(i) Maximum number of SIS shares

The maximum number of SIS shares shall not exceed in aggregate 15% of the total number of issued ordinary shares (excluding treasury shares, if any) at any time over the duration of the SIS, as provided for in the By-Laws.

(ii) Eligibility

Subject to the determination and discretion of the option committee, a director or employee of the Group (excluding dormant subsidiaries) who fulfils the following criteria as at the date of offer shall be eligible to participate in the SIS:

(a) Any employee who fulfils the following criteria as at the date of offer:

- (i) he/she has attained 18 years of age and is not an undischarged bankrupt;
- (ii) he/she is employed by a company within the Group (excluding dormant subsidiaries); and
- (iii) he/she fulfils any other criteria and/or falls within such category as may be determined by the option committee at its sole discretion from time to time.

(b) Any person who holds a directorship in a company within the Group (excluding dormant subsidiaries), in an executive capacity, and shall have the meaning given in Section 2(1) of the Companies Act 2016 and Section 2(1) of the Capital Markets and Services Act 2007 (excluding independent director, non-executive director and alternate director), who fulfils the following criteria as at the date of offer:

- (i) he/she has attained 18 years of age and is not an undischarged bankrupt;
- (ii) he/she is a director named in the register of directors of a company within the Group (excluding dormant subsidiaries) for a continuous period of at least 12 months; and
- (iii) he/she fulfils any other criteria and/or falls within such category as may be determined by the option committee at its sole discretion from time to time.

(iii) Basis of allotment and maximum allowable allotment of SIS shares

The basis of allocation of the number of SIS shares and the maximum number of SIS shares which may be offered and allotted to an eligible person shall be determined entirely at the discretion of the option committee and subject to the provisions of the By-Laws as well as taking into consideration, where relevant, the eligible person's position, seniority, performance, length of service, contribution to the continued success of the Group and such other factors that the option committee may deem relevant.

Notwithstanding the foregoing, the total number of SIS shares is subject to the following:

- (a) not more than 80% of the total number of SIS shares to be issued under the SIS shall be allocated, in aggregate, to the eligible directors and senior management of the Group (excluding dormant subsidiaries);
- (b) not more than 10% of the total number of SIS shares shall be allocated to an eligible person who either singly or collectively through persons connected with the eligible person holds 20% or more of the total number of issued shares in the Company (excluding treasury shares, if any); and
- (c) the eligible directors and senior management of the Group (excluding dormant subsidiaries) do not participate in the deliberation or discussion of their own allocation of SIS options, provided always that it is in accordance with the Listing Requirements or prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other requirement of the relevant authorities and as amended from time to time.

Notes to the Financial Statements

(cont'd)

23. RESERVES (cont'd)

(c) Share option reserve (cont'd)

(iv) Option price

Subject to any adjustment made in accordance with the By-Laws and pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad, the option price shall be based on the price to be determined by the Board of Directors upon recommendation of the option committee based on the five (5) day volume-weighted average price of the Company's shares immediately preceding the date of offer, with a discount of not more than 10%.

(v) Ranking of the SIS shares

The SIS shares shall, upon allotment and issuance, rank pari passu in all respects with the then existing shares of the Company, save and except that the SIS shares will not be entitled to any dividends, rights, allotments and/or any other distributions, the entitlement date of which is prior to the date of allotment and issuance of such SIS shares.

(vi) Duration of the SIS

The SIS shall be in force for a period of 5 years from 1 March 2019. However, the Board of Directors may at its absolute discretion extend the duration of the New SIS upon the recommendation of the option committee, subject always that the duration of the SIS shall not exceed 10 years or such other period as may be prescribed by Bursa Malaysia Securities Berhad or any other relevant authorities.

24. BANK BORROWINGS

	Group	
	2020 RM'000	2019 RM'000
Non-current		
Secured		
Term loans	181,229	208,154
Current		
Secured		
Bank overdrafts	14,663	11,089
Revolving credit	77,309	68,849
Term loans	36,078	32,349
Bridging loan	7,626	19,778
Trust receipt and banker acceptance	53,653	76,761
	189,329	208,826
Unsecured		
Bank overdrafts	13,642	27,548
Revolving credit	56,450	56,500
	70,092	84,048
	259,421	292,874
Total bank borrowings	440,650	501,028

Notes to the Financial Statements

(cont'd)

24. BANK BORROWINGS (cont'd)

	Company	
	2020 RM'000	2019 RM'000
Current		
Unsecured		
Bank overdrafts	9,689	10,568
Revolving credit	32,950	33,000
	42,639	43,568
Secured		
Bank overdrafts	1,978	2,617
Revolving credit	23,500	23,500
	25,478	26,117
Total bank borrowings	68,117	69,685

Term loans

The Group's term loan bear interest rates ranging from 5.00% to 8.60% (2019: 3.90% to 12.00%) per annum.

The term loans are secured by:

- (i) a fixed charge over the property, plant and equipment of the subsidiaries;
- (ii) deeds of assignment over the proceeds of the contracts awarded to the Group;
- (iii) corporate guarantee provided by the Company; and
- (iv) negative pledge over the entire assets of certain subsidiaries.

Other bank borrowings

The Group's and the Company's other bank borrowings bear effective interest rates ranging from 5.00% to 11.00% (2019: 4.60% to 11.00%) and 5.50% to 8.85% (2019: 4.87% to 8.65%) per annum respectively.

The other bank borrowings are secured by:

- (i) Fixed charges over the property, plant and equipment over the entire assets of certain subsidiaries;
- (ii) A negative pledge over the assets of the certain subsidiaries; and
- (iii) Deeds of assignment over the proceeds of contracts awarded to the Group.

The unsecured bank borrowings of the Group are guaranteed by the Company.

Notes to the Financial Statements

(cont'd)

25. HIRE PURCHASE PAYABLES

	Group	
	2020 RM'000	2019 RM'000
Minimum hire purchase payables:		
- not later than one year	331	943
- later than one year but not later than five years	587	501
	918	1,444
Less: Future finance charges	(93)	(70)
Present value of hire purchase payables	825	1,374
Represented by:		
Current		
- not later than one year	165	1,250
Non-current		
- later than one year but not later than five years	660	124
	825	1,374

	Company	
	2020 RM'000	2019 RM'000
Minimum hire purchase payables:		
- not later than one year	-	74
- later than one year but not later than five years	-	-
	-	74
Less: Future finance charges	-	(1)
Present value of hire purchase payables	-	73
Represented by:		
Current		
- not later than one year	-	73
Non-current		
- later than one year but not later than five years	-	-
	-	73

The Group's and the Company's hire purchase payables bear effective interest rates ranging from 2% to 7.13% (2019: 4.33% to 12.32%) and 4.8% (2019: 4.48% to 7.25%) per annum respectively.

Notes to the Financial Statements

(cont'd)

26. TRADE AND OTHER PAYABLES

	Group	
	2020 RM'000	2019 RM'000
Non-current		
Retention sums	2,100	1,866
Current		
Trade payables	241,080	381,530
Other payables		
Other payables	94,717	123,082
Sundry deposits	20,071	10,746
Accruals	31,934	27,015
Total other payables	146,722	160,843
	387,802	542,373
Total trade and other payables	389,902	544,239

	Company	
	2020 RM'000	2019 RM'000
Current		
Trade payables	20,879	22,010
Other payables		
Other payables	11,678	15,154
Sundry deposits	49	49
Accruals	3,661	2,451
Total other payables	15,388	17,654
Total trade and other payables	36,267	39,664

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group and the Company ranging from 30 to 90 days (2019: 30 to 90 days). Whereas, retention sums are payable upon the expiry of the defect liability periods of the respective construction contracts. The defect liability periods of the construction contracts are between 12 and 24 months.

(b) Other payables

Included in other payables of the Group is advances received for contract work yet to be performed amounting to RM10,059,479 (2019: RM16,253,023).

Notes to the Financial Statements

(cont'd)

27. AMOUNT OWING TO JOINT VENTURE

The amount owing to joint venture represents non-trade unsecured interest-free advances which is repayable on demand. The amount owing is to be settled in cash.

28. REVENUE

	Group		Company	
	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000
Contract revenue	219,311	584,466	4,419	19,659
Sales of goods	37,781	64,113	-	-
Sales of electricity	11,442	25,504	-	-
Management fees	-	1,080	492	4,122
Rental income	22,540	34,960	-	-
Sales of development properties	129,654	330,866	-	-
	420,728	1,040,989	4,911	23,781

29. COST OF SALES

	Group		Company	
	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000
Contract costs	223,157	558,234	656	18,925
Costs of goods sold	36,613	62,541	-	-
Costs of electricity sold	6,477	10,310	-	-
Costs of inventory properties under development	65,934	227,712	-	-
Operation costs for rental income	14,861	26,613	-	-
	347,042	885,410	656	18,925

Notes to the Financial Statements

(cont'd)

30. FINANCE COSTS

	Group		Company	
	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000
Interest expense:				
- bank borrowings	15,658	28,090	4,307	7,678
- hire purchase	27	75	1	9
- unwinding of discount on trade payables	663	6,685	-	196
- others	4,740	1,323	585	1,411
	21,088	36,173	4,893	9,294

31. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax:

	Group		Company	
	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000
Allowance for expected credit losses on:				
- trade receivables	2,178	20,391	-	14,550
- other receivables	-	-	490	-
Auditors' remuneration:				
- current year	503	664	200	200
- prior year	(37)	446	(30)	-
Depreciation of property, plant and equipment	9,489	15,624	686	1,078
Directors' fee:				
- directors of the Company	276	531	276	531
Directors' non-fee emoluments:				
- directors of the Company	1,620	3,452	1,566	2,542
- directors of the subsidiaries	1,408	1,743	-	-
Property, plant and equipment written-off	98	57	-	-
Trade and other receivable debts written-off	-	4,488	-	4,371
Rental expense on:				
- land and premises	273	855	-	-
- machinery and equipment	571	3,380	-	-
- others	2,281	-	-	-

Notes to the Financial Statements

(cont'd)

31. PROFIT/(LOSS) BEFORE TAX (cont'd)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax: (cont'd)

	Group		Company	
	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000
Staff cost:				
- salaries, wages, bonuses and allowances	13,405	27,835	2,686	6,725
- Employee Provident Fund	1,388	2,625	479	1,021
- SOCSO	119	268	37	71
- other benefits	930	1,887	26	-
Share-based payment expenses	657	-	363	-
Unrealised foreign exchange loss/(gain)	2,589	(2,564)	-	-
Dividend income	(50)	(37)	(50)	(37)
Loss/(gain) on disposal of:				
- property, plant and equipment	(1,856)	(4,987)	(171)	(742)
- subsidiary	-	16,169	-	-
- associates	2,721	-	1,449	-
Interest income:				
- fixed deposits	(244)	(88)	-	(39)
- others	(1,788)	(8,770)	-	(97)
Accretion of discount on trade receivables	(740)	(7,133)	-	(271)
Rental income of:				
- properties	(337)	(461)	(274)	(566)
Reversal of expected credit losses on trade receivables	-	(4,371)	-	(4,371)
Reversal of expected credit losses on amount due by subsidiary	-	-	(3,178)	-
Impairment loss of goodwill	3,000	-	-	-

Notes to the Financial Statements

(cont'd)

32. INCOME TAX EXPENSE

The components of income tax expense are as follows:

	Group		Company	
	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000
Income tax				
- current year				
- Malaysian income tax	13,256	24,496	-	-
- Foreign income tax	531	30	-	-
- prior period				
- Malaysian income tax	(509)	-	(169)	-
- Foreign income tax	-	-	-	-
	13,278	24,526	(169)	-
Deferred taxation (Note 14)				
- current year	(24)	4,362	-	-
- prior period	-	(284)	-	(50)
	(24)	4,078	-	(50)
	13,254	28,604	(169)	(50)

Domestic income tax rate is calculated at the Malaysian statutory income tax rate of 24% of the estimated assessable profit for the reporting year. Taxation for other jurisdictions are calculated at the rates prevailing in the respective jurisdictions.

Notes to the Financial Statements

(cont'd)

32. INCOME TAX EXPENSE (cont'd)

The reconciliation from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000
Profit/(loss) before tax	10,356	62,201	(8,691)	(40,881)
Tax at applicable statutory tax rate of 24% (2019: 24%)	2,485	14,928	(2,086)	(9,811)
Tax effects arising from:				
- non-taxable income	(1,387)	(3,661)	(56)	(199)
- non-deductible expenses	7,313	2,368	1,605	3,942
- deferred tax asset not recognised	5,419	11,843	537	6,041
- (Taxable)/deductible timing difference not provided	(57)	-	-	27
- overprovision of tax in prior years	(509)	-	(169)	-
- overprovision of deferred liability in prior years	(10)	-	-	-
- reversal of deferred tax liability in prior years	-	(284)	-	(50)
- different tax rates	-	(869)	-	-
- changes in tax rate on real property gain tax	-	4,279	-	-
Income tax expense	13,254	28,604	(169)	(50)

33. EARNINGS PER SHARE

(a) Basic (loss)/earnings per ordinary share

Basic (loss)/earnings per share

	Group	
	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000
(Loss)/profit after tax attributable to owners of the Company	(19,015)	462
Weighted average number of ordinary shares:		
- Issued ordinary shares at 01 July/01 January 2018	382,039	267,160
- Effect of issuance of ordinary shares	191,020	54,181
Weighted average number of ordinary shares at 30 June	573,059	321,341
Basic (loss)/earnings per ordinary share (sen)	(3.32)	0.14

Notes to the Financial Statements

(cont'd)

33. EARNINGS PER SHARE (cont'd)

(b) Diluted earnings per ordinary share

The diluted earnings per ordinary share have not been presented as the potential ordinary shares arising from the exercise of options under the warrant and SIS have anti-dilutive effect as the exercise prices of the warrant and SIS were higher than the average market price of the ordinary shares of the Company.

34. DIRECTORS' REMUNERATION

(a) The aggregate amounts of emoluments received and receivable by directors of the Group and of the Company are as follows:

	Group		Company	
	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000
Executive directors				
Fees	24	46	24	46
Non-fee emoluments	1,620	3,299	1,566	2,542
Non-executive directors				
Fees	252	485	252	485
Non-fee emoluments	-	153	-	-
	<u>1,896</u>	<u>3,983</u>	<u>1,842</u>	<u>3,073</u>
Benefits-in-kind	-	59	-	-

Notes to the Financial Statements

(cont'd)

34. DIRECTORS' REMUNERATION

- (b) The number of directors of the Group and of the Company whose total remuneration during the financial year/period fall within the following bands is analysed below:

	Group		Company	
	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000
Executive directors				
Below RM50,000	-	-	-	2
RM250,001 - RM300,000	-	1	-	-
RM300,001 - RM350,000	-	-	-	-
RM350,001 - RM400,000	-	-	-	-
RM400,001 - RM450,000	-	1	-	-
RM550,001 - RM600,000	-	-	1	-
RM600,001 - RM650,000	1	-	-	-
RM650,001 - RM700,000	-	-	-	-
RM700,001 - RM750,000	-	-	-	-
RM800,001 - RM850,000	-	-	-	1
RM900,001 - RM950,000	-	1	-	-
RM950,001 - RM1,000,000	-	-	-	-
RM1,000,001 - RM1,050,000	1	-	1	-
RM1,050,001 - RM1,100,000	-	-	-	-
RM1,100,001 - RM1,200,000	-	-	-	-
RM1,250,001 - RM1,300,000	-	-	-	-
RM1,300,001 - RM1,350,000	-	-	-	-
RM1,350,001 - RM1,550,000	-	-	-	-
RM1,700,001 - RM1,750,000	-	1	-	1
Non-executive directors				
Below RM50,000	-	-	-	1
RM50,001 - RM100,000	2	3	2	3
RM100,001 - RM200,000	1	1	1	-
RM200,001 - RM250,000	-	1	-	1

Notes to the Financial Statements

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35. SEGMENT INFORMATION

The information reported to the Group Executive Committee, as the Group's chief operating decision maker, in making decisions to allocate resources to segments and to assess their performance, is based on the nature of the industry (business segments) and operational location (geographical segments) of the Group.

Measurement of reportable segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Transactions between reportable segments are measured on the basis that is similar to those external customers.

Segment statements of comprehensive income are profit earned or loss incurred by each segment without allocation of central administrative costs, non-operating investment revenue, finance costs and income tax expense. There are no significant changes from previous financial period in the measurement methods used to determine reported segment statements of comprehensive income.

All the Group's assets are allocated to reportable segments other than assets used centrally for the Group, current and deferred tax assets. Jointly used assets are allocated on the basis of the revenues earned by individual segments.

All the Group's liabilities are allocated to reportable segments other than liabilities incurred centrally for the Group, current and deferred tax liabilities. Jointly incurred liabilities are allocated in proportion to the segment assets.

Business segments

For management purposes, the Group is organised into business units based on their products and services provided. The Group is organised into 4 (2019: 5) main business segments as follows:

- (i) Construction segment – involved in construction of earthworks, building and road;
- (ii) Property development segment – involved in property development;
- (iii) Quarry segment – involved in quarry operation and production of readymix concrete;
- (iv) Power supply segment – involved in the generation and supply of electricity; and
- (v) Polyol manufacturing segment – involved in the manufacturing of polyol (ceased operation during the financial year).

Geographical information

The Group's 4 (2019: 5) major business segments are operating in two (2) principal geographical areas, namely Malaysia and other Asian countries. The other Asian countries include Brunei, Hong Kong, Indonesia, Thailand, Vietnam, United Arab Emirates, Pakistan, Cambodia and India.

Notes to the Financial Statements

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35. SEGMENT INFORMATION (cont'd)

(a) Business segments

	01.07.2019 to 30.06.2020	Construction RM'000	Property development RM'000	Quarry RM'000	Polyol RM'000	Power supply RM'000	Others* RM'000	Group RM'000
Revenue:								
External customer	219,311	219,311	152,194	37,781	-	11,442	-	420,728
Inter-segment revenue	-	-	-	-	-	-	-	-
	219,311	219,311	152,194	37,781	-	11,442	-	420,728
Adjustments and eliminations	-	-	-	-	-	-	-	-
Consolidated revenue	-	-	-	-	-	-	-	420,728
Results:								
Segment results	(25,715)	(25,715)	61,986	(354)	-	(3,094)	120	32,943
Adjustments and eliminations	-	-	-	-	-	-	-	(1,128)
	-	-	-	-	-	-	-	31,815
Share of results of associates	(497)	(497)	(133)	260	-	-	-	(371)
Finance costs	(13,009)	(13,009)	(6,707)	(96)	-	(1,576)	(13)	(21,401)
Adjustments and elimination	-	-	-	-	-	-	-	313
Segment (loss)/profit	(39,221)	(39,221)	55,146	(190)	-	(4,670)	107	10,356
Income tax expense	-	-	-	-	-	-	-	(13,254)
Profit for the financial period	-	-	-	-	-	-	-	(2,898)

Notes to the Financial Statements

(cont'd)

35. SEGMENT INFORMATION (cont'd)

(a) Business segments (cont'd)

	Construction RM'000	Property development RM'000	Quarry RM'000	Polyol RM'000	Power supply RM'000	Others* RM'000	Group RM'000
01.07.2019 to 30.06.2020							
Additions to property, plant and equipment	940	514	-	-	89	-	1,543
Additions to inventory properties held for development	-	128	-	-	-	-	128
Depreciation of property, plant and equipment	2,221	1,613	259	-	5,299	97	9,489
Other non-cash expenses/(income)							
Allowance for expected credit losses on:							
- receivables	2,178	-	-	-	-	-	2,178
(Gain)/loss on disposal of:							
- property, plant and equipment	(1,660)	32	(634)	-	406	-	(1,856)
- investment in associates	2,263	-	458	-	-	-	2,721
Share-based payment	547	60	47	-	-	3	657
Property, plant and equipment written-off	-	46	52	-	-	-	98
Impairment of goodwill	-	3,000	-	-	-	-	3,000
Unwinding of discount on trade payables	(77)	-	-	-	-	-	(77)
Accretion of interest on trade receivables	-	-	-	-	-	-	-
Unrealised (gain)/loss on foreign exchange	(1,068)	-	-	-	3,657	-	2,589
Share of results of associates	497	133	(259)	-	-	-	371

Notes to the Financial Statements

(cont'd)

35. SEGMENT INFORMATION (cont'd)

(a) Business segments (cont'd)

2020	Construction RM'000	Property development RM'000	Quarry RM'000	Polyol RM'000	Power supply RM'000	Others* RM'000	Elimination RM'000	Group RM'000
Assets								
Segment assets	665,482	626,318	46,827	-	73,808	6,833	(158,575)	1,260,693
Investment in associates	31,740	814	2,944	-	-	-	(34,133)	1,365
Other investments	5,888	545	-	-	-	-	(106)	6,327
Goodwill	-	11,235	-	-	350	-	-	11,585
Deferred tax assets	-	5	-	-	116	-	-	121
Current tax assets	330	66	149	-	158	27	-	730
Total assets	703,440	638,983	49,920	-	74,432	6,860	(192,814)	1,280,821
Liabilities								
Segment liabilities	244,532	201,006	30,566	-	24,815	5,115	(102,011)	404,023
Borrowings	279,723	135,159	3,704	-	22,064	-	-	440,650
Deferred tax liabilities	-	14,013	-	-	-	-	-	14,013
Tax payable	2,281	25,894	33	-	-	-	-	28,208
Total liabilities	526,536	376,072	34,303	-	46,879	5,115	(102,011)	886,894

* Others – involved as commission agent. (to be more precised)

Notes to the Financial Statements

(cont'd)

35. SEGMENT INFORMATION (cont'd)

(a) Business segments (cont'd)

	01.01.2018 to 30.06.2019	Construction RM'000	Property development RM'000	Quarry RM'000	Polyol RM'000	Power supply RM'000	Others* RM'000	Group RM'000
Revenue:								
External customer		584,466	365,826	64,113	-	25,504	1,080	1,040,989
Inter-segment revenue		-	-	-	-	-	-	-
		<u>584,466</u>	<u>365,826</u>	<u>64,113</u>	<u>-</u>	<u>25,504</u>	<u>1,080</u>	<u>1,040,989</u>
Adjustments and eliminations		-	-	-	-	-	-	-
Consolidated revenue								<u>1,040,989</u>
Results:								
Segment results		(25,337)	107,841	8,665	367	7,677	91	99,304
Adjustments and eliminations		-	-	-	-	-	-	393
								<u>99,697</u>
Share of results of associates		(581)	(1,008)	266	-	-	-	(1,323)
Finance costs		(21,751)	(9,950)	(655)	(44)	(3,773)	-	(36,173)
Segment (loss)/profit		<u>(47,669)</u>	<u>96,883</u>	<u>8,276</u>	<u>323</u>	<u>3,904</u>	<u>91</u>	<u>62,201</u>
Income tax expense								(28,604)
Profit for the financial period								<u>33,597</u>

Notes to the Financial Statements

(cont'd)

35. SEGMENT INFORMATION (cont'd)

(a) Business segments (cont'd)

	Construction RM'000	Property development RM'000	Quarry RM'000	Polyol RM'000	Power supply RM'000	Others* RM'000	Group RM'000
01.01.2018 to 30.06.2019							
Additions to property, plant and equipment	110	96	20	-	830	-	1,056
Additions to inventory properties held for development	-	(1,774)	-	-	-	-	(1,774)
Depreciation of property, plant and equipment	6,233	2,449	1,698	90	5,153	1	15,624
Other non-cash expenses/(income)							
Allowance for expected credit losses on:							
- receivables	20,391	-	-	-	-	-	20,391
(Gain)/loss on disposal of:							
- property, plant and equipment	(4,414)	-	(575)	-	2	-	(4,987)
Property, plant and equipment written off	57	-	-	-	-	-	57
Unwinding of discount on trade payables	6,685	-	-	-	-	-	6,685
Accretion of interest on trade receivables	(7,133)	-	-	-	-	-	(7,133)
Unrealised (gain)/loss on foreign exchange	(4,476)	-	-	-	1,912	-	(2,564)
Share of results of associates	-	-	-	-	-	-	-
Trade receivables written off	4,371	117	-	-	-	-	4,488
Reversal of allowance for expected credit losses on receivables	(4,371)	-	-	-	-	-	(4,371)

Notes to the Financial Statements

(cont'd)

35. SEGMENT INFORMATION (cont'd)

(a) Business segments (cont'd)

2019	Construction RM'000	Property development RM'000	Quarry RM'000	Polyol RM'000	Power supply RM'000	Others* RM'000	Elimination RM'000	Group RM'000
Assets								
Segment assets	849,317	662,359	42,621	3,441	83,495	2,856	(177,107)	1,466,982
Investment in associates	34,211	822	3,082	-	-	-	(30,166)	7,949
Other investments	6,403	545	-	-	-	-	(106)	6,842
Goodwill	-	14,235	-	-	350	-	-	14,585
Deferred tax assets	-	-	-	-	-	-	-	-
Current tax assets	627	-	179	-	-	29	-	835
Total assets	890,558	677,961	45,882	3,441	83,845	2,885	(207,379)	1,497,193
Liabilities								
Segment liabilities	393,721	263,820	28,866	2,278	25,256	2,095	(121,589)	594,447
Borrowings	314,989	156,043	3,709	272	26,015	-	-	501,028
Deferred tax liabilities	-	14,038	6	-	114	-	-	14,158
Tax payable	2,273	18,089	(122)	-	117	-	-	20,357
Total liabilities	710,983	451,990	32,459	2,550	51,502	2,095	(121,589)	1,129,990

* Others – involved as commission agent. (to be more precised)

Notes to the Financial Statements

(cont'd)

35. SEGMENT INFORMATION (cont'd)

(b) Reconciliation of reportable segment revenue, profit and loss, assets, liabilities and other material items are as follows:

	Segment results	
	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000
Total segment results	32,943	99,304
Elimination of inter-segment profit	(1,128)	393
Consolidated total	31,815	99,697

	Segment assets	
	2020 RM'000	2019 RM'000
Total reportable segments	1,473,635	1,704,572
Elimination of inter-segment transactions or balances	(192,814)	(207,379)
Consolidated total	1,280,821	1,497,193

	Segment liabilities	
	2020 RM'000	2019 RM'000
Total reportable segments	988,905	1,251,579
Elimination of inter-segment transactions or balances	(102,011)	(121,589)
Consolidated total	886,894	1,129,990

Notes to the Financial Statements

(cont'd)

35. SEGMENT INFORMATION (CONTINUED)

(c) Geographical Information

The Group's business segments operate substantially from Malaysia. In determining the geographical segments of the Group, revenue is based on the country in which the customer is located.

Revenue, assets and liabilities information based on the geographical location of customers are as follows:

	Malaysia RM'000	Other Asian countries RM'000	Consolidated RM'000
01.07.2019 to 30.06.2020			
Revenue from external customers	403,202	17,526	420,728
Non-current assets (exclude deferred tax assets)	268,605	82,264	350,869
Segment assets	1,155,813	125,008	1,280,821
Segment liabilities	766,687	120,207	886,894
01.01.2018 to 30.06.2019			
Revenue from external customers	1,008,434	32,555	1,040,989
Non-current assets (exclude deferred tax assets)	282,096	88,753	370,849
Segment assets	1,417,425	79,768	1,497,193
Segment liabilities	982,197	147,793	1,129,990

(d) Information about a major customer

Revenue from a major customer amounting to RM105,713,000 (2019: RM232,391,000) arising from the construction segment.

36. RELATED PARTIES

(a) Identification of related parties

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

Related parties of the Group and the Company include:

- (i) Subsidiaries;
- (ii) Associates;
- (iii) A company in which directors of the Company have substantial financial interest;
- (iv) A corporate shareholder of a subsidiary; and
- (v) Key management personnel, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

Notes to the Financial Statements

(cont'd)

36. RELATED PARTIES (cont'd)

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000
Transactions with:				
Subsidiaries				
Dividend income	-	-	-	37
Management fees income	-	-	-	3,042
Project commission	-	-	-	-
Rental income	-	-	261	540
Interest payable	-	-	-	863
Associates				
Management fees	-	1,080	492	1,080
Dividend income	-	500	-	-
Other investment company				
Dividend income	-	-	50	-
A company in which a director of the Company has interests in				
Project management fees	(29)	(36)	-	-
Purchase of air tickets	(281)	(686)	-	-
Contract works	-	(2,572)	-	-

(c) Compensation of key management personnel

	Group		Company	
	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000
Short-term employee benefits	4,820	2,670	948	1,129
Employee Provident Fund	340	304	57	131
	5,160	2,974	1,005	1,260

Notes to the Financial Statements

(cont'd)

36. RELATED PARTIES (cont'd)

(c) Compensation of key management personnel (cont'd)

Included in the key management personnel remuneration is:

	Group		Company	
	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000	01.07.2019 to 30.06.2020 RM'000	01.01.2018 to 30.06.2019 RM'000
Directors' remuneration:				
- directors of the Company	1,896	3,985	1,842	3,073
- directors of the subsidiaries	1,408	1,743	-	-
	3,304	5,728	1,842	3,073

37. CAPITAL COMMITMENTS

The Group has made commitments for the following capital expenditures:

	Group and Company	
	2020 RM'000	2019 RM'000
Capital expenditure approved but not contracted for:		
- leasehold land	13,810	13,810

38. FINANCIAL GUARANTEES AND CONTINGENCIES

(a) Financial guarantees

	Group	
	2020 RM'000	2019 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to:		
- associates	110,639	135,903

Notes to the Financial Statements

(cont'd)

38. FINANCIAL GUARANTEES AND CONTINGENCIES (cont'd)

(a) Financial guarantees (cont'd)

	Company	
	2020 RM'000	2019 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to:		
- subsidiaries	443,458	516,703
- associates	110,639	135,903
Guarantee given in favour of suppliers of goods for credit terms granted to subsidiaries	89	152
Guarantee given to secure hire purchase payables of subsidiaries	37	442

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(b) Changes in material litigation

- **In the matter of an arbitration between BK Asiapacific (Malaysia) Sdn. Bhd. (formerly known as BK Burns & Ong Sdn. Bhd.) ("BK Burns") v UEMC-Bina Puri JV (unincorporated joint venture), UEM Construction Sdn. Bhd. and Bina Puri Sdn. Bhd. (collectively, "UEM-BPSB JV")**

UEM-BPSB JV is an unincorporated joint venture between UEM Construction Sdn. Bhd. and BPSB (on a 60:40 proportion basis). Malaysia Airport Holdings Berhad had awarded a contract to UEM-BPSB JV to carry out construction works in respect of the development of the new low cost carrier terminal at the Kuala Lumpur International Airport, Sepang. UEM-BPSB JV thereafter engaged BK Burns for provision of commercial and contractual management & advisory services.

A statement of case was filed by BK Burns against UEM-BPSB JV on 16 June 2017 for wrongful termination, claiming for an alleged amount of RM6.9 million for loss and damage and loss of profit, including 5% incentive payment for any commercial settlement. This does not include BK Burns' claim for a monthly fee effective January 2012 until completion and 5% incentive payment during this period.

UEM-BPSB JV filed its defence on 16 August 2017 which contended inter-alia that there is no agreement of the alleged 5% incentive payment, the termination is valid and no further payments are due and owing to BK Burns.

The Hearing concluded on 1 March 2019. On 25 June 2020, the Arbitrator has determined that BK Burn is entitled for nominal damages of RM3,000.00 only with no order in respect of loss of profit, interest and costs ("Arbitration Decision").

On 12 October 2020, BK Burn has filed a Set Aside Application of the Arbitration Decision and the matter is fixed for Case Management on 27 October 2020.

- **Bina Puri Pakistan (Private) Limited ("BPPPL") v National Highway Authority of Pakistan ("NHA")**

BPPPL had filed an application under Section 20 of the Arbitration Act 1940 of Pakistan before the High Court of Sindh on 28 September 2012 for reference of a dispute to arbitration for the alleged unlawful termination by NHA of the concession agreement dated 16 January 2012 entered into between BPPPL and NHA ("**Concession Agreement**"). The application was granted on 23 April 2013.

Notes to the Financial Statements

(cont'd)

38. FINANCIAL GUARANTEES AND CONTINGENCIES (cont'd)

(b) Changes in material litigation (cont'd)

- **Bina Puri Pakistan (Private) Limited (“BPPPL”) v National Highway Authority of Pakistan (“NHA”) (cont'd)**

BPPPL commenced the arbitral proceedings on 21 October 2013 claiming for a sum of PKR26,760,300,964 (approximately RM720 million) for loss and damage including loss of profit, interest, cost and expenses. NHA contended on 9 December 2013 that the termination is lawful. On 27 March 2019, Mr Justice (R) Nasir-ul-Mulk allowed BPPPL's claims against NHA as follows:-

(a) a declaration that the termination notice issued by NHA was unlawful repudiation and therefore anticipatory breach of the Concession Agreement; and

(b) BPPPL shall be entitled for the actual pre-development cost and actual development costs to be determined by a joint auditor in accordance with the award.

(a) and (b) above are collectively referred to as the “**Arbitration Award**”.

On 25 November 2019, the Court recognized the enforcement of the Arbitration Award and appointed the Auditor to evaluate the damages. On 7 September 2020, the Auditor has directed that the termination payment payable by NHA to BPPPL is PKR 873,561,224 with interest of PKR224,681.00 per day from 21 July 2020 until full settlement.

(Based on BNM's exchange rate of PKR1:RM0.0269)

- **Conaire Engineering Sdn. Bhd. – L.L.C (“Conaire”) v (1) BPHB and (2) Pembinaan SPK Sdn. Bhd. (“SPK”) (collectively referred as “SPK-BPHB JV”)**

SPK-Bina Puri is an unincorporated joint venture between SPK and Bina Puri (on a 70:30 proportion basis) (“**SPK-BPHB JV**”). An agreement was entered into between Conaire and the SPK-BPHB JV in respect of the electromechanical and plumbing works at Phase 1, Plot 1, Area B for 'residential, commercial and entertainment development at Al Reem Island, Abu Dhabi, UAE'. On 17 March 2015, Conaire obtained a judgment in default at the Abu Dhabi Court against SPK-BPHB JV for, amongst others, AED20,718,958.25 (approximately RM23.6 million) (“**Abu Dhabi Judgment**”).

On 11 April 2016, Conaire issued and served a writ to SPK and Bina Puri to enforce the Abu Dhabi Judgment at the High Court of Pulau Pinang (“**Conaire's Claim**”). On 31 October 2017, the High Court of Pulau Pinang directed the case to be heard at the High Court of Kuala Lumpur. Conaire thereafter applied for a summary judgment to enforce the Abu Dhabi Judgment but it was dismissed by the High Court of Kuala Lumpur. On 18 January 2019, the High Court of Kuala Lumpur allowed the Conaire's Claim (“**High Court Judgment**”).

On 14 February 2019, SPK and Bina Puri filed an appeal at the Court of Appeal on the High Court Judgment (“**Appeal**”). On 22 February 2019, SPK and Bina Puri applied to stay the High Court Judgment pending the disposal of the Appeal (“**Stay of Execution Application**”). On 17 April 2019, the High Court of Kuala Lumpur allowed the Stay of Execution Application. The Appeal is fixed for Hearing on 3 February 2021.

Bina Puri's solicitors are of the view that there is a reasonable chance of success subject to the Court of Appeal agreeing to, amongst others, that the judgment obtained by Conaire at the Abu Dhabi Court cannot be enforced in Malaysia under the Reciprocal Enforcement of Judgments Act 1958.

(Based on BNM's exchange rate of AED1:RM1.1399)

- **Bina Puri Mining Sdn. Bhd. (“BPM”) v Bukit Biru Quarry Sdn. Bhd. (“BB Quarry”)**

BPM had filed a suit against BB Quarry on 11 May 2015, claiming for the sum of RM8,714,779.84 for the breach of the quarry operation agreement dated 1 January 2013 entered into between the parties (“**Quarry Operation Agreement**”), which includes a claim for misrepresentation. BB Quarry counter-claimed against BPM for a sum of RM1,412,023.79 being the alleged contract fees, insurance premium and reimbursement of commission fees payable by BPM pursuant to the Quarry Operation Agreement.

Notes to the Financial Statements

(cont'd)

38. FINANCIAL GUARANTEES AND CONTINGENCIES (cont'd)

(b) Changes in material litigation (cont'd)

- **Bina Puri Mining Sdn. Bhd. (“BPM”) v Bukit Biru Quarry Sdn. Bhd. (“BB Quarry”) (cont'd)**

The Miri High Court has directed to split the trials into two tiers, firstly, liability of the parties and thereafter the computation of the quantum. The trial has been concluded on 16 May 2018. On 24 December 2018, BPM's claim has been dismissed while the counter-claim by BB Quarry has been allowed. On 21 January 2019, BPM has filed an appeal at the Court of Appeal. The hearing on 16 April 2020 was adjourned until further notice due to the Restriction Movement Order.

BPM's solicitors are of the view that there is a reasonable chance for the appeal in the event the Court of Appeal is agreeable with the ground raised by BPM.

- **Star Effort Sdn. Bhd. (“SESB”) v Ikhmas Jaya Group Berhad (“IJGB”)**

SESB appointed Ikhmas Jaya Sdn. Bhd. (“IJSB”) (wholly owned by IJGB) to construct and complete the works for the building project and IJSB failed to complete the work timely and repay the advance payments. SESB had filed a suit against IJGB on 13 May 2020 pursuant to a Parent Corporate Guarantee for the outstanding advance payments, liquidated damages, remedial works and costs.

IJGB filed an application to substitute IJSB to existing proceedings and the application is fixed for Hearing on 19 November 2020.

- **RNC Integral Concrete Technology (M) Sdn. Bhd. (“RNC”) v Bina Puri Construction Sdn. Bhd. (“BPCSB”)**

BPCSB appointed RNC to supply, apply and warrant of waterproofing system at Shopping Mall and Service Apartment for the proposed Tourist Recreational and Commercial Development. RNC had served Winding Up Petition on 9 October 2020 for the alleged demanded amount of RM400,000.00. BPCSB has sought preliminary legal advice and shall oppose the Petition. 2 November 2020 has been fixed for Hearing.

39. FINANCIAL INSTRUMENTS

(a) Financial risk management and objectives

The Group and the Company seek to manage effectively the various risks namely credit, liquidity, interest rate, and foreign currency risks, to which the Group and the Company are exposed to in their daily operations.

(i) Credit risk

The Group's and the Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables, amount owing by subsidiaries and amount owing by associates. The Group and the Company manage their exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an on-going basis. For other financial assets (including other investments, fixed deposits placed with licensed banks and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company established an allowance account for expected credit losses that represents its estimate of incurred losses in respect of the financial assets as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Expected credit losses are estimated by the management based on prior experience and the current economic environment.

Exposure to credit risk

At the end of the reporting year, the Group's and the Company's maximum exposure to credit risk is represented by:

- (i) The carrying amounts of each class of financial assets recognised in the statements of financial position as disclosed in Note 13, Note 17, Note 18, Note 19, Note 20, and Note 21 to the financial statements; and
- (ii) The nominal amount of guarantees provided by the Group and the Company to banks on subsidiaries' and associates' credit facilities as disclosed in Note 38 to the financial statements.

Notes to the Financial Statements

(cont'd)

39. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management and objectives (cont'd)

(i) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country profile of its trade receivables (including trade-related amounts owing by subsidiaries and associates) on an on-going basis.

The credit risk concentration profile of the Group's and of the Company's trade receivables at the end of the reporting year are as follows:

	Group		Company	
Countries	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Brunei Darussalam	3,629	30,431	-	-
Pakistan	-	-	-	-
Indonesia	3,036	3,871	-	-
Malaysia	183,723	273,115	11,489	29,052
	190,388	307,417	11,489	29,052

Financial assets that are neither past due nor impaired

Information regarding financial assets that are neither past due nor impaired are disclosed in Note 13, Note 18 and Note 19 to the financial statements. Fixed deposits placed with licensed banks and cash and bank balances are placed with reputable licensed financial institutions with high credit ratings.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 13, Note 18 and Note 19 to the financial statements.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries and associates. The Company monitors the results of the subsidiaries and associates and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM554,223 (2019: RM653,200) representing the maximum amount the Company could pay if the guarantees are called on as disclosed in Note 38(a) to the financial statements. As at the reporting date, there was no indication that the subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from general funding and business activities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the continuity of funding and flexibility through the use of stand-by credit facilities.

Notes to the Financial Statements

(cont'd)

39. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management and objectives (cont'd)

(ii) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the end of the reporting year based on contractual undiscounted repayment obligations.

Group	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	On demand or within one year RM'000	1 - 5 years RM'000	Over 5 years RM'000
2020					
Financial liabilities					
Trade and other payables**	389,902	389,902	387,802	2,100	-
Contract liabilities	13,262	13,262	13,262	-	-
Amount owing to associates	-	-	-	-	-
Amount owing to a joint venture	34	34	34	-	-
Hire purchase payables	825	918	331	587	-
Bank borrowings	440,650	487,455	272,711	177,932	36,812
Financial guarantee	-	-	-	-	-
	844,673	891,571	674,140	180,619	36,812
2019					
Financial liabilities					
Trade and other payables**	544,239	544,239	542,373	1,866	-
Contract liabilities	36,724	36,724	36,724	-	-
Amount owing to associates	12,076	12,076	12,076	-	-
Amount owing to a joint venture	34	34	34	-	-
Hire purchase payables	1,374	1,444	943	501	-
Bank borrowings	501,028	540,074	304,235	174,985	60,854
Financial guarantee	-	135,903	135,903	-	-
	1,095,475	1,270,494	1,032,288	177,352	60,854

Notes to the Financial Statements

(cont'd)

39. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management and objectives (cont'd)

(ii) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

Company	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	On demand or within one year RM'000	1 - 5 years RM'000	Over 5 years RM'000
2020					
Financial liabilities					
Trade and other payables**	36,267	36,267	36,267	-	-
Amount owing to subsidiaries	27,746	27,746	27,746	-	-
Amount owing to associates	6	6	6	-	-
Amount owing to a joint venture	34	34	34	-	-
Bank borrowings	68,117	68,117	68,117	-	-
Financial guarantee	-	-	-	-	-
	132,170	132,170	132,170	-	-
2019					
Financial liabilities					
Trade and other payables**	39,664	39,664	39,664	-	-
Amount owing to subsidiaries	33,743	33,743	33,743	-	-
Amount owing to associates	6	6	6	-	-
Amount owing to a joint venture	34	34	34	-	-
Hire purchase payables	73	74	74	-	-
Bank borrowings	69,685	69,685	69,685	-	-
Financial guarantee	-	789,103	789,103	-	-
	143,205	932,309	932,309	-	-

** excludes advances received for contracts work not yet performed.

Notes to the Financial Statements

(cont'd)

39. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management and objectives (cont'd)

(iii) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from interest-bearing financial assets and liabilities. The Group's and the Company's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group and of the Company will be placed with licensed financial institutions to generate interest income.

Interest rate profile

At the end of the reporting year, the interest rate profile of the interest-bearing financial instruments is as follows:

Group	Effective interest rate %	Within 1 year RM'000	1 - 5 years RM'000	> 5 years RM'000	Total RM'000
2020					
Financial asset					
Fixed deposits placed with licensed banks	0.45 - 3.35	11,253	-	-	11,253
Financial liabilities					
Hire purchase payables	2.0% - 7.13%	165	660	-	825
Bank borrowings	4.52 % - 11%	259,520	113,922	67,208	440,650
2019					
Financial asset					
Fixed deposits placed with licensed banks	0.45 - 3.59	11,173	-	-	11,173
Financial liabilities					
Hire purchase payables	4.33 - 12.32	1,250	124	-	1,374
Bank borrowings	4.52 - 12.00	294,635	149,408	56,985	501,028

Notes to the Financial Statements

(cont'd)

39. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management and objectives (cont'd)

(iii) Interest rate risk (cont'd)

Interest rate profile (cont'd)

Company	Effective interest rate %	Within 1 year RM'000	1 - 5 years RM'000	> 5 years RM'000	Total RM'000
2020					
Financial asset					
Fixed deposits placed with licensed banks	3.35%	6	-	-	6
Financial liabilities					
Bank borrowings	4.87% - 8.65%	68,117	-	-	68,117
2019					
Financial asset					
Fixed deposits placed with licensed banks	3%	6	-	-	6
Financial liabilities					
Hire purchase payables	4.60	73	-	-	73
Bank borrowings	5.45 - 7.50	69,685	-	-	69,685

Interest rate risk sensitivity analysis

An increase in market interest rates by 0.5% on financial assets and financial liabilities of the Group and of the Company which have variable interest rates at the end of the reporting year would decrease the profit before tax by RM1,298,000 (2019: RM1,473,000) and RM341,000 (2019: RM348,000). This analysis assumes that all other variables remain unchanged.

A decrease in market interest rates by 0.5% on financial assets and financial liabilities of the Group and of the Company which have variable interest rates at the end of the reporting year would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates.

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the functional currencies of the Group entities. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entity are kept to an acceptable level.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Brunei, Hong Kong, Indonesia, Thailand, Vietnam, United Arab Emirates, Pakistan, Cambodia and India. The Group's investments in foreign operations are not hedged.

Notes to the Financial Statements

(cont'd)

39. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management and objectives (cont'd)

(iv) Foreign currency risk (cont'd)

Foreign currency exposure profile

The foreign currency exposure profile of the financial instruments of the Group and of the Company is as follows:

Group	Brunei Dollar RM'000	Pakistan Rupee RM'000	Indo. Rupiah RM'000	US Dollar RM'000	Other currency RM'000	Total RM'000
2020						
Financial asset						
Trade and other receivables *	4,319	71	4,346	-	-	8,736
Fixed deposits placed with licensed banks	6,942	-	-	-	-	6,942
Cash and bank balances	382	8	1,000	-	12	1,402
	11,643	79	5,346	-	12	17,080
Financial liabilities						
Trade and other payables**	12,591	184	928	-	24	13,727
Hire purchase payables	110	-	77	-	-	187
Bank borrowings	9,114	-	1,776	-	-	10,890
	21,815	184	2,781	-	24	24,804
Net currency exposure	(10,172)	(105)	2,565	-	(12)	(7,724)

Notes to the Financial Statements

(cont'd)

39. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management and objectives (cont'd)

(iv) Foreign currency risk (cont'd)

Foreign currency exposure profile (cont'd)

Group	Brunei Dollar RM'000	Pakistan Rupee RM'000	Indo. Rupiah RM'000	US Dollar RM'000	Other currency RM'000	Total RM'000
2019						
Financial asset						
Trade and other receivables *	41,115	71	7,334	-	-	48,520
Fixed deposits placed with licensed banks	6,882	-	-	-	-	6,882
Cash and bank balances	132	8	659	32	-	831
	48,129	79	7,993	32	-	56,233
Financial liabilities						
Trade and other payables**	35,382	182	3,354	-	-	38,918
Hire purchase payables	-	-	124	-	-	124
Bank borrowings	10,213	-	3,301	-	-	13,514
	45,595	182	6,779	-	-	52,556
Net currency exposure	2,534	(103)	1,214	32	-	3,677

* exclude prepayments and accrued billings.

** exclude advances received for contracts work not yet performed.

Notes to the Financial Statements

(cont'd)

39. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management and objectives (cont'd)

(iv) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the company's profit net of tax to a reasonably possible change in the Brunei Dollar, Pakistan Rupee, Indo. Rupiah, USD and other currency exchange rates against the functional currency of the Company, with all other variables held constant.

	2020 RM'000	2019 RM'000
Effect on loss after tax:		
Brunei Dollar/RM - strengthened by 5%	(387)	96
Brunei Dollar/RM - weakened by 5%	387	(96)
Pakistan Rupee/RM - strengthened by 5%	(4)	(4)
Pakistan Rupee/RM - weakened by 5%	4	4
Indo. Rupiah/RM - strengthened by 5%	97	46
Indo. Rupiah/RM - weakened by 5%	(97)	(46)
USD/RM - strengthened by 5%	-	2
USD/RM - weakened by 5%	-	(2)
Other currency/RM - strengthened by 5%	(1)	-
Other currency/RM - weakened by 5%	1	-

(b) Classification of financial instruments

Financial assets and financial liabilities are measured on an on-going basis either at fair value or at amortised cost. The principal accounting policies in Note 3 to the financial statements describe how classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial statements in the statements of financial position by the classes of financial instruments to which they are assigned.

- (i) Financial assets measured at amortised cost ("AC")
- (ii) Financial assets at fair value through other comprehensive income ("FVOCI")
- (iii) Financial liabilities measured at amortised cost ("FL")

Notes to the Financial Statements

(cont'd)

39. FINANCIAL INSTRUMENTS (cont'd)

(b) Classification of financial instruments (cont'd)

Group	AC RM'000	FVOCI RM'000	FL RM'000	Total RM'000
2020				
Financial asset				
Other investments	-	6,327	-	6,327
Trade and other receivables *	291,262	-	-	291,262
Contract assets	347,052	-	-	347,052
Amount owing by associates	31,456	-	-	31,456
Fixed deposits placed with licensed banks	11,253	-	-	11,253
Cash and bank balances	10,450	-	-	10,450
	691,473	6,327	-	697,800
Financial liabilities				
Trade and other payables**	-	-	389,902	389,902
Contract liabilities	-	-	13,262	13,262
Amount owing to associates	-	-	-	-
Amount owing to a joint venture	-	-	34	34
Hire purchase payables	-	-	825	825
Bank borrowings	-	-	440,650	440,650
	-	-	844,673	844,673

Notes to the Financial Statements

(cont'd)

39. FINANCIAL INSTRUMENTS (cont'd)

(b) Classification of financial instruments (cont'd)

Group	AC RM'000	FVOCI RM'000	FL RM'000	Total RM'000
2019				
Financial asset				
Other investments	-	6,842	-	6,842
Trade and other receivables*	431,601	-	-	431,601
Contract assets	384,268	-	-	384,268
Amount owing by associates	44,507	-	-	44,507
Fixed deposits placed with licensed banks	11,173	-	-	11,173
Cash and bank balances	6,564	-	-	6,564
	<u>878,113</u>	<u>6,842</u>	<u>-</u>	<u>884,955</u>
Financial liabilities				
Trade and other payables**	-	-	544,239	544,239
Contract liabilities	-	-	36,724	36,724
Amount owing to associates	-	-	12,076	12,076
Amount owing to a joint venture	-	-	34	34
Hire purchase payables	-	-	1,374	1,374
Bank borrowings	-	-	501,028	501,028
	<u>-</u>	<u>-</u>	<u>1,095,475</u>	<u>1,095,475</u>

Notes to the Financial Statements

(cont'd)

39. FINANCIAL INSTRUMENTS (cont'd)

(b) Classification of financial instruments (cont'd)

Company	AC RM'000	FVOCI RM'000	FL RM'000	Total RM'000
2020				
Financial asset				
Other investments	-	2,832	-	2,832
Trade and other receivables*	46,210	-	-	46,210
Contract assets	4,492	-	-	4,492
Amount owing by subsidiaries	81,995	-	-	81,995
Amount owing by associates	28,418	-	-	28,418
Fixed deposits placed with licensed banks	6	-	-	6
Cash and bank balances	402	-	-	402
	161,523	2,832	-	164,355
Financial liabilities				
Trade and other payables**	-	-	36,267	36,267
Amount owing to subsidiaries	-	-	27,746	27,746
Amount owing to associates	-	-	6	6
Amount owing to a joint venture	-	-	34	34
Bank borrowings	-	-	68,117	68,117
	-	-	132,170	132,170

Notes to the Financial Statements

(cont'd)

39. FINANCIAL INSTRUMENTS (cont'd)

(b) Classification of financial instruments (cont'd)

Company	AC RM'000	FVOCI RM'000	FL RM'000	Total RM'000
2019				
Financial asset				
Other investments	-	3,342	-	3,342
Trade and other receivables*	33,094	-	-	33,094
Contract assets	8,020	-	-	8,020
Amount owing by subsidiaries	57,807	-	-	57,807
Amount owing by associates	42,594	-	-	42,594
Fixed deposits placed with licensed banks	6	-	-	6
Cash and bank balances	255	-	-	255
	141,776	3,342	-	145,118
Financial liabilities				
Trade and other payables**	-	-	39,664	39,664
Amount owing to subsidiaries	-	-	33,743	33,743
Amount owing to associates	-	-	6	6
Amount owing to a joint venture	-	-	34	34
Hire purchase payables	-	-	73	73
Bank borrowings	-	-	69,685	69,685
	-	-	143,205	143,205

* exclude prepayments and accrued billing.

** exclude provision for foreseeable losses and advances received for contract work not yet performed.

(c) Fair values of financial instruments

Determination of fair value

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows:

(i) Cash and bank balances, trade and other receivables and payables

The carrying amounts of cash and bank balances, short term receivables and payables are reasonable approximation of fair values due to short term nature of these financial instruments. The fair value of non-current receivables and payables are estimated by discounting future cash flows using current lending rates for similar types of arrangements.

Notes to the Financial Statements

(cont'd)

39. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair values of financial instruments (cont'd)

(ii) Borrowings

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of long-term floating rate loans are reasonable approximation of fair values as the loans will be re-priced to market interest rate on or near reporting date.

Fair values hierarchy

Policy on transfer between levels

The fair value of asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer.

During the financial year ended 30 June 2020, there was no transfer between the fair value measurement hierarchy.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable:

- (i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (iii) Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfer between Level 1 and Level 2

There has been no transfer between Level 1 and 2 fair values during the financial year.

The carrying amount of financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
2020					
Group					
Financial assets					
Other investments					
- Unquoted shares	-	-	6,266	6,266	6,266
- Transferable corporate golf membership	-	-	61	61	61
	-	-	6,327	6,327	6,327

Notes to the Financial Statements

(cont'd)

39. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair values of financial instruments (cont'd)

	Fair value of financial instruments carried at fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
Group					
2019					
Financial assets					
Other investments					
- Unquoted shares	-	-	6,781	6,781	6,781
- Transferable corporate golf membership	-	-	61	61	61
	-	-	6,842	6,842	6,842

	Fair value of financial instruments carried at fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
Company					
2020					
Financial assets					
Other investments					
- Unquoted shares	-	-	2,832	2,832	2,832
2019					
Financial assets					
Other investments					
- Unquoted shares	-	-	3,342	3,342	3,342

40. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as long and short-term borrowings less fixed deposits placed with licensed banks and cash and bank balances.

Notes to the Financial Statements

(cont'd)

40. CAPITAL MANAGEMENT (cont'd)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Borrowing				
Hire purchase payables	825	1,374	-	73
Bank borrowings	440,650	501,028	68,117	69,685
	441,475	502,402	68,117	69,758
Less:				
Fixed deposits placed with licensed bank	(11,253)	(11,173)	(6)	(6)
Cash and bank balances	(10,450)	(6,564)	(402)	(255)
	419,772	484,665	67,709	69,497
Total equity	393,927	367,203	227,768	199,927
Debt-to-equity ratio	1.07	1.32	0.30	0.35

The Group and certain subsidiary companies are required to comply with certain debt equity ratio and interest coverage ratio in respect of the term loans and revolving credit facilities.

41. OTHER SIGNIFICANT EVENT DURING THE YEAR

COVID-19

The coronavirus (Covid-19) pandemic was announced by the World Health Organisation in March 2020 given the outbreak of the virus in countries across the world including Malaysia. The Covid-19 pandemic has resulted in disruptions to businesses and various macro-economic impacts.

Countries around the world, including Malaysia, have to implement immediate preventive measures to control and minimise the spread of the virus. Some of the measures taken include temporary closure of businesses, issuance of movement control order within the country, prohibition of crowd gathering, border closure and travel bans. In response, the Group has worked on plans to ensure minimal disruptions to its operations during this period and the Group has also implemented precautionary measures to control and contain the spread of the virus. These include optimising costs, preserving liquidity and continuous enhancement of operational efficiency.

As at the date of the financial statements are authorised for issuance, the Covid-19 situation is still evolving and unpredictable. At this juncture, it is not possible to reliably estimate the extent of the impact of the pandemic. The Group and the Company are actively monitoring and managing the Group's and the Company's operations to minimise any impacts that may arise from Covid.

Notes to the Financial Statements

(cont'd)

42. SUBSEQUENT EVENT

Private placement of new ordinary shares of the Company representing not more than 10% of the enlarged number of issued shares (excluding treasury shares, if any) of the Company ("Private Placement")

The Private Placement entailed the issuance of up to 124,395,200 placement shares, representing not more than 10% of the enlarged issued ordinary shares of 1,243,952,150 of the Company, assuming full conversion of the outstanding warrants and SIS options of the Company. The listing and quotation of the placement shares had been approved by Bursa Malaysia Securities Berhad on 17 July 2020.

The Company had successfully placed out the following placement shares:

Date of issuance	Number of shares issued '000	Price per share RM	Total gross proceeds RM'000
28 July 2020	24,000	0.065	1,560
13 August 2020	30,000	0.063	1,890
21 September 2020	22,908	0.077	1,764

The newly issued shares carry the same rights with the existing shares of the Company, save and except that the new shares shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of the new shares.

The Company would utilise the proceeds on funding for existing property development and construction projects, working capital and repayment of bank borrowings.

Share Issuance Scheme ("SIS")

On 17 February 2020, the Company made an offer of 114,575,000 SIS options under the scheme to eligible persons at an exercise price of RM0.076. As at the end of the financial year, 97,833,500 SIS options were vested upon acceptance of the offer.

Details of the SIS options exercised into ordinary shares of the Company after financial year are as follows:

Date of exercise	Number of shares issued '000	Price per share RM	Total gross proceeds RM'000
28 August 2020	5,000	0.076	380
14 September 2020	7,880	0.076	599
13 October 2020	420	0.076	32

43. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation, which have no impact to the earning per share of the Group.

Statement by Directors

Pursuant to Section 251 (2) of the Companies Act 2016

We, **TAN SRI DATUK TEE HOCK SENG, JP** and **DATUK MATTHEW TEE KAI WOON**, being two of the directors of **BINA PURI HOLDINGS BHD.**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 72 to 190 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and of their financial performance and cash flows for the financial year then ended.

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

TAN SRI DATUK TEE HOCK SENG, JP
Director

DATUK MATTHEW TEE KAI WOON
Director

Selayang

Date: 26 October 2020

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **DATUK MATTHEW TEE KAI WOON**, being the director primarily responsible for the financial management of **BINA PURI HOLDINGS BHD.**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 72 to 190 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Klang in the State of Selangor on)
26 October 2020)

DATUK MATTHEW TEE KAI WOON
Director
MIA Membership No: 19635

Before me,

TEE HSIAO MEI
(No. B272)
Commissioner for Oaths

Independent Auditors' Report to the Members of Bina Puri Holdings Bhd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **BINA PURI HOLDINGS BHD.**, which comprise the statements of financial position as at 30 June 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 72 to 190.

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

Basis for Opinion

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

Independent and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

Group

Trade and other receivables, other receivables, contract assets, and amount owing by associates (Note 4(a), 13, 17 and 19 to the financial statements)

The Group and the Company adopted MFRS 9 "Financial Instruments" ("MFRS 9") on 01 January 2018. MFRS 9 introduces an expected credit loss ("ECL") impairment model, which requires the use of significant assumptions about future economic conditions and credit risk of financial assets in the calculation of loss allowance.

The Group and the Company have assessed the expected credit loss of financial assets incorporating expected loss rates, forward-looking information and probability-weighted estimates. We focused on this area because management's assessment of ECL requires significant judgement over the expected loss rates, forward-looking information and probability-weighted estimates.

Independent Auditors' Report to the Members of Bina Puri Holdings Bhd.

(cont'd)

Key Audit Matters (cont'd)

Our audit procedures included, among others:

- Checked the expected timing and quantum of receipts of receivables by comparing to the historical payment trend of debtors and sighting of correspondences between the Group and the debtors;
- Assessed and considered the reasonableness of the forward-looking information included in management's assessment;
- Discussed with management to understand the status of the ongoing negotiation on the recovery of receivables and corroborated the key assumptions included in the ECL model, namely on likelihood, quantum and timing of receipt of the balances; and
- Assessed the appropriateness of the disclosures.

Revenue and expenses recognition for construction contracts and property development activities (Notes 4(c), 28 and 29 to the financial statements)

We focused on this area as the accounting for construction contracts and property development activities is inherently complex as it involved the use of significant judgements made by management in the stage of completion and overall progress of projects as to whether provision for liquidated ascertained damages is required, the extent of costs incurred and costs yet to be incurred, and the status of variation orders and claims with customers.

Our audit procedures on a sample of major projects included, among others:

- understand the Group's process in preparing project budgets, the reviews and approval of construction contract and property development project budgets to assess the reliability of these budgets;
- checked the extend of costs incurred to date to internal quantity surveyors' latest valuations or sub-contractor claim certificates to corroborate the stage of completion;
- checked the reasonableness of the estimated total construction costs and property development costs, including subsequent changes to the costs, by agreeing to supporting documentation;
- compared the Group's major assumptions to contractual terms, our understanding gathered from the analysis of changes in the assumptions from previous financial year and discussions with management;
- assessed the reasonableness of computed stage of completion for identified projects against architect certificates;
- understand the causes of delays, with regards to projects whereby actual progress is behind planned progress, inspected correspondences with customers and sub-contractors and corroborated key judgements applied by management as to whether provision for liquidated ascertained damages is required;
- discussed with the management to understand the nature of variation orders and claims included in revenue and inspected correspondences with the customers and minutes of meetings to corroborate the key judgements applied by the management; and
- checked the mathematical computations of recognised revenue and corresponding costs for the projects during the financial year.

Company

Investment in subsidiaries, capital contributions to subsidiaries and amount owing by subsidiaries and amount owing by associates (Notes 4(d), 8, 18 and 19 to the financial statements)

The Company determined whether there is any indication of impairment in investment in subsidiaries, capital contributions to subsidiaries, and expected credit losses on amount owing by subsidiaries.

The recoverable amount of investment in subsidiaries, capital contributions to subsidiaries and amount owing by subsidiaries and amount owing by associates were determined based on value-in-use which involves exercise of significant judgement on the discount rates applied and the assumptions supporting the underlying cash flow projections which includes future sales, gross profit margin and operating expenses.

Independent Auditors' Report to the Members of Bina Puri Holdings Bhd.

(cont'd)

Key Audit Matters (cont'd)

Our audit procedures focused on evaluating the cash flow projections and the Company's forecasting procedures which includes, among others:

- compared the actual results with previous budget to assess the performance of the businesses and reliability of the forecasting process;
- compared the Company's assumptions to our assessments in relation to key assumptions to assess their reasonableness and achievability of the projections;
- tested the mathematical accuracy of the impairment assessment; and
- performed sensitivity analysis around the key assumptions.

Information other than the Financial Statements and Auditors' Report thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditors' Report to the Members of Bina Puri Holdings Bhd.

(cont'd)

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- 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 and the Company'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 or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Independent Auditors' Report to the Members of Bina Puri Holdings Bhd.

(cont'd)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

Other Matters

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

RSL PLT
(LLP0020047-LCA & AF-0071)
Chartered Accountants

DATO' LEE TECK HUA
(No. 02374/08/2021 J)
Chartered Accountant

Klang

Date: 26 October 2020

Analysis of Shareholdings

as at 30 September 2020

Issued Share Capital : **853,867,000 ordinary shares**
 Class of Shares : **Ordinary shares**
 Voting rights : **One vote per ordinary share**

Substantial Shareholders

(as per Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	%	Indirect Interest	%
Ooi Chieng Sim	59,293,586 *	6.94	-	-
Tan Sri Datuk Tee Hock Seng, JP	47,479,556 *	5.56	12,997,850 **	1.52

Directors' Interest

(as per Register of Directors' Shareholdings)

Name of Directors	Direct Interest	%	Indirect Interest	%
Tan Sri Datuk Tee Hock Seng, JP	47,479,556 *	5.56	12,997,850 **	1.52
Dr. Tony Tan Cheng Kiat	9,668,902 *	1.13	-	-
Datuk Matthew Tee Kai Woon	12,197,850	1.43	48,279,556 ***	5.65

* including shares held through nominee company.

** indirect interest - 800,000 shares held by Tee Hock Seng Holdings Sdn. Bhd. and 12,197,850 shares held by Tan Sri Datuk Tee Hock Seng, JP's son, Datuk Matthew Tee Kai Woon.

*** indirect interest – 47,479,556 shares held by Datuk Matthew Tee Kai Woon's father, Tan Sri Datuk Tee Hock Seng, JP and 800,000 shares held by Tee Hock Seng Holdings Sdn. Bhd.

Distribution of Shareholdings

(as per Record of Depositors)

Range of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Shares
Less than 100	77	1.05	1,582	0.00
100 - 1,000	825	11.24	544,087	0.06
1,001 - 10,000	2,391	32.58	14,489,115	1.70
10,001 - 100,000	3,136	42.74	130,428,909	15.28
100,001 to less than 5% of issued shares	909	12.39	708,403,307	82.96
5% and above of issued shares	0	0.00	0	0.00
Total	7,338	100.00	853,867,000	100.00

Thirty Largest Shareholders

	No. of Shares	%
1. Ooi Chieng Sim	35,000,000	4.10
2. RHB Nominees (Tempatan) Sdn. Bhd. Qualifier: Bank of China (Malaysia) Berhad Pledged Securities Account for Tan Sri Datuk Tee Hock Seng, JP	30,685,556	3.59
3. CIMSEC Nominees (Tempatan) Sdn. Bhd. Qualifier: CIMB for Ng Keong Wee (PB)	28,187,200	3.30
4. Kittipat Songcharoen	20,000,000	2.34
5. Ooi Chieng Sim	18,830,586	2.21
6. Maybank Nominees (Asing) Sdn. Bhd. Qualifier: Pledged Securities Account for San Tuan Sam	16,810,800	1.96
7. Tan Sri Datuk Tee Hock Seng, JP	16,740,000	1.96
8. Datin Lee Kuan Chen	16,000,000	1.87
9. CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Tay Hock Soon (My1055)	15,000,000	1.76
10. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Chong Yiew On (6000006)	12,381,800	1.45
11. Datuk Matthew Tee Kai Woon	12,197,850	1.43
12. RHB Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Ong Kok Thye	11,136,600	1.30
13. Jentera Jati Sdn. Bhd.	10,388,000	1.22
14. Chan Fong Yun	10,000,000	1.17
15. Public Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Jentera Jati Sdn. Bhd. (KLC)	10,000,000	1.17
16. Mohd Nasri Bin Abdul Rahim	9,000,000	1.05
17. CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Ng Wai Yuan (T Cheras-CI)	8,709,600	1.02
18. RHB Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Neoh Soo Keat	8,291,500	0.97
19. CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account For Ng Wai Yuan (My0867)	7,907,900	0.93
20. UOBM Nominees (Tempatan) Sdn. Bhd. Qualifier: UOBM for Goh Kui Lian (PBM)	5,720,000	0.67

Thirty Largest Shareholders

(cont'd)

	No. of Shares	%
21. Chen Shiang Yih	5,706,800	0.67
22. Datuk Henry Tee Hock Hin	5,594,668	0.66
23. AMSEC Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Jega Devan a/l M Nadchatiram	5,500,000	0.64
24. Public Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Ooi Chieng Sim (E-BBB)	5,463,000	0.64
25. Maybank Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Mohamed Feisal Bin Ibrahim (514123808681)	5,238,000	0.61
26. Public Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account For Ong Kok Thye (E-SPI)	5,200,400	0.61
27. AMSEC Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Dr. Tony Tan Cheng Kiat	5,000,000	0.59
28. Liong Hong Hoh	5,000,000	0.59
29. Public Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account For Tan Lim Soon (E-KPG)	5,000,000	0.59
30. HSBC Nominees (Asing) Sdn. Bhd. Qualifier: Exempt an for Bank Julius Baer & Co. Ltd. (Singapore BCH)	4,844,000	0.57

Analysis of Warrantholdings

as at 30 September 2020

Total Warrants Issued : **382,039,550**

Warrant holders : **1,648**

Substantial Warrantheolders

(as per Register of Substantial Warrantheolders)

Name of Substantial Warrantheolders	Direct Interest	%	Indirect Interest	%
Ooi Chieng Sim	44,500,086	11.65	-	-
Tan Sri Datuk Tee Hock Seng, JP	18,739,778 *	4.91	5,018,925 **	1.31

Directors' Interest

(as per Register of Directors' Warrantheoldings)

Name of Directors	Direct Interest	%	Indirect Interest	%
Tan Sri Datuk Tee Hock Seng, JP	18,739,778 *	4.91	5,018,925 **	1.31
Datuk Matthew Tee Kai Woon	4,618,925	1.21	19,139,778 ***	5.01

* including warrants held through nominee company.

** indirect interest - 400,000 warrants held by Tee Hock Seng Holdings Sdn. Bhd. and 4,618,925 warrants held by Tan Sri Datuk Tee Hock Seng, JP's son, Datuk Matthew Tee Kai Woon.

*** indirect interest – 18,739,778 warrants held by Datuk Matthew Tee Kai Woon's father, Tan Sri Datuk Tee Hock Seng, JP and 400,000 warrants held by Tee Hock Seng Holdings Sdn. Bhd.

Distribution of Warrantheoldings

(as per Record of Depositors)

Range of Warrantheoldings	No. of Warrantheolders	% of Warrantheolders	No. of Warrants	% of Issued Warrants
Less than 100	0	0.00	0	0.00
100 - 1,000	70	4.25	50,900	0.01
1,001 - 10,000	430	26.09	2,736,192	0.72
10,001 - 100,000	772	46.84	36,487,292	9.55
100,001 to less than 5% of issued warrants	375	22.76	307,765,166	80.56
5% and above of issued warrants	1	0.06	35,000,000	9.16
Total	1,648	100.00	382,039,550	100.00

Thirty Largest Warrantholders

	No. of Shares	%
1. Ooi Chieng Sim	35,000,000	9.16
2. RHB Nominees (Tempatan) Sdn. Bhd. Qualifier: Bank Of China (Malaysia) Berhad Pledged Securities Account for Tan Sri Datuk Tee Hock Seng, JP	15,342,778	4.02
3. CIMSEC Nominees (Tempatan) Sdn. Bhd. Qualifier: CIMB for Ng Keong Wee (PB)	14,093,600	3.69
4. Maybank Securities Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Chan Why Kuan (Margin)	11,300,000	2.96
5. Kittipat Songcharoen	10,000,000	2.62
6. Ooi Chieng Sim	9,500,086	2.49
7. Liong Hong Hoh	8,400,000	2.20
8. Datin Lee Kuan Chen	8,000,000	2.09
9. Wong Kiu Ing	7,500,000	1.96
10. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Ong Siew Eng @ Ong Chai (8040800)	6,220,500	1.63
11. RHB Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Ong Kok Thye	5,568,300	1.46
12. RHB Capital Nominees (Tempatan) Sdn. Bhd. Lim Kam Seng (IPH)	5,522,700	1.45
13. Maybank Nominees (Asing) Sdn. Bhd. Qualifier: Pledged Securities Account for San Tuan Sam	5,500,000	1.44
14. HLIB Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Ng Kim Guan (CCTS)	5,107,500	1.34
15. Chan Fong Yun	5,000,000	1.31
16. Liong Hong Hoh	5,000,000	1.31
17. Datuk Matthew Tee Kai Woon	4,618,925	1.21
18. Maybank Nominees (Tempatan) Sdn. Bhd. Chan Yoke Bee	4,300,000	1.13
19. Public Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Chan Tin Siang (E-TMM)	3,800,000	0.99
20. Lim Kau	3,700,000	0.97

Thirty Largest Warrantholders

(cont'd)

	No. of Shares	%
21. Chin Fei Lee	3,500,000	0.92
22. Tan Sri Datuk Tee Hock Seng, JP	3,370,000	0.88
23. Muhammad Taqiyuddin Bin Badrul Hisham	2,900,000	0.76
24. UOBM Nominees (Tempatan) Sdn. Bhd. Qualifier: UOBM for Goh Kui Lian (PBM)	2,860,000	0.75
25. Chen Shiang Yih	2,766,400	0.72
26. Public Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account For Ong Kok Thye (E-SPI)	2,600,200	0.68
27. Lim Swee Ing	2,528,400	0.66
28. Asrul Effendi Bin Hasbi	2,500,000	0.65
29. Lee Yong Hsiang	2,500,000	0.65
30. Public Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Tan Lim Soon (E-KPG)	2,500,000	0.65

Recurrent Related Party Transactions

At the Annual General Meeting held on 5 December 2019, the Company obtained Shareholders' Mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with Section 3.1.5 of Practice Note No. 12 of the Bursa Malaysia Securities Berhad listing requirements, the details of recurrent related party transactions conducted during the financial period 1 July 2019 to 30 June 2020 pursuant to the Shareholders' Mandate are disclosed as follows:

Nature of transactions undertaken by the Company and its subsidiaries	Related Parties	Transacting Parties	Value of Transactions RM'000
Purchase of air tickets (to facilitate air travel in the course of business, eg. travel to project sites)	Sea Travel and Tours Sdn. Bhd., a company in which a family member of Director Tan Sri Datuk Tee Hock Seng,JP hold 20% equity interest	(i) Bina Puri Holdings Bhd (ii) Bina Puri Sdn. Bhd. (iii) Bina Puri Properties Sdn. Bhd.	52 220 9
Project management services	Ideal Heights Properties Sdn. Bhd., a company in which Tan Sri Datuk Tee Hock Seng,JP, Dr Tony Tan Cheng Kiat, Datuk Matthew Tee Kai Woon and person connected with them, Mr Tay Hock Lee and Datuk Henry Tee Hock Hin, collectively hold 51% equity interest	(i) Star Effort Sdn. Bhd.	29

List of properties

30 June 2020

Location	Description	Date of acquisition	Tenure	Year Expiry	Land / Built-up Area	Age building (years)	Existing use	Net book value 30 June 2020 RM'000
HS(M) 13570 PT No. 22184 Mukim of Batu District of Gombak Selangor Darul Ehsan	5 1/2 storey office building	1-Jul-1998	Leasehold	2089	17,920 sq ft/ 62,451 sq ft	22	Office	12,083
Unit 104, 105, 106 & 107 Block L Alamesra Plaza Permai Alamesra Sabah	2 storey shop cum office	18-Jan-2005	Leasehold	2098	18,331 sq ft	16	Office	2,191
Unit 65, Block H Alamesra Plaza Permai Alamesra Sabah	2 storey shop cum office	8-Mar-2013	Leasehold	2098	228.8 sq mt	7	Office	1,286
H.S.(D) 102462 PT No. 17604 32 Jalan Kajang Perdana 2/3 Taman Kajang Perdana Kajang, Selangor Darul Ehsan	3 storey shophot	10-Jul-2014	Freehold	-	7,389 sq ft	15	Office	2,842
3 level shopping Mall Main Place Mall Lot 49113 Pekan Subang Jaya District of Petaling Selangor Darul Ehsan	Shopping Mall	20-Mar-2014	Freehold	-	645,834 sq ft	7	Renting	205,600
Mukim 701, Lot No.960 Mukim Semenyih Daerah Hulu Langat Selangor Darul Ehsan	Land	1-Dec-2016	Leasehold	2081	2.13 hectare	-	Workshop cum Storage	6,827
Lot 3261, Mukim Beranang Daerah Ulu Langat Negeri Selangor Darul Ehsan	Freehold land Building	26-Oct-2009 Jul-2014	Freehold	-	1,996.43 sq m	6	Renting	3,091
HS (M) 12980 PT No. 21686 Mukim of Batu District of Gombak Selangor Darul Ehsan	2 units condominium	9-Feb-1995	Leasehold	2089	3,900 sq ft	26	Guest House	870
Parcel No B-5-3 Tower Banyan The Haven Lakeside Residences Held under master title PN 342582 Lot 398127, Mukim Hulu Kinta Daerah Kinta, Perak	condominium	14-Jan-2015	Leasehold	2108	1,455 sq ft	6	Guest House	821
GM806/MI/4/34 & GM806/MI/4/35 PTK No. 34 & 35, TLET 4 BGN MI - Lot 5820 Mukim of Sri Rusa, Port Dickson	2 units condominium	1-Jan-1997	Freehold	-	1,992 sq ft	23	Guest House	231

List of properties

30 June 2020

(cont'd)

Location	Description	Date of acquisition	Tenure	Year Expiry	Land / Built-up Area	Age building (years)	Existing use	Net book value 30 June 2020 RM'000
Plot A,B & C Daerah Alor Gajah Mukim Melaka Pindah Melaka	Granite deposit area	2-Mar-1998	Leasehold	2027	95 acres	-	Extracting of granite aggregates	392
Lot 925, 1867 Lot 843 Daerah Alor Gajah Mukim Melaka Pindah Melaka	Leasehold land	12-Aug-1997	Leasehold	2033 2024	3.7 acres 2.4 acres	-	Premix plant	168
Lot 709, 952, 954, 955, 956,958, 1060 Daerah Alor Gajah Mukim Melaka Pindah Melaka	Freehold land	12-Aug-1997	Freehold	-	15.4 acres	-	Weigh bridge & crusher plant	935

Administrative Details

of the Twenty-Ninth Annual General Meeting

NO Vouchers/Door Gift and Food

There will be no vouchers/door gift and food for this year's AGM.

TWENTY-NINTH ANNUAL GENERAL MEETING (29TH AGM) of Bina Puri:

Date : **Monday, 7 December 2020**
Time : **11.00 a.m.**
Venue : **Ground Floor, Wisma Bina Puri
88 Jalan Bukit Idaman 8/1
Bukit Idaman
68100 Selayang, Selangor**

Registration

1. Registration will start at 10.00 a.m. at the Lobby Wisma Bina Puri and will end at a time as directed by the Chairman of the meeting.
2. Please produce your original Identity Card (MyKad) or valid Passport at the registration counter for verification purposes.
3. You are not allowed to register on behalf of another person even with the original MyKad/Passport of that other person.
4. Upon verification and registration, you will be given an identification wristband printed with passcode.
5. You must wear the identification wristband throughout the AGM, as no person will be allowed to enter the meeting area without the identification wristband.

Pre-registration to attend AGM

Shareholders are required to register by 5 December 2020 at 11.00 a.m. to allow the Company to make the necessary arrangements in relation to the meeting i.e. infrastructures, logistics and meeting venue(s) to accommodate the meeting participants.

Kindly refer to the following procedures to pre-register your physical attendance at the AGM via the TIH Online website at <https://tjih.online>:-

1. Login in to TIH Online website with your user name (i.e. e-mail address) and password under the "e-Services". If you have not registered as a user of TIH Online, please refer to the tutorial guide posted on the homepage for assistance to sign up.
2. Select the corporate event: "(REGISTRATION) BINA PURI 29TH AGM".
3. Read and agree to the Terms & Conditions and confirm the Declaration.
4. Select "Register for Physical Attendance at Meeting Venue".
5. Review your registration and proceed to register.
6. System will send an e-mail to notify that your registration for Physical Attendance at Meeting Venue is received and will be verified.
7. After verification of your registration against the General Meeting Record of Depositors as at 26 November 2020 the system will send you an e-mail after 5 December 2020 to approve or reject your registration to attend physically at the meeting venue.

General Meeting Record of Depositors

Only members whose names appear in the Record of Depositors on 26 November 2020 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this AGM or appoint proxy/proxies to attend and/or vote on his/her behalf.

Administrative Details of the Twenty-Ninth Annual General Meeting

(cont'd)

Proxy

1. A member entitled to attend and vote is entitled to appoint proxy/proxies (but not more than two), to attend and vote instead of him/her. If you are unable to attend the meeting and wish to appoint a proxy to vote on your behalf, please submit your Form of Proxy in accordance with the notes and instructions printed therein.
2. If you wish to attend the meeting yourself, please do not submit any Form of Proxy for the meeting that you wish to attend. You will not be allowed to attend the meeting together with a proxy appointed by you.
3. If you have submitted your Form of Proxy prior to the meeting and subsequently decided to attend the meeting yourself, please proceed to the Help Desk to revoke the appointment of your proxy.
4. The appointment of proxy may be made in hard copy or in electronic form. The Form of Proxy must be submitted in the following manners, at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof:-

i. In hard copy form

- To be deposited at the Company's Share Registrar's office at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur by 5 December 2020 at 11.00 a.m.; or
- If you wish to submit your Form of Proxy by fax, please fax to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Fax No. 03-2783 9222. Please also ensure that the original Form of Proxy is deposited at the office of the Company's Share Registrar by 5 December 2020 at 11.00 a.m.; or

ii. By electronic means

- The proxy form can also be electronically lodged with the Share Registrar of the Company via TIH Online at <https://tiah.online> (applicable to individual shareholders only). Please do read and follow the procedures below to submit proxy form electronically.

ELECTRONIC LODGEMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor's TIH Online website are summarised below:

No.	Procedure	Action
1.	Register as a User with TIH Online	<ul style="list-style-type: none"> • Using your computer, please access the website at https://tiah.online. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIH Online, you are not required to register again
2.	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> • After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: "Submission of Proxy Form". • Read and agree to the Terms & Conditions and confirm the Declaration • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf • Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. • Review and confirm your proxy(s) appointment. • Print proxy form for your record.

Administrative Details of the Twenty-Ninth Annual General Meeting

(cont'd)

Corporate Member

Any corporate member who wishes to appoint a representative instead of a proxy to attend this AGM should lodge the certificate of appointment under the seal of the corporation, at the office of the Company's Share Registrar by 5 December 2020 at 11:00 a.m.

Personal Data Privacy

By submitting the duly executed proxy form, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of this AGM and any adjournment thereof.

Voting Procedure

1. The voting at this AGM will be conducted on a poll.
2. Tricor Investor & Issuing House Services Sdn. Bhd. is appointed as Poll Administrator to conduct the polling process.
3. All attendees at this AGM will be briefed and/or guided accordingly by the Poll Administrator before the commencement of and during the voting process.

Annual Report 2020

1. The Annual Report 2020 is available on Bursa Malaysia's website at www.bursamalaysia.com under Company Announcements and also at Bina Puri's corporate website at www.binapuri.com.my

You may request for a copy of the printed Annual Report 2020 through telephone / e-mail to the following: -

Contact Person	Contact Number	E-mail
Pn Surati bt Sujor	03-6136 3333 (3005)	surati@binapuri.com.my
Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd.	03-2783 9299	is.enquiry@my.tricorglobal.com

2. Please consider the environment before you decide to print or request for the Annual Report.

COVID-19 Measure Notes

1. The health and safety of our members and staff who will attend the AGM are the top priority of the Company. Hence, the following precautionary measures will be taken for the conduct of the AGM:-
 - (a) all attendees will be required to undergo a temperature check and make a health declaration;
 - (b) any person who has fever or exhibits flu-like symptoms will not be permitted to attend the AGM;
 - (c) members or proxies who are feeling unwell or have been placed on a quarantine orders or stay-at-home notices, you are advised to refrain from attending the AGM in person;
 - (d) members or proxies who had been in physical contact with a person infected with COVID-19 are advised to refrain from attending the AGM in person;
 - (e) members and proxies must sanitize their hands and must wear a face mask if they are attending the AGM in person;
 - (f) members and proxies are advised to observe/maintain social distancing throughout the AGM; and
 - (g) in the interest of the public health including the well-being of our members, members must cooperate with the precautionary measures put in place by the Company should members (or your proxies) wish to attend the AGM in person.

Administrative Details of the Twenty-Ninth Annual General Meeting

(cont'd)

2. We strongly encourage members **to appoint the Chairman of the 29th AGM as your proxy** to attend and vote on your behalf at the forthcoming 29th AGM as voting is by Poll. You may also submit your proxy forms with pre-determined voting instructions for the Chairman to vote on behalf.
3. If you would like to raise questions in relation to the Resolutions set out in the Notice of AGM dated 30 October 2020, you may email your questions to surati@binapuri.com.my by 1 December 2020.
4. As the COVID-19 situation continues to evolve, the Company will closely monitor the situation and reserves the right to take appropriate measures as may be directed or imposed by the government agencies, the Ministry of Health, the Malaysian National Security Council and other relevant authorities from time to time.
5. The Company seeks the understanding and cooperation of all members and proxies to minimize the risk of community spread of COVID-19 and request that those attending the AGM to practice good hygiene, social distancing and to wear face mask at all times inside the meeting venue.
6. The shareholder/proxies who are above 60 years old can be physical present at the meeting venue provided they are well, not exhibiting any symptoms and the applicable safety and measures and precautionary measures are undertaken. However, for your safety where possible, we advise such shareholders to appoint the Chairman of the meeting to vote on their behalf.

Enquiry

If you have queries prior to the meeting, please contact the Company's Secretarial Department at 03-6136 3333 (ext. 3025/3005) during office hours.

Updates on AGM arrangement

Shareholders are also reminded to monitor the Company's website and announcements from time to time for any changes to the AGM arrangement.

Appendix A

DATUK MATTHEW TEE KAI WOON
NO. 9 DUTA TROPIKA
LINGKUNGAN DUTAMAS
JALAN SRI HARTAMAS
50480 KUALA LUMPUR.

Date: 27 October 2020

The Board of Directors
BINA PURI HOLDINGS BHD.
Wisma Bina Puri
88, Jalan Bukit Idaman 8/1, Bukit Idaman
68100 Selayang
Selangor.

Dear Sirs,

NOTICE OF NOMINATION

I, Datuk Matthew Tee Kai Woon, being a member of Bina Puri Holdings Bhd., hereby give notice pursuant to Section 271(4) of the Companies Act 2016, that we wish to nominate Messrs UHY as Auditors of Bina Puri Holdings Bhd. in place of the retiring Auditors, Messrs RSL PLT, and that we proposed the following ordinary resolution to be tabled at the forthcoming Annual General Meeting:

“THAT Messrs UHY be appointed as Auditors of the Company in place of the retiring Auditors, Messrs RSL PLT and to hold office until the conclusion of the next annual general meeting at a fee to be determined by the Directors at a later date.”

Thank you.

Yours faithfully,


DATUK MATTHEW TEE KAI WOON
Shareholder

Appendix B



UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkar Syed Putra
59200 Kuala Lumpur

Phone +60 3 2279 3088
Fax +60 3 2279 3099
Email uhykl@uhy.com.my
Web www.uhy.com.my

27 October 2020

The Board of Directors
BINA PURI HOLDINGS BHD.
Wisma Bina Puri
88, Jalan Bukit Idaman 8/1
Bukit Idaman
68100 Selayang
Selangor

Dear Sirs,

CONSENT TO ACT AS AUDITORS

We thank you for your letter regarding nomination of Auditors.

In accordance with Section 264(5) of the Companies Act, 2016, we hereby consent to act as Auditors of the Company.

This consent is to remain in force until revoked by us in writing.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Uhy'.

UHY
No. : AF 1411
Chartered Accountants

Group Corporate Directory

BINA PURI HOLDINGS BHD

Wisma Bina Puri, 88, Jalan Bukit Idaman 8/1, Bukit Idaman, 68100 Selayang, Selangor Darul Ehsan, Malaysia
Tel : +603 - 6136 3333 • **Fax** : +603 - 6136 9999 • **Email** : corpcomm@binapuri.com.my • **Website** : www.binapuri.com.my

Major Subsidiaries & Associates

CONSTRUCTION

BINA PURI SDN. BHD.

Kuala Lumpur Office

Wisma Bina Puri
 88, Jalan Bukit Idaman 8/1
 Bukit Idaman, 68100 Selayang
 Selangor Darul Ehsan, Malaysia

Tel : +603 - 6136 3333

Fax : +603 - 6136 9999

Email : corpcomm@binapuri.com.my

Sarawak Office

No. 19 & 20
 Travillion Commercial Centre
 Jalan Petanak, 93100 Kuching
 Sarawak, Malaysia

Tel : +6082 - 241 991

Fax : +6082 - 241 994

Email : bp.kuc@binapuri.com

Sabah Office

Lot 104-107, Block L, Alamesra
 Sulaman - Coastal Highway
 88400 Kota Kinabalu
 Sabah, Malaysia

Tel : +6088 - 485 727

Fax : +6088 - 485 739

Email : binapuri.kk@binapuri.com

HIGHWAY CONCESSION

KL-KUALA SELANGOR EXPRESSWAY BERHAD (LATAR EXPRESSWAY)

Kompleks Operasi LATAR
 45600 Bestari Jaya
 Selangor Darul Ehsan, Malaysia

Tel : +603 - 6145 1500

Fax : +603 - 6145 1400

Call Centre : +603-6145 1515

Website : www.latar.com.my

PROPERTY DEVELOPMENT

BINA PURI PROPERTIES SDN. BHD.

Wisma Bina Puri
 88, Jalan Bukit Idaman 8/1
 Bukit Idaman, 68100 Selayang
 Selangor Darul Ehsan, Malaysia

Tel : +603 - 6136 3333

Fax : +603 - 6136 9999

Email : corpcomm@binapuri.com.my

IDEAL HEIGHTS PROPERTIES SDN. BHD.

No. 1 & 2, Jalan Bukit Idaman 8/1
 Bukit Idaman, 68100 Selayang
 Selangor Darul Ehsan, Malaysia

Tel : +603 - 6138 6102

Fax : +603 - 6136 2141

Email : ihp@idealheights.com.my

QUARRY OPERATION

KM QUARRY SDN. BHD.

No. 16-1, Jalan PE35
 Taman Paya Emas Fasa 2A
 76450 Paya Rumpit, Melaka,
 Malaysia

Tel : +606 312 4286

Fax : +606 312 4278

Email : kmquarry@binapuri.com.my

UTILITIES

BINA PURI POWER SDN. BHD.

Wisma Bina Puri
 88, Jalan Bukit Idaman 8/1
 Bukit Idaman, 68100 Selayang
 Selangor Darul Ehsan, Malaysia

Tel : +603 - 6136 3333

Fax : +603 - 6136 9999

Email : corpcomm@binapuri.com.my

PT MEGAPOWER MAKMUR TBK

Galeri Niaga Mediterania 2
 Blok M8 I - J
 Jalan Pantai Indah Utara 2
 Pantai Indah Kapuk
 Jakarta Utara, 14460, Indonesia

Tel : +6221 588 3595

Fax : +6221 588 3594

Email : info@megapowermakmur.co.id

Website : www.megapowermakmur.co.id

INTERNATIONAL DIRECTORY

BINA PURI (THAILAND) LTD

11, Bangna-Trad 25 Alley, Bangna-Trad Rd.,
 Bangna Neua Sub District, Bangna District,
 10260 Bangkok, Thailand

Tel : +66 2 - 744 1366 / 1367

Fax : +66 2 - 744 1369

BINA PURI (B) SDN. BHD.

Rimbun Suites & Residences
 Level 1, Block 1C,
 Jalan Ong Sum Ping
 BA 1311 Bandar Seri Begawan
 Brunei Darussalam

Tel : +00673 223 2373

Fax : +00673 2233 7711

Email : rimbunsuites@gmail.com

Website : www.rimbunsuites.com

I/We
(Full Name in block letters & IC No./Company no.)
of
(Address)
being a member of BINA PURI HOLDINGS BHD. hereby appoint
(Full name in block letters & IC No.)
of
(Address)
or failing whom
(Full name in block letters & IC No.)
of
(Address)

or failing whom, CHAIRMAN OF THE MEETING as my / our proxy to vote for me / us and on my / our behalf at the TWENTY-NINTH ANNUAL GENERAL MEETING of the Company to be held at the Ground Floor, Wisma Bina Puri, 88, Jalan Bukit Idaman 8/1, Bukit Idaman, 68100 Selayang, Selangor on Monday, 7 December 2020 at 11.00 a.m. and at every adjournment thereof for/against the resolutions to be proposed thereat.

My / our proxy is to vote as indicated hereunder.

RESOLUTION	AGENDA	FOR	AGAINST
Ordinary Resolution 1	Re-election of Director – Tan Sri Datuk Tee Hock Seng, JP		
Ordinary Resolution 2	Re-election of Director – Dr. Tan Cheng Kiat		
Ordinary Resolution 3	To approve Directors' fees for the period from 8 December 2020 until the next Annual General Meeting		
Ordinary Resolution 4	To appoint Messrs. UHY as auditor and to authorise the Directors to fix their remuneration		
Ordinary Resolution 5	To approve renewal of related party transaction – Sea Travel and Tours Sdn. Bhd.		
Ordinary Resolution 6	To approve renewal of related party transaction – Kumpulan Melaka Berhad		
Ordinary Resolution 7	To approve renewal of related party transaction – Ideal Heights Properties Sdn. Bhd.		
Ordinary Resolution 8	To approve renewal of related party transaction – Dimara Holdings Sdn. Bhd.		
Ordinary Resolution 9	To approve Authority to Allot Shares Pursuant to Section 75 and Section 76 of the Companies Act 2016		
Ordinary Resolution 10	To approve proposed renewal of authority to purchase its own shares		

[Please indicate with (X) in the spaces provided how you wish your vote to be casted. If no specific direction as to voting is given, the Proxy will vote or abstain at his(her) discretion]

First Proxy	%
Second Proxy	%
Total:	100 %

No. Of Shares Held:	
CDS Accounts No.	

Dated this day of, 2020

Signature of Shareholder/Common Seal

NOTES:

- Where the Member of the Company appoints more than one (1) proxy but not more than two (2) proxies, the Member shall specify the proportion of his shareholdings to be represented by each proxy.
- A Member holding one thousand (1,000) ordinary shares or less may appoint only one (1) proxy to attend and vote instead of him at a general meeting who shall represent all the shares held by such Member, and where a Member holding more than one thousand (1,000) ordinary shares may appoint more than one (1) proxy but not more than two (2) proxies to attend and vote instead of him at the same meeting who shall represent all the shares held by such Member.
- A proxy need not be a member of the Company.
- Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- The instrument appointing a proxy shall be in writing under the hand of appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be completed and deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting (or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll). Individual shareholders can also have the option to submit the proxy appointment electronically via TIH online at website <https://tiah.online> before the proxy form submission cut-off time as mentioned in the above. For further information on the electronic submission of proxy form, kindly refer to the Administrative Guide.
- Only members whose names appear in the Record of Depositors as at 26 November 2020 shall be eligible to attend the Twenty-Ninth Annual General Meeting or appointed proxy(ies) to attend and vote on his behalf.
- All the resolutions set out in this Notice of Twenty-Ninth Annual General Meeting shall be put to vote by poll.

AFFIX STAMP

**SHARE REGISTRAR,
BINA PURI HOLDINGS BHD**

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD

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