

JBB BUILDERS **INTERNATIONAL LIMITED**

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



2021

ANNUAL REPORT





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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dato' Ng Say Piyu (*Chairman*)

Mr. Lam Fung Eng

Mr. Ng Chong Boon

Non-executive Director

Datin Ngooi Leng Swee

Independent non-executive Directors

Mr. Tai Lam Shin

Mr. Chan Tsun Choi, Arnold

Ms. Chan Pui Kwan

AUDIT COMMITTEE

Mr. Tai Lam Shin (*Chairman*)

Mr. Chan Tsun Choi, Arnold

Ms. Chan Pui Kwan

REMUNERATION COMMITTEE

Mr. Tai Lam Shin (*Chairman*)

Dato' Ng Say Piyu

Ms. Chan Pui Kwan

NOMINATION COMMITTEE

Dato' Ng Say Piyu (*Chairman*)

Mr. Tai Lam Shin

Mr. Chan Tsun Choi, Arnold

Ms. Chan Pui Kwan

COMPANY SECRETARY

Ms. Lam Lam

AUTHORISED REPRESENTATIVES (FOR THE PURPOSE OF THE LISTING RULES)

Mr. Lam Fung Eng

Ms. Lam Lam

AUTHORISED REPRESENTATIVE (FOR THE PURPOSE OF THE COMPANIES ORDINANCE)

Ms. Lam Lam

AUDITOR

Crowe Malaysia PLT

E-2-3 Pusat Komersial Bayu Tasek
Persiaran Southkey 1, Kota Southkey
80150 Johor Bahru, Johor, Malaysia

LEGAL ADVISORS AS TO HONG KONG LAW

Ma Tang & Co.

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

PRINCIPAL BANKERS

DBS Bank (HK) Limited

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

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

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



Corporate Information

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

AmBank Islamic Berhad

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

Maybank Islamic Berhad

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

REGISTERED OFFICE

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

HEADQUARTERS IN MALAYSIA

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

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

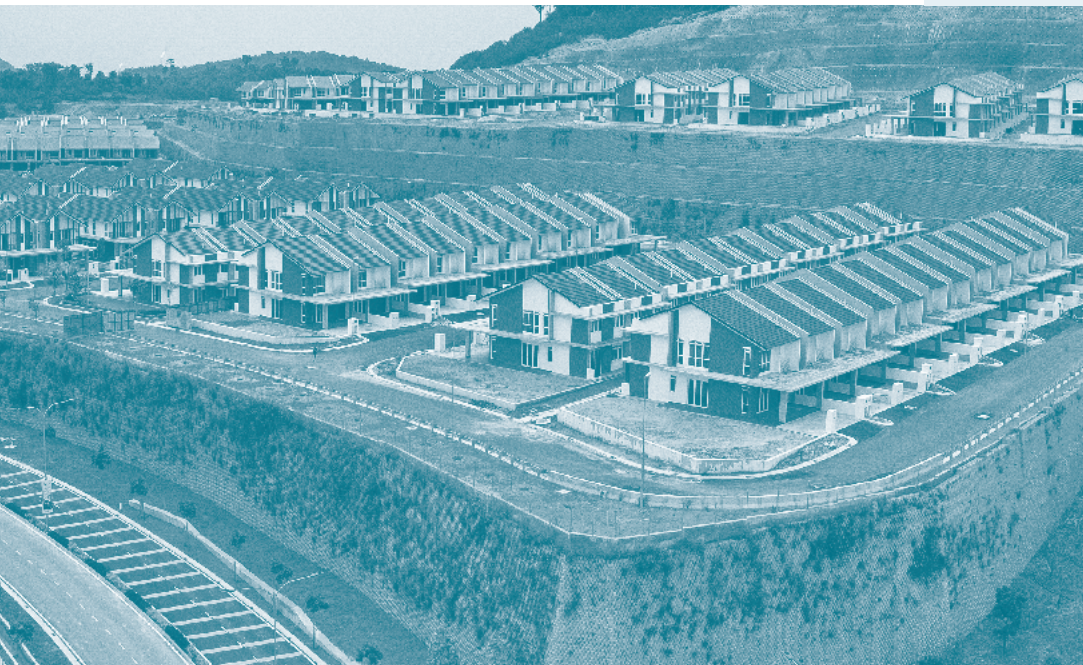
STOCK NAME/CODE

JBB BUILDERS/1903

COMPANY'S WEBSITE

www.jbb.com.my

Chairman's Statement





Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the “**Board**” or “**Directors**”), I am pleased to present you the chairman’s statement and the annual results of JBB Builders International Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) for the year ended 30 June 2021.

COMPANY OVERVIEW

The Group is an established engineering contractor which engaged in the business of marine construction services and building and infrastructure services in Malaysia and Singapore.

BUSINESS REVIEW

The outbreak of coronavirus COVID-19 pandemic (the “**COVID-19 Outbreak**”) adversely affected the global economy. Emergency public health measures being enforced by the government of the operating jurisdictions has led to continuous disruption to the Group’s business operations during the year ended 30 June 2021. Even though conditional approval was granted by the authorities to the Group to proceed with some ongoing projects, the business scale and momentum were behind full capacity due to the compliance of the applicable standard operating procedures imposed by the authorities such as the on-the-job social distancing and strict observance of personal hygiene and health control guidelines. As a result, the Group recorded loss for the year attributable to owners of the Company of approximately RM9.4 million for the year ended 30 June 2021 as compared to profit for the year attributable to owners of the Company of approximately RM2.2 million for the year ended 30 June 2020.

OUTLOOK

The COVID-19 Outbreak continuously affected the global economy and poses uncertainty on the future markets. It is hard to predict the duration of its impact on the business and economy given the long lasting COVID-19 pandemic persists. The Group therefore takes a conservative view over the Group’s business and financial performance in the near future until the economy recovers.

Nonetheless, the Group will continuously strengthen its positions in all aspects to maintain its sustainability to deal with uncertainties and unexpected crises, and capture future opportunities alongside with the economy to be recovered. The Group believes that effective risk management and internal control together with strong corporate governance can help get through the challenges ahead. In November 2020, JBB Builders (M) Sdn. Bhd., our major subsidiary of the Group, successfully obtained the ISO 9001:2015 certification for conformance to the quality management system, covering construction of building and infrastructure, reclamation and dredging works and coastal and river protection structures, and Certificate for Government Procurement which allows us to tender for projects in the public sector directly. In June 2021, the Company won the ESG Committee Prize of InnoESG Prize 2021 co-granted by SocietyNext Foundation, UNESCO HK Association Global Peace Centre and Rotary Action Group for Peace.



Chairman's Statement

Going forward, the Group will continue to leverage the advantageous financial position of the Group, extensive network from our management, strong quality management system with accreditation of ISO 9001:2015 certification and resources available, and at the same time strengthen our presence and market position in marine construction and building and infrastructure services industry by participating in different tenders actively, optimising our business models and diversifying our portfolios in Malaysia, Singapore and Hong Kong to maintain our market competitiveness.

APPRECIATION

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

Dato' Ng Say Piyu

Chairman

Hong Kong, 24 September 2021



Management Discussion and Analysis

BUSINESS REVIEW

The Group is an established engineering contractor which engaged in the business of two major types of services in Malaysia and Singapore:

- Marine construction services — core business, which can be categorised into:
 - (a) reclamation and related works, which include land reclamation and other marine civil works. Reclamation may involve soil investigation, hydrographic survey, pre-reclamation design, sand handling/filling, ground treatment, sand surcharge removal work and other related works. Marine civil works generally include construction of jetty, channel-crossing works, maintenance dredging and river diversion; and
 - (b) marine transportation, which involves transportation of marine sand, the filling material normally used in land reclamation, including the loading of marine sand extracted from the approved sand source onto sand carriers, carriage and delivery of marine sand to designated sites where the marine sand is unloaded to be used for land reclamation.
- Building and infrastructure services — the services include general building works in construction of properties and infrastructure works.

During the year ended 30 June 2021, the Group had completed a total of 4 marine construction contracts, which are reclamation and related works contracts with original contract sum in aggregate of approximately RM11.3 million, and total of 7 building and infrastructure contracts with original contract sum in aggregate of approximately RM138.5 million. The Group and a customer mutually terminated a marine construction contract in respect of reclamation and related works with original contract sum of approximately RM42.3 million given the uncertainty in economic condition in Malaysia as affected by the COVID-19 Outbreak.

As at 30 June 2021, the Group had 4 ongoing marine construction contracts comprising 3 marine transportation contracts and 1 reclamation and related works and marine transportation contract with original contract sum in aggregate of approximately RM748.2 million (including estimated original contract sum of a contract which stated at unit rate), and 3 ongoing building and infrastructure contracts with original contract sum in aggregate of approximately RM262.0 million.

As at 30 June 2020, the Group had 9 tenders and 4 quotations with expected contract sum in aggregate of approximately RM875.5 million submitted but not yet have results. During the year ended 30 June 2021, the Group had submitted 3 tenders and 7 quotations for marine construction contracts and 13 tenders and 5 quotations for building and infrastructure contracts with original contract sum in aggregate of approximately RM1,152.8 million, and the Group had been awarded 5 contracts with original contract sum in aggregate of approximately RM1.3 million. As at 30 June 2021, there were 6 tenders and 4 quotations with expected contract sum in aggregate of approximately RM727.3 million submitted but still no results returned.



Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

Revenue increased by approximately RM15.5 million or 12.4% from approximately RM125.5 million for the year ended 30 June 2020 to approximately RM141.0 million for the year ended 30 June 2021. The increase in revenue is mainly attributable to the increase of volume of sand transported generated from a Singapore contract secured in June 2020; while partially offsetting by (i) the reduction in volume of work for marine construction services and building and infrastructure services following the completion of certain key contracts which contributed to a substantial portion of the revenue for the year ended 30 June 2020; and (ii) the suspension of the Group's ongoing contracts, postponement of the scheduled construction works and further delay in the commencement of new contracts secured in earlier periods due to the long lasting COVID-19 Outbreak and the enforcement of the conditional Restriction of Movement Order (the “**Order**”) by Malaysia government (please refer to announcements dated 22 May 2020 and 22 July 2021 for details).

Marine construction services

Revenue from marine construction services represented approximately 70.7% of the total revenue for the year ended 30 June 2021. It increased by approximately RM56.9 million or 132.6% from approximately RM42.9 million for the year ended 30 June 2020 to approximately RM99.8 million for the year ended 30 June 2021.

Revenue from reclamation and related works, which represented approximately 2.2% of the total revenue from marine construction services for the year ended 30 June 2021, decreased by approximately RM8.9 million or 80.2% from approximately RM11.1 million for the year ended 30 June 2020 to approximately RM2.2 million for the year ended 30 June 2021. Such decrease was mainly due to (i) suspension of the commencement of a new marine construction contract due to the COVID-19 Outbreak and the enforcement of the Order; and (ii) the reduction in volume of work following the completion of certain key contracts.

Revenue from marine transportation, which represented approximately 97.8% of the total revenue from marine construction services for the year ended 30 June 2021, increased by approximately RM65.9 million or 207.9% from approximately RM31.7 million for the year ended 30 June 2020 to approximately RM97.6 million for the year ended 30 June 2021. Such increase was mainly due to the increase of volume of sand transported generated from a Singapore contract secured in June 2020, but partially offsetting by the slowdown of the scheduled construction works for other marine transportation contracts in Malaysia due to less vessels available for transportation because of the COVID-19 Outbreak and the enforcement of the Order.

Building and infrastructure services

Revenue from building and infrastructure services represented approximately 29.3% of the total revenue for the year ended 30 June 2021. Revenue from building and infrastructure services decreased by approximately RM41.4 million or 50.1% from approximately RM82.7 million for the year ended 30 June 2020 to approximately RM41.3 million for the year ended 30 June 2021. Such decrease was mainly due to the completion of certain contracts during the year ended 30 June 2021 with significant revenue generated during the year ended 30 June 2020. In addition, the postponement of the scheduled construction works of remaining ongoing contracts due to the COVID-19 Outbreak and the enforcement of the Order led to further reduction of revenue generated for the year ended 30 June 2021.



Management Discussion and Analysis

Gross profit and gross profit margin

Gross profit dropped by approximately RM13.1 million or 66.2% from approximately RM19.8 million for the year ended 30 June 2020 to approximately RM6.7 million for the year ended 30 June 2021. The overall gross profit margin decreased from 15.8% for the year ended 30 June 2020 to 4.7% for the year ended 30 June 2021.

The decrement of gross profit was mainly due to (i) fixed direct cost was continuously incurred; (ii) lower contract value was entered as a result of increased competition in the market compared with those completed in previous years; (iii) increase in subcontracting costs; and (iv) certain contracts with higher gross profit margin were completed during the year ended 30 June 2020.

Other revenue

The other revenue decreased from approximately RM2.4 million for the year ended 30 June 2020 to approximately RM1.2 million for the year ended 30 June 2021, which was mainly due to the decrease in interest income on deposits placed in the Group's banks in Hong Kong and Malaysia for the year ended 30 June 2021, as a result of the decrease in bank interest rates.

Other net loss

Other net loss was approximately RM1.3 million for the years ended 30 June 2021 and 2020. Other net loss for the year ended 30 June 2021 mainly included (i) impairment loss on deposits paid for acquisition of investment properties of approximately RM1.5 million; (ii) impairment loss on property, plant and equipment of approximately RM0.7 million; (iii) fair value loss on investment properties of approximately RM0.5 million; (iv) loss on deposits placed for life insurance policies of approximately RM0.1 million; (v) the recognition of gain on disposal of deposits paid for acquisition of investment properties of approximately RM0.8 million arising from the assignment of 10 investment properties beneficially owned by the Group under a deed of settlement dated 19 February 2020 (please refer to the announcement dated 19 February 2020 for details) to subcontractors; and (vi) recognition of the net foreign exchange gain of approximately RM0.7 million arising from the translation of foreign currency denominated balances into Malaysia Ringgit.

Other net loss for the year ended 30 June 2020 mainly included (i) the net foreign exchange loss of approximately RM1.0 million; (ii) fair value loss on investment properties of approximately RM0.6 million; (iii) loss on deposit placed for a life insurance policy of approximately RM0.1 million; and (iv) gain on disposal of property, plant and equipment of approximately RM0.4 million.

Allowance for impairment loss on trade receivables and contract assets

There was impairment loss on trade receivables and contract assets. Due to the slowdown of the collection of receivables from our customers and increased expected loss rate applied based on historical credit loss experience, adjusting factors that are specific to the debtors and assessment of both current and forecast general economic conditions (including the consideration of the expected loss rate performed by independent valuer), impairment loss of approximately RM5.1 million was recognised for the year ended 30 June 2021 while impairment loss of approximately RM3.0 million was recognised for the year ended 30 June 2020.



Management Discussion and Analysis

General and administrative expenses

General and administrative expenses decreased by approximately RM4.3 million or 28.3% from approximately RM15.2 million for the year ended 30 June 2020 to approximately RM10.9 million for the year ended 30 June 2021. Such decrease was mainly due to the decrement of staff costs arising from the reduction of Directors' emoluments and reduced number of employees, decrement of legal and professional fees incurred and reduced operating costs incurred under tighten cost control procedures adopted by the Group.

Income tax expenses

Income tax expenses of approximately RM1.8 million was recorded for the year ended 30 June 2021 as compared with approximately RM2.2 million for the year ended 30 June 2020. Such change was attributable to the loss generated by the Group for the year ended 30 June 2021 and the reversal of deferred tax impact recognised for credit loss allowances as at 30 June 2020.

Finance costs

Finance costs increased from approximately RM147,000 for the year ended 30 June 2020 to approximately RM302,000 for the year ended 30 June 2021 due to the withdrawal of term loan of approximately RM10.6 million for the settlement of the trade payables owing to subcontractors during the year ended 30 June 2021.

(Loss)/profit for the year attributable to owners of the Company

The Group reported profit attributable to owners of the Company of approximately RM2.2 million for the year ended 30 June 2020 while recorded loss attributable to owners of the Company of approximately RM9.4 million for the year ended 30 June 2021. Since the expected loss rate applied for the calculation of credit loss allowances as stated in "Allowance for impairment loss on trade receivables and contract assets" is higher than expected, the loss for the year attributable to the owners of the Company for the year ended 30 June 2021 is higher than the estimated figures as stated in the announcement dated 22 July 2021.

Final dividends

The Board does not recommend the payment of final dividend for the year ended 30 June 2021 (2020: nil).

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and Financial Resources/Capital Structure

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

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



Management Discussion and Analysis

As at 30 June 2021, the Group had cash and cash equivalents of approximately RM85.3 million (2020: RM76.0 million), fixed deposits with maturity over three months of approximately RM5.2 million (2020: RM5.0 million) and pledged bank deposits of approximately RM9.8 million (2020: RM9.2 million). The increment is mainly due to the net financing cash inflows from withdrawal of bank loan during the year ended 30 June 2021. All are denominated in Hong Kong dollars, United States dollars, Singapore dollars and RM.

As at 30 June 2021, the Group had lease liabilities of approximately RM0.8 million (2020: RM1.3 million) carrying interest rate ranging from 3.1% to 8.2% (2020: ranging from 4.6% to 8.2%). As at 30 June 2021, the Group had bank loan of approximately RM10.6 million (2020: nil) carrying interest rate at 6.0% (2020: nil). All are denominated in RM. The Group had unutilised banking facilities of approximately RM56.4 million (2020: RM47.0 million).

The Group continued to maintain a healthy liquidity position. As at 30 June 2021, the current ratio remained stable at approximately 1.8 times (2020: 1.9 times). The gearing ratio increased from approximately 1.0% as at 30 June 2020 to approximately 9.3% as at 30 June 2021. Gearing ratio is calculated based on the total loans and borrowings (which represent bank loan and lease liabilities) divided by total equity at the end of the year. The increase of gearing ratio is mainly due to the increase of total bank loan and lease liabilities from approximately RM1.3 million as at 30 June 2020 to approximately RM11.4 million as at 30 June 2021.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to Shareholders, return capital to Shareholders, or sell assets to reduce debt. No changes in the objective, policies or processes for managing capital were made during the year ended 30 June 2021.

The management of the Group reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risk associated with each class of capital. Based on recommendation of the management, the Group will balance its overall capital structure through the payment of dividends as well as issue of new debt or the redemption of the debt.

There had been no material change in the capital structure of the Group during the year ended 30 June 2021.

Capital commitments

As at 30 June 2021, the Group had capital commitments of approximately RM0.2 million (2020: RM0.3 million).

Pledge of assets

As at 30 June 2021, pledged bank deposits of approximately RM9.8 million (2020: RM9.2 million) have been pledged to banks as security for banking facilities granted to the Group with approximately RM7.2 million (2020: RM7.0 million) related to performance bond. Pledged bank deposits related to performance bond includes (i) minimum amount of deposits pledged to a bank for a facility line for performance bond; (ii) sinking fund (calculated at 6% of the progress payment from the particular contract related to the corresponding performance bond); and (iii) interest income of deposits pledged to banks.

Deposits paid for acquisition of investment properties with carrying amount of approximately RM12.9 million (2020: nil) and investment properties with carrying amount of approximately RM2.2 million (2020: nil) as at 30 June 2021 was pledged to a bank as security for bank facilities granted to the Group.



Management Discussion and Analysis

Contingent liabilities

As at 30 June 2021, the Group had contingent liabilities in respect of performance bonds for contracts in favour of customers of approximately RM4.3 million (2020: RM4.3 million).

The performance bonds were given by banks in favour of some of Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks accordingly. The performance bonds will be released based on the terms of the respective contracts for the relevant customers. The performance bonds were secured and guaranteed by (i) deposits with licensed bank of approximately RM7.2 million; and (ii) corporate guarantees given by the Company as at 30 June 2021.

Risk management

Credit risk

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

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group had significant exposure to individual customers. As at 30 June 2021, approximately 48% (2020: 55%) of the total gross trade receivables and contract assets was due from the Group's largest customer and approximately 95% (2020: 96%) of the total gross trade receivables and contract assets were due from the Group's five largest customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts. Normally, the Group does not obtain collateral from customers.

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments and external credit rating, where applicable.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime expected credit losses, which is calculated using a provision matrix.

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.



Management Discussion and Analysis

Other receivables and deposits

The Group makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable. The Group believes that there are no significant increase in credit risk of other receivables and deposits since initial recognition and the Group provided impairment based on 12 months expected credit losses. For the years ended 30 June 2021 and 2020, the Group assessed the expected credit losses for other receivables and deposits were insignificant and thus no loss allowance was recognised.

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

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

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the Group's fixed-rate short-term fixed deposits with maturity over three months, pledged bank deposits and lease liabilities. The management of the Group considers that the Group's exposure from these fixed-rate short-term fixed deposits with maturity over three months, pledged bank deposits and lease liabilities to interest rate risk is not significant.

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

Foreign currency exchange risk

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

Price risk

The Group is exposed to price risk through its investments in an open-end unit trust measured at financial assets at fair value through profit or loss. The management of the Group manages such risk exposure by maintaining a portfolio of different investments. The Group will consider hedging the risk exposure should the need arise.

For the risks and uncertainties facing the Group, please refer to the section headed "Risk Factors" in the prospectus of the Company dated 25 April 2019 (the "**Prospectus**") and section headed "Principal risks and uncertainties facing the Group" under the "Directors' Report" (on pages 22 to 23) of this annual report.

SIGNIFICANT INVESTMENTS HELD

Save as disclosed in this annual report, the Group did not hold any significant investments during the year ended 30 June 2021.



Management Discussion and Analysis

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus and this annual report, the Group did not have other plans for material investments and capital assets as at 30 June 2021.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the year ended 30 June 2021.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 38 to the consolidated financial statements, there were no other important events affecting the Group that have occurred since 30 June 2021 and up to the date of this annual report.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, excluding the Directors, the total number of full-time employees of the Group was approximately 51 (2020: 62). The number of employees were adjusted with the consideration of expected workload of existing and upcoming contracts on hand and tight cost control policies.

The Group determines the remuneration of its employees with references to market rates and individual's qualifications, experience, skills, performance and contributions. The Group regularly reviews compensation and benefits policies as well as the individual performance of employees and encourages the employees to pursue their professionalism and personal goals. The Board determined the remuneration of the Directors based on recommendation from the remuneration committee of the Company, taking into consideration a number of relevant factors such as salaries paid by comparable companies, job responsibilities, duties and scope, employment conditions elsewhere in the Group, market practices, financial and non-financial performance, and desirability of performance-based remuneration.

The Company adopted a share option scheme so that the Company may grant options to the eligible persons as incentives or rewards for their contributions to the Group. In addition, employees are always encouraged to attend job-related seminars, webinars, courses and programs organised by professional or educational institutions, in Malaysia, Singapore, Hong Kong or other jurisdiction.

PROSPECTS

The COVID-19 Outbreak continuously affected the global economy and poses uncertainty on the future markets. The government of the operating jurisdictions has imposed different measures, policies, requirements and restrictions from time to time to reduce the impact of the spread of COVID-19 Outbreak. The industry competition becomes more intense with the number of projects available in the market reduced, postponed or cancelled. In addition, COVID-19 Outbreak caused disruptions on the scheduled construction works and delayed the commencement of the construction contracts secured previously in order to comply with the relevant requirements and other policies imposed by the government as a result of the COVID-19 Outbreak. The Group's business performance, including revenue and profitability has been severely affected and it's hard to predict the time to recover given the long lasting COVID-19 pandemic persists. The Group therefore takes a conservative

Management Discussion and Analysis

view over the Group's business and financial performance in the near future until the economy recovers and expects that a project awarded in Singapore would likely to contribute stable revenue to the Group in the near future. The Group is going to enter into the trading business of marine gas oil which is one of the essential consumable items for the vessels to perform the marine transportation business. The Group believes that this trading business of marine gas oil can help expand the business opportunity along the marine transportation value chain and improve the profit of the Group.

The Group will (i) continuously comply with the relevant requirements and other policies issued by the government of the operating jurisdictions; (ii) closely monitor the development of the COVID-19 Outbreak and uncertainties faced by the Group; (iii) implement appropriate business strategies to mitigate the potential adverse impact on our business operations and financial performance; (iv) adopt tighten cost control measures; (v) actively participate in tendering to maintain our market competitiveness; and (vi) taking appropriate measures as and when appropriate. Taking into account of the cash and cash equivalents on hand, available banking facilities, tight cost control measures and capital commitments, the Group believes its liquidity position remains healthy.

Going forward, the Group will continue to leverage the advantageous financial position of the Group, extensive network from our management, strong quality management system with accreditation of ISO 9001:2015 certification and resources available, and at the same time strengthen our presence and market position in marine construction and building and infrastructure services industry by participating in different tenders actively, optimising our business models and diversifying our portfolios in Malaysia, Singapore and Hong Kong to maintain our market competitiveness. The Group will implement the future plans cautiously and safeguard the return to the Shareholders.

USE OF PROCEEDS

The net proceeds of the global offering of the ordinary shares of the Company (the "Shares") received by the Company were approximately HK\$125.2 million (approximately RM62.6 million) (Note 1), after deduction of underwriting fees and related listing expenses, of which HK\$15.0 million of the total amount of fees and expenses in connection with the global offering of the Shares had been paid from the proceeds of the pre-IPO investments. Set out below is the breakdown of use of net proceeds from the global offering of the Shares from 10 May 2019 (the "Listing Date") up to 30 June 2021:

Use of net proceeds as at 30 June 2021	Percentage of net proceeds %	Amount RM million	Amount utilised RM million	Actual balance as at 30 June 2021 RM million	Expected timeline on utilising the remaining proceeds (Note 2)
Acquiring one rebuilt sand carrier from one of the existing subcontractors for marine transportation services	57.9	36.2	—	36.2	By June 2024
Purchasing new land-based machineries	7.3	4.6	—	4.6	By June 2024
Satisfying performance bonds requirement of prospective projects	23.4	14.7	(1.6)	13.1	By June 2024
Upgrading the information technology and project management systems	0.6	0.4	(0.2)	0.2	By June 2023
Recruiting and expanding management team for the building and infrastructure works	3.4	2.1	(0.3)	1.8	By June 2024
Working capital and general corporate purposes	7.4	4.6	(4.6)	—	N/A
	100.0	62.6	(6.7)	55.9	



Management Discussion and Analysis

Such utilisation of the net proceeds was in accordance with the proposed allocations as set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

As at 30 June 2021, approximately RM55.9 million (representing approximately 89.3% of the net proceeds from the global offering) had not yet been utilised. The unutilised portion of the net proceeds were deposited in the Group’s banks in Hong Kong and Malaysia and is intended to be utilised in the manner consistent with the proposed allocation as set forth in the Prospectus.

Due to the unstable economic environment, uncertainty of the future markets and the long-lasting COVID-19 Outbreak, there was delay in the commencement of construction contracts and several contracts expected to be awarded are being cancelled by the potential customers. As such, there is a delay on the timing of utilising the remaining net proceeds from the global offering. Considering the uncertainties of the current market and the majority of remaining proceeds are for capital expenditure purpose for expansion, the Group shall only utilise the remaining proceeds in a conservative manner and in the best interests of the Company and the Shareholders as a whole and reduce the unnecessary cost incurred along with the expansion plan.

Notes:

- (1) The net proceeds allocated for each specific use have been adjusted proportionally in the manner as stated in the Prospectus due to the difference between the estimated net proceeds and the actual net proceeds received.
- (2) The expected timeline on utilising the remaining proceeds is the best estimation of the Directors based on: (i) the latest information provided by the customers on the expected commencement date of the construction contracts previously secured; (ii) ongoing contracts on hand; and (iii) the present business and economic environment including the consequential impact of COVID-19 Outbreak, as of the date of this annual report. In view of the above, the Directors expects the remaining proceeds will be utilised alongside the resumption of the economic activities in general by the year ending 30 June 2024 should the market and economic situation require.



Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Dato' Ng Say Piyu ("**Dato' Ng**"), aged 68, is the co-founder of our Group and has been appointed as our Chairman and executive Director since 30 April 2018. Dato' Ng is primarily responsible for overall business planning, corporate strategies and overall management of our Group. Dato' Ng is also the chairman of nomination committee, member of remuneration committee and a director of various subsidiaries of the Company. Dato' Ng has over 41 years of experience in the construction industry. From 1980 to 1983, he was a quantity surveyor in Jabatan Kerja Raya (Public Works Department Malaysia), during which he was mainly responsible for negotiation, procurement and construction management. From 1983 to 1993, Dato' Ng briefly worked as a project manager in PC Holdings Sdn. Bhd., a construction company in Malaysia; and subsequently served in SBBU Sdn. Bhd. (a subsidiary of Urban Development Authority Malaysia) with his last position as a senior project manager, where he was responsible for managing property development projects. From 1994 to 1997, he was appointed as a director of Idealland Sdn. Bhd., a company engaged in mixed property development projects. From 1998 to 2006, he became an entrepreneur actively investing in mixed property development in Malaysia. Since 2007, he began actively investing in the business of sand processing and trading.

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

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

Mr. Lam Fung Eng, aged 45, has been appointed as our executive Director since 10 May 2018. Mr. Lam is primarily responsible for overall corporate strategies and policies formulation, business development and general management of our Group. He is currently a director of various subsidiaries of the Company. Mr. Lam has over 21 years of experience in contract management in Malaysia's construction industry. Prior to joining our Group, Mr. Lam was a contract executive from November 1999 to August 2001 in Perwik Sdn. Bhd., in which he was responsible for the preparation of tender and negotiation with subcontractors and suppliers. From September 2001 to December 2003, he worked in Kumpulan Jayaputera Sdn. Bhd. with his last position as an assistant contract manager, and was responsible for assisting in the contract management of construction projects. From April 2004 to April 2008, he served as a contract manager of Prosmier Construction Sdn. Bhd., during which he was responsible of pre and post-contract management, including tender procurement and site valuation. From May 2008 to April 2012, he was appointed as a director of Full Alliance Sdn. Bhd., during which he was primarily responsible for overseeing the contract department of the company.

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

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



Biographical Details of Directors and Senior Management

Mr. Ng Chong Boon, aged 50, has been appointed as our executive Director since 10 May 2018. Mr. Ng is primarily responsible for the overall management of our business operation as well as project management and supervision. He is currently a director of various subsidiaries of the Company. Mr. Ng has over 26 years of experience in project management in Malaysia's construction industry. Prior to joining our Group, he was a quantity surveyor from January 1995 to February 1996 in JB Bergabung Consult, a consulting quantity surveying firm, and was mainly responsible for tender preparation. From March 1996 to May 1997, he served as a senior project executive of Seri Alam Properties Sdn. Bhd., a company engaged in mixed property development, and was responsible for risk management and operation of construction projects. From May 1997 to May 2000, he served as a contract manager of Dubon Berhad, a construction company, and was responsible for overseeing project operation and financial management of projects. From June 2000 to April 2011, he served as a project manager of SSB Construction Sdn. Bhd., a construction company, where he was responsible for conducting general project management.

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

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

NON-EXECUTIVE DIRECTOR

Datin Ngooi, aged 67, has been appointed as our non-executive Director since 30 April 2018. Datin Ngooi is primarily responsible for the overall strategic management and corporate development. She is the co-founder of our Group and has been serving as a director of JBB Builders (M) Sdn. Bhd. ("**JBB Builders**") since its incorporation. Datin Ngooi has over 26 years of experience in management. From 1995 to 2000, Datin Ngooi was a senior IT manager of Malaysia Shipyard & Engineering Sdn. Bhd., a company engaged in ship repairing and conversion, where she was responsible for planning and directing the responsibilities of the IT department. In May 1996, she founded Computer Landmark Sdn. Bhd. (presently known as JBB Builders) and commenced business of computers trading in the capacity of a director. She remained as a director of JBB Builders since it commenced business as a subcontractor in the marine construction industry in 2012.

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

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



Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tai Lam Shin, aged 63, has been appointed as our independent non-executive Director since 11 April 2019. He is mainly responsible for supervising and providing independent judgement to our Board. He is also the chairman of audit committee and remuneration committee and a member of nomination committee. Mr. Tai has over 37 years of experience in management and accounting services. From January 1984 to January 2007, Mr. Tai worked at Ernst & Young with his last position being a senior manager, and he was responsible for overseeing accounting and financial activities, as well as advising his clients on corporate governance matters. From April 2008 to December 2016, he served as an audit director of Moore Stephens Associates & Co., and was responsible for providing audit services to public and private companies of various industries. Since June 2014, Mr. Tai has been serving as an independent non-executive director of Keck Seng (Malaysia) Berhad, a company listed on Bursa Malaysia (stock code: 3476), and is currently member of its audit, nominating and remuneration committee. Since June 2016, he has also been serving as an independent non-executive director of MCE Holdings Berhad, a company listed on Bursa Malaysia (stock code: 7004), and is currently the chairman of its nomination and remuneration committee and member of its audit and risk management committee. On 1 July 2019, Mr. Tai is appointed as an independent non-executive director of White Horse Berhad, a company listed on Bursa Malaysia (stock code: 5009), and chairman of its audit committee.

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

Mr. Chan Tsun Choi, Arnold (陳進財), aged 61, has been appointed as our independent non-executive Director since 25 May 2020. He is mainly responsible for supervising and providing independent judgement to our Board. He is also a member of the audit committee and nomination committee. Mr. Chan has over 35 years of experience in financial industry. From June 1986 to December 1990, Mr. Chan worked at The China State Bank, Ltd. Hong Kong Branch with his last position being a deputy manager under the investment department, and he was responsible for credit control and investment activities. From December 1990 to July 1993, Mr. Chan worked at Unicoopjapan (H.K.) Ltd. with his last position being a senior manager and he was responsible for controlling and overseeing the treasury and finance operations, and advising investment opportunities in People's Republic of China for Japanese investors. From July 1993 to December 1997, Mr. Chan worked at China Development Investment Management Limited with his last position being the head of china business department and he was responsible for investment opportunities identification, project management and corporate finance. From January 1998 to December 2019, Mr. Chan worked at Dragages Hong Kong Limited, a subsidiary of Bouygues Construction, with his last position as special advisor to chairman. He was the structured finance director and project finance director of Dragages Hong Kong Limited from March 2005 to March 2019. He was responsible for fund raising activities and financing for construction projects in Hong Kong and Asia Pacific. On 4 June 2020, Mr. Chan is appointed as an independent non-executive director of Shen You Holdings Limited, a company listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**” or “**HKEx**”) (stock code: 8377), and is currently member of its audit, nomination and remuneration committee.



Biographical Details of Directors and Senior Management

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

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

Ms. Chan Pui Kwan (陳佩君), aged 55, has been appointed as our independent non-executive Director since 11 April 2019. She is mainly responsible for supervising and providing independent judgement to our Board. She is also a member of audit committee, remuneration committee and nomination committee. Ms. Chan has over 19 years of experience in the corporate consultancy industry. In April 2002, she founded SINOVA Management Consultancy Limited (later renamed to ANT-SINOVA (Hong Kong) Limited), a company engaged in the provision of advice and support to investors entering into the PRC market, and remained as the chief executive officer until September 2012. Since September 2012, Ms. Chan was appointed as the chief executive officer of Delta Think (HK) Limited, a company engaged in the provision of business development consultancy services to private and public companies. Since July 2014, she has been serving as the non-executive director of DT Capital Limited, a company listed on the Main Board of the Stock Exchange (stock code: 356), and was subsequently appointed as the chairman of its board in July 2014.

Ms. Chan has been acting as a licensed representative of Hua Yu Investment Management Limited for Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities since June 2016 and September 2015 respectively. Ms. Chan also actively participates in community service and holds advisory positions in various institutions. She is currently a member of the Competition Commission (Hong Kong). She is also acting as a general committee member of the Hong Kong General Chamber of Commerce. Ms. Chan has also been appointed as a member of the advisory committee of Enhancing Self-Reliance Through District Partnership Programme since 1 July 2020. Ms. Chan is also a member of the Advisory Board of the Dutch Chamber of Commerce from October 2020. In December 2009, Ms. Chan was selected as one of “China’s 100 Outstanding Female Entrepreneurs”.



Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Mr. Eddy Bin Daud, aged 60, joined our Group in March 2015 and is the general manager (contract and planning) of our Company. He is mainly responsible for overseeing the contracts and planning department of our Group. Mr. Daud has over 31 years of experience in the construction industry of Malaysia. Prior to joining our Group, he worked in BW Perunding Sdn. Bhd., an engineering firm, from June 1990 to July 1994 with his last position as a project manager, where he was responsible for management of turnkey construction projects. From July 1994 to September 1997, he served as a general manager (operations) in Southern Water Corporation Sdn. Bhd., a water treatment plant operator, and was in charge of the operations and maintenance of water treatment plants. From July 2000 to September 2004, he worked in Dr Nik & Associates Sdn. Bhd., an engineering and project management consultant firm, with his last position as a senior project manager, and was responsible for the management of dredging and reclamation works of construction projects. From October 2004 to February 2015, he served as a senior manager (contracts and commercial) in Malaysian Maritime & Dredging Corporation Sdn. Bhd., a dredging and reclamation contractor, during which he was in charge of the design and operation of construction projects.

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

COMPANY SECRETARY

Ms. Lam Lam (林琳), aged 33, joined our Group as a financial controller in April 2018, and was also appointed as our company secretary since 10 May 2018. She is mainly responsible for managing the financial operations as well as overseeing the company secretarial and compliance affairs of our Group. Prior to joining our Group, she was employed by the Hong Kong office of Deloitte Touche Tohmatsu from October 2010 to April 2018 with her last position being a manager in the audit function, where she was responsible for providing audit services for Hong Kong and overseas clients.

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



Directors' Report

The Directors are pleased to present their annual report and the audited consolidated financial statements for the year ended 30 June 2021.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries and joint venture are set out in notes 29 and 15 to the consolidated financial statements, respectively. There were no significant changes to the Group's principal activities during the year.

BUSINESS REVIEW

Review of the Group's business and analysis of the Group's performance using financial key performance indicators during the year and an indication of the likely future development of the Group's business are provided in the sections headed "Chairman's Statement" (on pages 4 to 6), "Management Discussion and Analysis" (on pages 7 to 16), "Corporate Governance Report" (on pages 42 to 60), "Financial Summary" (on page 190) and "Notes to the Consolidated Financial Statements" (on pages 118 to 189) of this annual report.

Principal risks and uncertainties facing the Group

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

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

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

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

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



Directors' Report

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

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

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

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

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

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

The Group's liquidity may be affected due to the delays in collections from our customers

The credit terms in relation to the settlement of amounts due from customers vary from contract to contract, with settlement typically ranging from 14 to 30 days from the invoice date. The Group is required to submit interim payment applications to customers usually on a monthly basis or by stages after specified project milestones are completed, and final accounts after the construction works have been completed as per terms of the contracts. The invoices are issued to the customers after the customers issue interim payment certificates or finalisation of final accounts. Any delay on the certification of interim payment applications and final accounts from the customers will affect the timing of issuing the invoices and hence the collection. If the Group's customers experience financial distress or are unable to settle their payments or release the retention monies or performance bonds to the Group in a timely manner or at all, the Group's financial condition and results of operations could be materially and adversely affected.

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



Directors' Report

For review of the Group's environmental policies and performance, compliance with the relevant laws and regulations that have a significant impact on the Group and understanding of the Group's key relationships with its employees, customers and suppliers and others that have a significant impact on the Group, please see section headed "Corporate Governance Report" (on pages 42 to 60) and "Environmental, Social and Governance Report" (on pages 61 to 105) of this annual report and discussions as follows:

Environmental policies and performance

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

Please refer to more details as per section headed "Environmental, Social and Governance Report" (on pages 61 to 105) of this annual report.

Compliance with relevant laws and regulations

Our Group has adopted internal control measures to monitor the continuous compliance with relevant laws and regulations such as the Companies Law of the Cayman Islands, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Securities and Futures Ordinance, the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and other rules and regulations implemented in relevant jurisdictions. During the year, as far as the Board is aware, having made all reasonable queries, there was no non-compliance in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of our Group during the year ended 30 June 2021.

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

Key relationships with employees

We recognise our employees as our most valuable assets and the key to business growth and success. As at 30 June 2021, we had a total of 51 (2020: 62) employees (excluding the Directors) in Hong Kong, Malaysia and Singapore. To attract new talents, retain high quality employees and bring our Group's continued success in the future, we value their supports and contributions at all times. Our Group regularly reviews compensation and benefits policies as well as the individual performance of employees and encourages our employees to pursue their professionalism and personal goals. Employees' handbook, code of conduct and corporate governance policies are established and communicated with our employees and emphasis on honesty, integrity and fairness with an aim to protect our Group's interests and reputation. In addition, whistleblowing policy, anti-corruption policy and anti-fraud policy are established to encourage employees to report any violation within our Group.

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



Directors' Report

RESULTS

The results of the Group for the year ended 30 June 2021 and the Group's financial position at that date are set out in the Group's consolidated financial statements on page 112 to 114 of this annual report.

DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 30 June 2021 (2020: nil).

DIVIDEND POLICY

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

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

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



Directors' Report

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

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

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

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the right to attend and vote at the annual general meeting, the register of members of the Company will be closed from 18 November 2021 to 23 November 2021, both days inclusive, during which no transfer of Shares of the Company will be registered. In order to be entitled to attend and vote at the annual general meeting, unregistered holders of Shares of the Company should ensure that all transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 17 November 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 30 June 2021 and up to the date of this report, the Board is of view that the Company had adopted and complied with all applicable code provisions set out in the Corporate Governance Code in the Appendix 14 to the Listing Rules ("**CG Code**").

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company adopted the Model Code for Securities Transactions by the Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions of the Company by the Directors. The Company had made specific enquiry with all the Directors and the Directors confirmed that they have complied with the required standard as set out in the Model Code regarding securities transactions by the Directors during the year ended 30 June 2021 and up to the date of this annual report.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 190 of this annual report.



Directors' Report

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 26(b) to the consolidated financial statements.

SHARE OPTION SCHEME

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

(a) Purpose and Participants of the Share Option Scheme

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

(b) Grant and acceptance of options

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

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

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



Directors' Report

(c) Subscription price of Shares

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

- (i) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the offer date of the particular option, which must be a business day;
- (ii) the average closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the offer date of that particular option; and
- (iii) the nominal value of a Share on the offer date of particular option.

(d) Maximum number of Shares

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

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



Directors' Report

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

- (ii) The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share options schemes of our Group must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Group if this will result in the limit being exceeded.
- (iii) Unless approved by our Shareholders in the manner set out below, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue. Where any further grant of options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by Shareholders in general meeting with such Eligible Participant and his close associates (or his associates if the Eligible Participant is a connected person) abstaining from voting. Our Company must send a circular to our Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the options to be granted (and options previously granted to such Eligible Participant), and such information as may be required under the Listing Rules from time to time. The number and terms (excluding the subscription price) of options to be granted to such Eligible Participant must be fixed before Shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.
- (iv) The exercise of any option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company. Subject thereto, our Directors shall make available sufficient of the then authorised but unissued share capital of our Company to allot the Shares on the exercise of any option.



Directors' Report

(e) Exercise of options

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

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

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

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

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

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

The remaining life of the Share Option Scheme is approximately 7 years and 6.5 months (to be expired on 10 April 2029).

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

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



Directors' Report

EQUITY-LINKED AGREEMENTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2021.

PRE-EMPTIVE RIGHTS

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

RESERVES

Details of the movements of the reserves of the Group during the year are set out in the consolidated statements of changes in equity to the consolidated financial statements on page 115 of this annual report.

Details of the movements of the reserves of the Company during the year are set out in note 34 to the consolidated financial statements.

The Company's reserves available for distribution to Shareholders as at 30 June 2021 amounted to approximately RM104.3 million.

PROPERTY, PLANT AND EQUIPMENT

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

INVESTMENT PROPERTIES

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

BANK LOAN

Particulars of bank loan of the Group as at 30 June 2021 are set out in note 23 to the consolidated financial statements.



Directors' Report

CHARITABLE DONATIONS

During the year ended 30 June 2021, the Group made charitable and other donations amounting to approximately RM144,000 (2020: RM250,000).

MAJOR CUSTOMERS AND SUBCONTRACTORS

During the year ended 30 June 2021, the aggregate revenue attributable to the Group's largest and five largest customers amounted to approximately 61.3% and 98.7% of the Group's revenue, respectively. The largest and five highest suppliers accounted for approximately 26.5% and 76.7% of the Group's direct costs, respectively.

Dato' Ng, an executive director and one of the controlling shareholders (as defined in the Listing Rules) ("**Controlling Shareholders**") of the Company, had purchased shares in Astaka Holdings Limited, a holding company of one of the companies controlled by our major customer, from the open market representing approximately 0.2% of its issued share capital.

Southern Diggers Enterprise Sdn. Bhd. ("**Southern Diggers**"), which is 33.3% owned by Mr. Toh Ang Poo, a connected person of our Company at the subsidiary level, is one of our top five largest suppliers for the year ended 30 June 2021.

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

Key relationships with customers

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

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



Directors' Report

Key relationships with suppliers and subcontractors

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

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

DIRECTORS

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

Executive Directors:

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

Non-executive Director:

Datin Ngooi Leng Swee

Independent non-executive Directors:

Mr. Tai Lam Shin
Mr. Chan Tsun Choi, Arnold
Ms. Chan Pui Kwan

In accordance with article 84(1) of the Company's Articles of Association, Mr. Lam Fung Eng, Mr. Ng Chong Boon and Mr. Tai Lam Shin shall retire from office by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election at the annual general meeting.

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

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



Directors' Report

DIRECTORS' SERVICE CONTRACTS

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

Name of Directors	Date of Commencement
Dato' Ng	10 May 2019
Mr. Lam Fung Eng	10 May 2019
Mr. Ng Chong Boon	10 May 2019
Datin Ngooi	10 May 2019
Mr. Tai Lam Shin	10 May 2019
Mr. Chan Tsun Choi, Arnold	25 May 2020
Ms. Chan Pui Kwan	10 May 2019

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

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

PERMITTED INDEMNITY PROVISION

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

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in the paragraph headed "Connected Transactions" and note 30 to the consolidated financial statement in this annual report, there were no transactions, arrangements or contracts of significance to which the Company or the Company's holding companies, subsidiaries or fellow subsidiaries was a party and in which a Director or a connected entity of a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Report

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

DIRECTORS' REMUNERATION

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

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

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

At as 30 June 2021, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules were as follows:

Long positions in the Shares of the Company

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

Notes:

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

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

Directors' Report

- (3) Dato' Ng is the spouse of Datin Ngooi. Accordingly, Dato' Ng is deemed, or taken to be, interested in all the Shares in which Datin Ngooi is interested for the purpose of SFO.
- (4) Datin Ngooi beneficially owns 100% of the share capital of JBB Berlian Investment Limited. By virtue of the SFO, Datin Ngooi is deemed to be interested in 161,233,500 Shares held by JBB Berlian Investment Limited, representing approximately 32.25% of the entire issued share capital of our Company.
- (5) Datin Ngooi is the spouse of Dato' Ng. Accordingly, Datin Ngooi is deemed, or taken to be, interested in all the Shares in which Dato' Ng is interested for the purpose of SFO.

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) or pursuant to section 352 of the SFO, required to be recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

CONTRACT OF SIGNIFICANCE

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

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

As at 30 June 2021, so far as is known to the Directors, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the Shares or underlying Shares of the Company which are required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Long positions in the Shares of the Company

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



Directors' Report

Note:

- (1) The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.
- (2) The 181,816,500 Shares are held by JBB Jade Investment Limited, which is wholly owned by Dato' Ng, the executive Director of the Company. Dato' Ng is the spouse of Datin Ngooi.
- (3) The 161,233,500 Shares are held by JBB Berlian Investment Limited, which is wholly owned by Datin Ngooi, the non-executive Director of the Company. Datin Ngooi is the spouse of Dato' Ng.

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

DEED OF NON-COMPETITION UNDERTAKING

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

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

Directors' Report

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

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 30 June 2021 and up to the date of this annual report.

CONNECTED TRANSACTIONS

During the year ended 30 June 2021, the Group had entered into the following transactions which constitute the continuing connected transactions under Chapter 14A of the Listing Rules, details of which are set out below:

Non-exempt Continuing Connected Transactions with Southern Diggers

Bukit Pelali Project Works

Part of the infrastructure works in a buildings and infrastructure project in relation to a mixed development at Pengerang, Kota Tinggi, Johor, Malaysia awarded by Bukit Pelali Properties Sdn. Bhd. (the "**Bukit Pelali Project Works**") have been subcontracted to Southern Diggers by three subcontract agreements according to our Group's policy in selection of subcontractors (the "**Southern Diggers' Subcontract Agreements**").

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

No. of contract	Date of the contract	Parties involved	Contract	Original contract sum	Completion date/ Anticipated completion date
1	15 February 2018	JBB Builders; Southern Diggers	Subcontract Agreement — Infrastructure Works Phase 1B, first supplementary agreement dated 31 March 2019 and second supplementary agreement dated 29 June 2020	RM10,590,464.70	Third quarter of 2020 ⁽¹⁾
2	28 December 2017	JBB Builders; Southern Diggers	Letter of Acceptance — Infrastructure Works (Phase 2A & 2B), first supplementary agreement dated 31 March 2019 and second supplementary agreement dated 29 June 2020	RM16,819,227.39	Third quarter of 2020 ⁽²⁾



Directors' Report

Notes:

- (1) with a defects liability period of 12 months from the date of completion.
- (2) with a defects liability period of 27 months from the date of completion.

During the year ended 30 June 2021, JBB Builders received subcontracting work from Southern Diggers in relation to Southern Diggers' Subcontract Agreements with an aggregate amount of approximately RM5.2 million (annual cap for 2021: RM14.1 million). The aggregate amount does not exceed the relevant amount capped for the year ended 30 June 2021.

Construction Work

On 1 August 2019 and 30 June 2021, JBB Builders entered into a letter of award and supplementary agreement with Southern Diggers respectively in relation to the service of construction work of upgrading existing Kempas Interchange at North South Highway at Jalan Kempas Lama, Johor, Malaysia with original contract sum of RM35,664,371.73 ("**Southern Diggers Construction Work Subcontract Agreement**"). The contract is expected to be completed in the second quarter of 2022 with a defects liability period of 365 days from the date of completion.

During the year ended 30 June 2021, JBB Builders subcontracting work receiving from Southern Diggers in relation to Southern Diggers Construction Work Subcontract Agreement amounted to approximately RM13.7 million (annual cap for 2021: RM28.7 million). The transaction amount does not exceed the relevant amount capped for the year ended 30 June 2021.

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

Bukit Pelali Project Works

On 7 November 2017, JBB Builders entered into a letter of award with Kimlun, first supplementary agreement dated 31 March 2019 and second supplementary agreement dated 29 June 2020 (collectively the "**Main Building Work Agreement**") for subcontracting the building works in the Bukit Pelali Project Works to Kimlun with original contract sum of RM35,850,554.78. The contract is completed in the third quarter of 2020 with a defects liability period of 27 months from the date of completion.

During the year ended 30 June 2021, JBB Builders subcontracting work receiving from Kimlun in relation to Main Building Work Agreement amounted to approximately RM3.2 million (annual cap for 2021: RM5.2 million). The transaction amount does not exceed the relevant amount capped for the year ended 30 June 2021.

For further details of the continuing connected transactions as mentioned above, please refer to the section headed "Continuing Connected Transactions" in the Prospectus and the announcements dated 1 August 2019, 29 June 2020 and 30 June 2021.



Directors' Report

Annual Review of Non-exempt Continuing Connected Transaction

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

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

In respect of the continuing connected transactions, the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules for the year ended 30 June 2021.

Related Party Transactions

Details of the material related party transactions under normal course of business are set out in note 30 to the consolidated financial statements. These transactions did not fall under the definition of connected transactions or continuing connected transactions, which are required to comply with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 38 to the consolidated financial statements, there have been no other important events affecting our Group that have occurred after 30 June 2021 and up to the date of this report.

SUFFICIENCY OF PUBLIC FLOAT

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



Directors' Report

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 42 to 60 of this annual report.

AUDIT COMMITTEE

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

The audit committee of the Company had reviewed the accounting principles and policies adopted by the Group and the financial reporting matters including annual results and the audit of the consolidated financial statements of the Group for the year ended 30 June 2021.

INDEPENDENT AUDITOR

The consolidated financial statements for the year ended 30 June 2021 have been audited by Crowe Malaysia PLT ("**Crowe**"). A resolution will be submitted to the forthcoming annual general meeting to reappoint Crowe, being eligible and offering themselves for reappointment as auditor of the Company.

On behalf of the Board

Dato' Ng Say Piyu

Chairman

Hong Kong, 24 September 2021



Corporate Governance Report

INTRODUCTION

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

CORPORATE GOVERNANCE PRACTICES

During the year ended 30 June 2021 and up to the date of this report, the Board is of the view that the Company had adopted and complied with all applicable code provisions set out in the CG Code.

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

DIRECTORS' SECURITIES TRANSACTIONS

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

Having made specific enquiry, all Directors confirmed that they have complied with the required standard as set out in the Model Code during the year ended 30 June 2021 and up to the date of this report. The Company was not aware of any non-compliance with the Model Code by the Directors.

The Company had also established model code no less exacting than the required standard set out in Model Code (the “**Employees Model Code**”) for securities transactions by employees and the Directors who are likely to be in possession of inside information of the Company. The Company was not aware of any non-compliance with the Employees Model Code during the year ended 30 June 2021 and up to the date of this report.

BOARD OF DIRECTORS

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



Corporate Governance Report

Board Composition

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

Executive Directors:

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

Non-executive Director:

Datin Ngooi Leng Swee

Independent non-executive Directors:

Mr. Tai Lam Shin
Mr. Chan Tsun Choi, Arnold
Ms. Chan Pui Kwan

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

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

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

Board Meetings

Provision A.1.1 of the CG Code stipulates that the Board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communications.

Corporate Governance Report

During the year ended 30 June 2021, eight Board meetings were held involving the active participation of Directors, either in person or through electronic means of communication. Apart from regular Board meetings, Chairman also held a meeting with the independent non-executive Directors without the presence of other Directors in July 2020.

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

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

A summary of the attendance record of each Director at the Board and Board committee meetings held during the year ended 30 June 2021 is set out in the table below:

Name of Director	Board	No. of meeting attended/No. of meeting held			
		Audit Committee	Nomination Committee	Remuneration Committee	2019 Annual General Meeting
Number of meetings held	8	3	1	1	1
<i>Executive Directors:</i>					
Dato' Ng	8/8	N/A	1/1	1/1	1/1
Mr. Lam Fung Eng	8/8	N/A	N/A	N/A	1/1
Mr. Ng Chong Boon	8/8	N/A	N/A	N/A	1/1
<i>Non-executive Director:</i>					
Datin Ngooi	8/8	N/A	N/A	N/A	1/1
<i>Independent non-executive Directors:</i>					
Mr. Tai Lam Shin	8/8	3/3	1/1	1/1	1/1
Mr. Chan Tsun Choi, Arnold	8/8	3/3	1/1	N/A	1/1
Ms. Chan Pui Kwan	8/8	3/3	1/1	1/1	1/1



Corporate Governance Report

Chairman and Chief Officer

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

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

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

Independent Non-executive Directors

During the year ended 30 June 2021, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing at least one-third of the Board with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise. Independent non-executive Directors are appointed for a term of three years, subject to retirement by rotation and re-election in accordance with the Company's Articles of Association.

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

Nomination Policy of Directors

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



Corporate Governance Report

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

- (a) reputation for integrity;
- (b) qualifications including professional qualifications, skills, knowledge, accomplishment and experience that are relevant to the Company's business and corporate strategy;
- (c) the structure, size, composition and needs of the Board and its respective Board committees at the time, taking into account of succession planning, where appropriate;
- (d) commitment in respect of available time and relevant interest;
- (e) Board diversity policy of the Company ("**Board Diversity Policy**") and any measurable objectives adopted by the Board for achieving diversity on the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- (f) any information obtained through third party references or background checks;
- (g) if a proposed candidate will be holding his/her seventh (or more) listed company directorship, the candidate's ability to devote sufficient time to the Board; and
- (h) requirement for the Board to have independent non-executive Directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules.

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



Corporate Governance Report

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

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

Appointment and Re-election of Directors

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

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

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

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

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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



Corporate Governance Report

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

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

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

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

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

Directors' Liabilities Insurance

During the year ended 30 June 2021 and up to date of this report, the Company has arranged for appropriate insurance cover in respect of the legal actions against the Directors.

Continuous Professional Development of Directors

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

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

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

Corporate Governance Report

During the year ended 30 June 2021, in-house briefings, seminars/webinars held by professional organisations and relevant reading materials including legal and regulatory updates and seminars handouts have been provided to the Directors for their reference and studying. All the Directors have also provided the Company a record of training they received during the year ended 30 June 2021.

The training records of the Directors for the year ended 30 June 2021 are summarised as follows:

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

BOARD COMMITTEES

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

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



Corporate Governance Report

Audit Committee

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

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

- (a) to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor, and deal with any questions of its resignation or dismissal;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (c) to discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (d) to develop and implement policy on engaging an external auditor to supply non-audit services;
- (e) to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and review significant financial reporting judgments contained in them;
- (f) to review the Company's financial controls, risk management and internal control systems;
- (g) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems;
- (h) to review the Group's financial and accounting policies and practices;
- (i) to review the external auditor's management letter, any material queries raised by the external auditor to management about accounting records, financial accounts or systems of control and management's response;
- (j) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter; and
- (k) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.



Corporate Governance Report

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

The audit committee held three meetings during the year ended 30 June 2021 during which the audit committee had, among other things:

- (a) reviewed the accounting principles and policies adopted by the Group and the financial reporting matters including annual results and audited consolidated financial statements of the Group for the year ended 30 June 2020, and interim results and unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2020;
- (b) reviewed the changes in accounting standards and assessed their potential impacts on the Group's financial statements;
- (c) discussed and approved the nature and scope of the audit and reporting obligations;
- (d) reviewed the effectiveness of the Group's risk assessment and internal control systems;
- (e) performed annual review of the non-exempt continuing connected transactions of the Group for the year ended 30 June 2020;
- (f) made recommendations to the Board on the re-appointment of external auditor, and the terms of engagement;
- (g) considered and made recommendations to the Board on the change of the external auditor, and the terms of engagement;
- (h) reviewed the independence of external auditor;
- (i) reviewed the arrangements employees of the Company to use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters; and
- (j) reviewed the Company's corporate governance compliance matters.

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

Remuneration Committee

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



Corporate Governance Report

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

- (a) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) to determine, with delegated responsibility or make recommendations to the Board, on the remuneration packages of individual executive Directors and senior management;
- (c) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (d) to make recommendations to the Board on the remuneration of non-executive Directors;
- (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (f) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- (h) to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

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

The remuneration committee held one meeting during the year ended 30 June 2021 during which the remuneration committee had, among other things:

- (a) reviewed the remuneration policy for Directors and senior management of the Company;
- (b) reviewed the salary adjustment of executive Directors;
- (c) reviewed the remuneration packages of the executive Directors, non-executive Director, independent non-executive Directors and senior management for the year ended 30 June 2020; and
- (d) made recommendations to the Board on the remuneration packages of the executive Directors, non-executive Director, independent non-executive Directors and senior management for the year ended 30 June 2021.

Corporate Governance Report

Details of the remuneration of the senior management are set out in note 30(a) to the consolidated financial statements for the year ended 30 June 2021 and as follows:

Number of employee(s)

HK\$Nil to HK\$1,000,000	3
HK\$1,000,001 to HK\$1,500,000	2

Nomination Committee

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

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

- (a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (b) to establish and review the policies and procedures on how to identify individuals suitably qualified to become Board members and to select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (c) to assist the Board in establishing the Board Diversity Policy;
- (d) to establish and review the policies and procedures on the selection, appointment and reappointment of Directors, which shall at all times consider the potential contributions one could bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- (e) to assess the independence of independent non-executive Directors; and
- (f) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman.

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

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



Corporate Governance Report

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

The nomination committee held one meeting during the year ended 30 June 2021 during which the nomination committee had, among other things:

- (a) reviewed the Board Diversity Policy;
- (b) reviewed the Nomination Policy;
- (c) reviewed the structure, size, diversity and composition of the Board and Board Committees;
- (d) considered and recommended to the Board the re-election of the retiring Directors at the forthcoming annual general meeting; and
- (e) assessed the independence of the independent non-executive Directors.

BOARD DIVERSITY POLICY

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

Corporate Governance Report

During the year ended 30 June 2021 and as at the date of this report, the Board comprises seven Directors, two of which are female. The following tables further illustrate the diversity of the Board members as of the date of this report:

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

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

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

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



Corporate Governance Report

CORPORATE GOVERNANCE FUNCTIONS

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

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

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has the responsibility to maintain an effective risk management and internal control systems in order to safeguard the Group's assets and investments and the Shareholders' interest and conducts a review on an annual basis. The Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board had conducted review of the effectiveness of the risk management and internal control systems of the Company in aspects of the Group's financial, operational, compliance controls and risk management functions through the effort of the audit committee for the year ended 30 June 2021. The Group currently has no internal audit function and during the year under review, the Company engaged an external independent consultant ("**Consultant**") instead of recruiting a team of an internal audit staff to conduct review of the risk management and internal control systems once every half year as the Board considers that it is more cost effective.

The Board has the overall responsibility to maintain the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function and the Board had reached the conclusion that the Group's risk managements and internal control systems were adequate and effective for the year ended 30 June 2021. No significant areas of concern were identified.

Main Features of the Risk Management and Internal Control Systems

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



Corporate Governance Report

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

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

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

DISCLOSURE OF INSIDE INFORMATION

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

The Inside Information Policy covers the following:

- the Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;
- the Group has formulated inside information policies and disclosed its policies on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and its website;
- the Group has strictly prohibited unauthorised use of confidential or inside information; and
- the Group regularly reminds the Directors and employees about due compliance with all policies regarding the inside information, as well as keeps them apprised of the latest regulatory updates.

Corporate Governance Report

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 30 June 2021, and confirmed that the consolidated financial statements of the Company were prepared in accordance with statutory requirements and applicable accounting standards.

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

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 106 to 111 of this annual report.

AUDITORS' REMUNERATION

The audit committee had reviewed and ensured the independence and objectivity of the external auditors. Details of the fees paid or payable to external auditors for the year ended 30 June 2021 are as follows:

Types of services provided by the external auditors	For the year ended 30 June 2021 RM'000
Audit services	364
Non-audit services	
— Interim review	35
— Review of continuing connected transactions	20
Total	419

COMPANY SECRETARY

The Company has appointed Ms. Lam Lam, who is an employee of the Company as its company secretary to oversee the company secretarial and compliance affairs of the Group. The biography of Ms. Lam is set out in the section headed "Biographical Details of Directors and Senior Management" in this annual report. Ms. Lam has confirmed that during the year ended 30 June 2021, she has taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

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



Corporate Governance Report

SHAREHOLDERS' RIGHTS

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

Convening an Extraordinary General Meeting by Shareholders

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

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

Putting Forward Enquiries to The Board

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

Putting Forward Proposals at General Meetings

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

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



Corporate Governance Report

Contact Details

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

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

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

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

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

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

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

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

For the information of Dividend Policy of the Company, please refer to the section headed "Directors' Report" (on page 25) in this annual report.



Environmental, Social and Governance Report

ABOUT THE REPORT

We are primarily engaged in marine construction, building and infrastructure work as well as marine transportation. With a sound reputation and experience of almost a decade, we are one of the key players in marine construction in Malaysia with a track record in undertaking large-scale marine construction contracts.

Having a deep ambition to construct long-term trusted ties with our stakeholders in the community, the Group is pleased to publish our 2021 environmental, social and governance (“**ESG**”) report (the “**Report**”) summarising our ESG performance and initiatives.

Scope of the Report

The Report examines the Group’s ESG management approaches, and corresponding performance within our operational boundaries, which mainly include marine construction, building and infrastructure work in Malaysia, marine transportation in Malaysia and Singapore, and the administrative activities in Hong Kong from 1 July 2020 to 30 June 2021 (the “**Reporting Period**”, “**2021**”). Based on the revenue generated, size of operations and significance of the operations, we have expanded our reporting scope in 2021 to include administrative and marine transportation activities in Singapore.

- The Company
- JBB Builders (M) Sdn. Bhd.
- JBB Resources (Singapore) Private Limited

Reporting Standard

The Report has been prepared in accordance with the “**Comply or Explain**” provisions and the social and environmental key performance indicators (“**KPIs**”) of the ESG Reporting Guide set out in Appendix 27 of the Listing Rules (“**ESG Reporting Guide**”).



Environmental, Social and Governance Report

Throughout the Report, we adopt the reporting principles of materiality, quantitative, balance and consistency.

Reporting Principles	Description
Materiality	Material topics were assessed through internal discussion and engagement of key stakeholders. A materiality matrix was produced and presented in the session — Materiality Assessment.
Quantitative	All social and environmental KPIs were calculated and presented with reference to the ESG Reporting Guide and robust methodologies were adopted as illustrated in the respective sessions of the Report.
Balance	Data comparisons over years have been presented in the Report with illustration on the achievement and rooms for improvement of the Group.
Consistency	The Report has been prepared based on the same methodologies as compared to previous year. The reporting scope is expanded to reflect the significant business operation of the Group with the consideration of reporting scope discussed in the session — Scope of Report.

The Report has been reviewed and approved by the Board.

Contact and Feedback

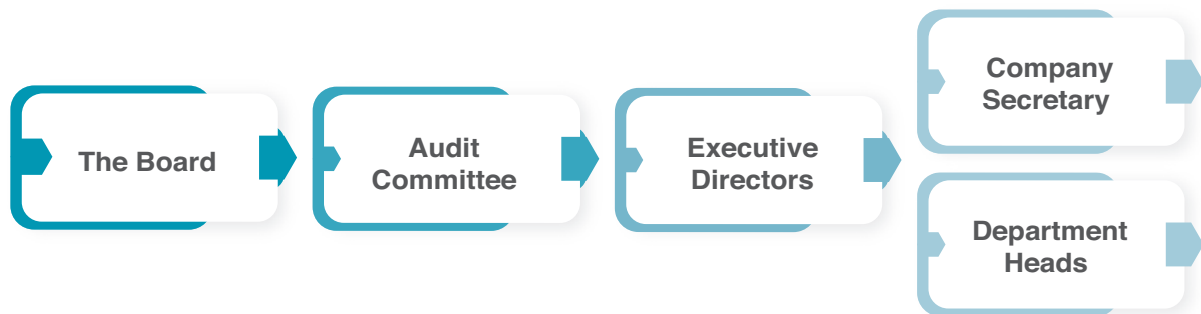
The Group strives to build a trusted relationship with the community. We formulate our business strategies for the best interests of our stakeholders; therefore, we treasure your feedback on this Report and our sustainability performance. If you have any comments or suggestions, please feel free to contact us via enquiry@jbb.com.my.

Environmental, Social and Governance Report

ESG MANAGEMENT

Sound ESG Governance Structure

The Group understands the growing importance of ESG, as we see the growing interest from investors seeking to understand how we identify and respond to ESG-related risks. We also see the increasing requirement for organisations to carry out sustainability reporting. As such, we devote our best efforts in formulating a forward-looking strategic approach that reflects our long-term interests so that the impact of ESG-related issues on the Group, the stakeholders and the community can be minimised. Our ESG Management Policy outlines our management approach to reinforce the business operations that aligns with our ESG commitments. In order to facilitate the oversight of key ESG issues by senior management, we integrate ESG governance into the corporate governance structure across the Group, from the Board to department heads to form a working group (“**ESG Working Group**”).



The ESG Working Group comprises five key governance structures, namely the Board, the Audit Committee, Executive Directors, the company secretary as well as department heads. The Board oversees the ESG management mechanism of the Group, with the Audit Committee acting on behalf of the Board to monitor the process of risk management. Detailed roles and responsibilities are presented in the below table:

ESG Governance Structure	Roles and Responsibilities
The Board	<ul style="list-style-type: none">• Superintending the assessment of the Group’s environmental and social impacts• Ensuring that suitable and effective ESG risk management and internal control systems are in place• Ensuring the Group’s ESG policies align with the regulatory requirements and expectation of investors• Setting the management approach, strategy, priorities and objectives• Reviewing the Group’s performance periodically against the ESG goals and targets• Authorising and assigning duties to the ESG Working Group• Approving the Report



Environmental, Social and Governance Report

ESG Governance Structure	Roles and Responsibilities
Audit Committee	<ul style="list-style-type: none">• Acting on behalf of the Board to maintain the oversight of the risk management process, including ESG risks• Reviewing the ability of the Company to manage and respond to the risks• Ensuring the accuracy of the metrics and disclosures, and providing recommendation to the Board
Executive Directors	<ul style="list-style-type: none">• Making decisions on ESG-related goal setting and coordinating relevant communication across the Group• Determining the level of risk tolerance of the Group and the capacity of the Group to mitigate those risks• Providing leadership for the implementation of ESG practices and evaluating the progress of the risk management• Advocating a top-down approach on ESG-related issues to ensure the inclusion of ESG considerations in the Group's business decision-making process• Attending regular meetings of the ESG Working Group to formulate ESG-related strategies and promote ESG awareness throughout the Group
Company Secretary	<ul style="list-style-type: none">• Closely monitoring the development in ESG-related laws and regulations that may affect the Group's business and operations and advise the Board accordingly• Consolidating ESG-related reporting regularly for the Executive Directors to review, in order to facilitate monitoring of ESG-related risks
Department Heads	<ul style="list-style-type: none">• Executing ESG policies and procedures at department level• Collecting input of ESG matters from each department and reporting to the Executive Directors• Setting ESG-related goals, monitoring ESG-related risks and taking practical measures to mitigate ESG-related risks in day-to-day operations• Providing information for the Board and Audit Committee to assess the effectiveness of the risk management and internal control system

Environmental, Social and Governance Report

ESG Risk Management

We are fully aware that the evolving pattern of ESG-related risks may seriously damage the Group's reputation and undermine our operational capabilities. To enable effective risk management, we have been implementing a risk management system with a set of Risk Management and Internal Control Policy and Procedures in place. The management of ESG-related risks has been incorporated into our existing risk management framework. Our process of risk management includes understanding of the Group's objectives by the Board and management, identification of the risks, evaluating their potential impacts and likelihood, as well as monitoring, evaluating and developing measures to address and manage the risks. The Board is held responsible for the overall risk and internal control system management with the assistance of the Executive Directors and the Audit Committee, as well as other business units and staff. To further identify the potential ESG risks of the Group, we have commissioned a consultant to conduct a detailed ESG risk assessment in the Reporting Period and include the identified key ESG risks incorporated into our risk management framework. The system and findings are reviewed annually by the Audit Committee to identify improvement areas.

ESG ACHIEVEMENTS

We are honoured to receive the award of the ESG Committee Prize of InnoESG Prize co-granted by SocietyNext Foundation, UNESCO HK Association Glocal Peace Centre and Rotary Action Group for Peace in 2021. The prize is a recognition of the Group's ESG achievements in three areas, which include our impact on society, our influence on society and our innovation in solutions.

Over the past years, we have demonstrated our social impact and influence, as well as innovation through our leading ESG approach such as the creation and maintenance of a well-organised ESG management, a fair and competitive employment policy, a well-rounded development of our employees, a reliable value chain, as well as our community engagement, pandemic prevention efforts and forward-looking approach on climate-related issues.

With our efforts in ESG and social contribution being recognised, we are committed to persistently achieving excellence in ESG innovation and management in order to build up our brand as one of the leading corporations in promoting sustainability and ultimately, to create sustainable prosperity.



Environmental, Social and Governance Report

STAKEHOLDER ENGAGEMENT

In order to better understand our stakeholders' perspectives and expectations on the Group's ESG issues, as well as the associated environmental and social impacts on the business, we are keen on maintaining close communication with them. By gathering stakeholders' opinions and understanding their concerns, the Group can refine its management policies and approaches on ESG management, determine a more suitable way to address the ESG issues as well as making continuous improvement on its ESG performance.

Apart from identifying the key stakeholder groups which have a significant impact on our business or those which can be significantly affected by our operations, we maintain effective communication with them through various channels, as shown in the table below:

Stakeholder Groups	Communication Channels
Investors and shareholders	<ul style="list-style-type: none">• Company website• Company's publications including annual reports and interim reports• Annual general meeting
Customers	<ul style="list-style-type: none">• Company website• Company's publications including annual reports and interim reports• Ongoing direct communication• Complaint channels• Regular meetings• Customer satisfactory survey
Subcontractors	<ul style="list-style-type: none">• Selection and evaluation process• Self-assessment• Day-to-day monitoring and site inspections• Regular evaluation• Regular site meetings
Employees	<ul style="list-style-type: none">• Orientation• Training sessions• Employee coaching• Mentoring• Regular meetings• Performance appraisals• Staff events
Community and the public	<ul style="list-style-type: none">• Company website• Company's publications• Community activities

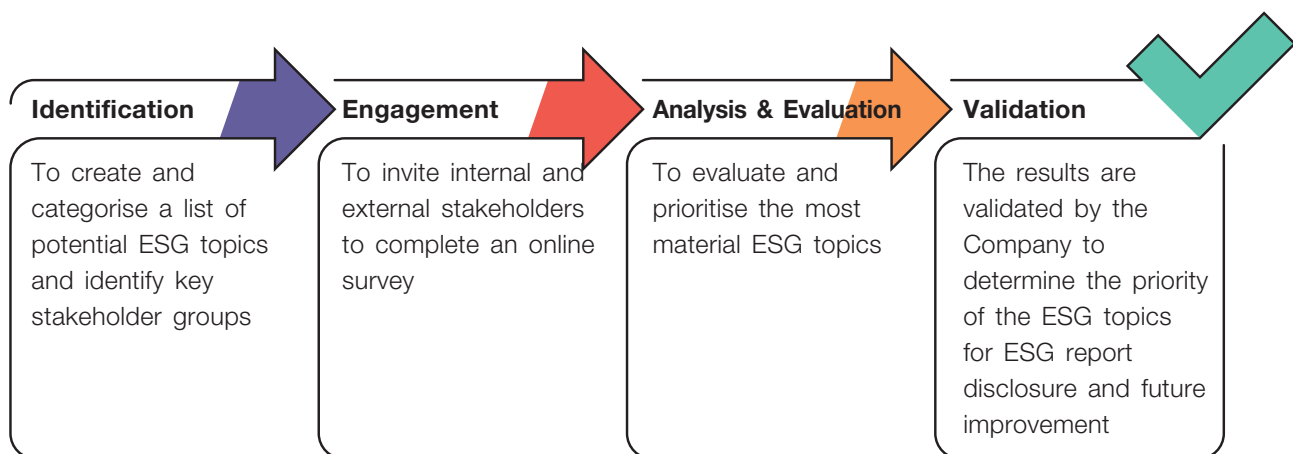
Environmental, Social and Governance Report

MATERIALITY ASSESSMENT

Identifying the material ESG issues that matter the most to the Group is a prerequisite of setting the framework for the Report and formulation of ESG management strategies. As such, we regularly conduct materiality assessment internally and externally to determine the sustainability issues that matter the most to the Group, which will become the main focus of our sustainability strategy and facilitate the implementation of relevant initiatives. Apart from the mainstream ESG topics as described in the following page, we also consider our key values, policies, strategies, operational management systems, goals and targets, the financial implications, the environmental and social impacts, the stakeholders' interests and expectations, the significant risks and opportunities, such as reputational risks, as well as our core competencies and how we can contribute to sustainable development.

In view of the above, an independent consultant has been commissioned to conduct a materiality assessment by conducting an online survey in order to formulate strategies for managing the material ESG issues that matter the most to the Group. Our key stakeholder groups, such as customers, subcontractors/suppliers, employees and Board members were invited to fill in a questionnaire and determine the relevance and importance of the identified 27 ESG topics to the Group's business operations and the stakeholders themselves respectively.

Based on the materiality of each of the ESG topics as perceived by the stakeholders, the ESG topics are prioritised and shown in the materiality assessment matrix below. The topics which fell in the upper right corner of the matrix were defined as the topics that matter the most to the Group's business operations and our stakeholders as far as they are concerned.



Environmental, Social and Governance Report



Environment

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

Employment

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

Community

27. Community investment

Social

Operation

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

Environmental, Social and Governance Report




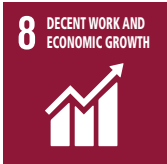



With the aid of materiality assessment, we understand the potential ESG risks and opportunities in our business operations, which help us to optimise our business strategies and enable a better resource allocation focusing on the most important ESG issues. Furthermore, it shows us the direction to fulfil stakeholder satisfaction by meeting their expectations, as summarised below:

Key Concerns from Stakeholders	Our Responses	Sections
Occupational health and safety	We are committed to safeguarding the mental and physical health, as well as workplace safety of our employees. To ensure that they work in a healthy and safe workplace, we have implemented a systematic safety management framework and stringent safety and health policies throughout our sites and operations.	MUTUALLY BENEFICIAL EMPLOYMENT — Healthy and Safe Workplace
Business ethics	We value business ethics as much as our stakeholders do. Apart from complying with all the relevant laws and regulations, we have been strictly enforcing our Code of Conduct as well as other anti-corruption and anti-fraud policies for our employees. We have been maintaining various reporting and whistleblowing channels to ensure that we are well informed of any business misconducts.	RESPONSIBLE OPERATIONS — Business Ethics
Customer privacy and data protection	There has been growing concerns of privacy and data protection issues during the information era. We have been strictly complying with relevant laws and regulations and have stringent data protection and inside information policies in place to ensure that all the customer information entrusted to us is in safe hands.	RESPONSIBLE OPERATIONS — Reliable Services
Prevention of child labour and forced labour	A workplace that embraces labour rights is considered material by our stakeholders. We share the same views. Ensuring that our workplace is free from child and forced labour has always been the priority of our recruitment procedures as well as our daily operations.	MUTUALLY BENEFICIAL EMPLOYMENT — Child and Forced Labour-free Workplace
Customer satisfaction	Our stakeholders realise that we should focus on the quality of services we provided. As an ISO 9001:2015 accredited company, we are always committed to ensuring the quality of our services from planning to completion.	RESPONSIBLE OPERATIONS — Reliable Services

Environmental, Social and Governance Report

OUR SUSTAINABILITY ALIGNMENT

In 2015, the United Nations adopted the 2030 Agenda for Sustainable Development action, which underpinned 17 Sustainable Development Goals (“SDGs”) with an aim to end poverty, protect the planet, and ensure a peaceful and prosperous world by 2030. As a responsible company which has a long-term sustainability vision, we have aligned our ESG management and initiatives with 7 SDGs that we have identified as being the most relevant to our stakeholders and our business. Details of our response can be referenced to the sections below.

SDGs	Sections
 <p>3 GOOD HEALTH AND WELL-BEING</p>	MUTUALLY BENEFICIAL EMPLOYMENT — Healthy and Safe Workplace
 <p>5 GENDER EQUALITY</p>	MUTUALLY BENEFICIAL EMPLOYMENT — Fair and Diverse Workplace
 <p>6 CLEAN WATER AND SANITATION</p>	ECO-FRIENDLY OPERATIONS
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	MUTUALLY BENEFICIAL EMPLOYMENT — Employment Conditions
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	RESPONSIBLE OPERATIONS — Supply Chain Management and ECO-FRIENDLY OPERATIONS
 <p>13 CLIMATE ACTION</p>	CLIMATE CHANGE PREPAREDNESS
 <p>14 LIFE BELOW WATER</p>	ECO-FRIENDLY OPERATIONS

Environmental, Social and Governance Report

MUTUALLY BENEFICIAL EMPLOYMENT

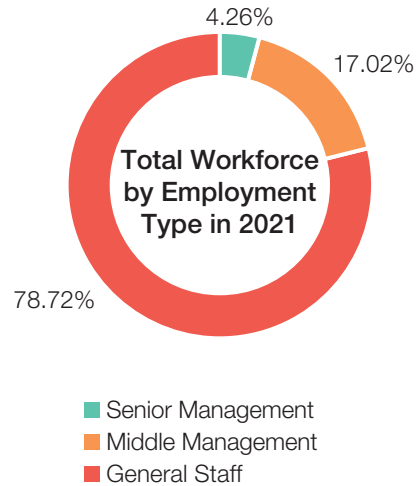
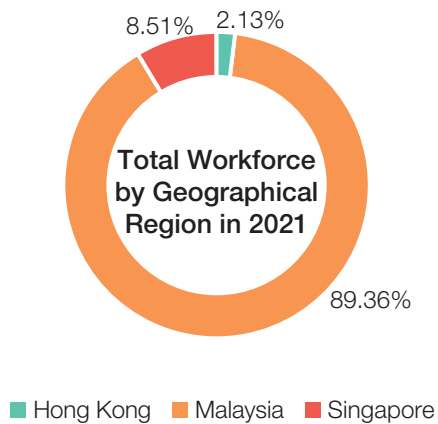
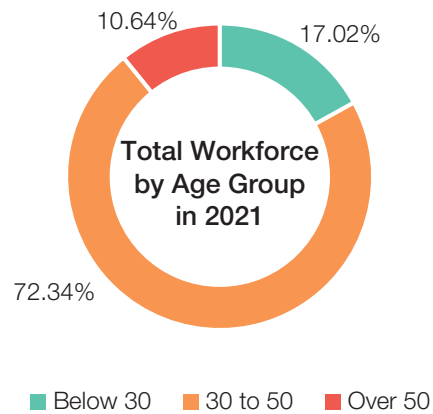
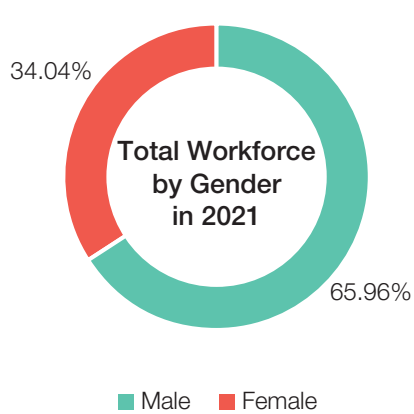
We recognise and value the contribution made by our employees to the Group. The Group is committed to investing in enhancing employees' physical and mental health, career development, and well-being as our recognition of their hard work. As such, we are committed to maintaining high employment standards and a healthy and safe workplace. We aim to create a healthy and safe environment that can minimise health risks and improve the quality of life of our employees. The employment figures as at the end of the Reporting Period and in FY2020 ("2020") are summarised below:

		2021	2020 ¹
Total number ²		47	58
By gender (%)	Male	65.96%	67.24%
	Female	34.04%	32.76%
By age group (%)	Below 30	17.02%	32.76%
	30 to 50	72.34%	58.62%
	Over 50	10.64%	8.62%
By geographical region (%)	Hong Kong	2.13%	1.72%
	Singapore	8.51%	1.72%
	Malaysia	89.36%	96.56%
By employment type (%)	Senior Management	4.26%	3.45%
	Middle Management	17.02%	13.79%
	General Staff	78.72%	82.76%

¹ The data in 2020 has been adjusted by including the employees based in Singapore which is not under scope in prior year.

² The number excludes the Directors.

Environmental, Social and Governance Report



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Employee Turnover Rate ³		2021		2020	
		Overall	Excluding Redundancy ⁴	Overall	Excluding Redundancy ⁴
Total		28.57%	9.52%	33.85%	15.38%
By gender	Male	34.29%	8.57%	37.50%	10.00%
	Female	17.14%	11.43%	28.00%	24.00%
By age group	Below 30	59.26%	22.22%	40.82%	28.57%
	30 to 50	14.71%	2.94%	28.99%	8.70%
	Over 50	40.00%	20.00%	33.33%	0.00%
By geographical region	Hong Kong	0.00%	0.00%	0.00%	0.00%
	Singapore	40.00%	40.00%	0.00%	0.00%
	Malaysia	28.57%	8.16%	34.38%	15.63%

Healthy and Safe Workplace

Related goal(s):

SDG3: Good health and well-being

To ensure healthy lives and promote well-being for all at all ages

As a responsible employer, we always care about the health and well-being of our employees and we are committed to ensuring our employees work at a healthy and safe workplace.

The Group endeavours to promote and protect mental and physical health of our employees. To ensure that they work in a safe workplace and ensure the safety of the nearby community, we have implemented a systematic safety management framework and stringent safety policies throughout our sites and operations. Below highlight our health and safety initiatives which contributes to SDG3: Good health and well-being.

³ The turnover rate is calculated by dividing the employees in the specified category leaving employment by the average number of employees in the specified category.

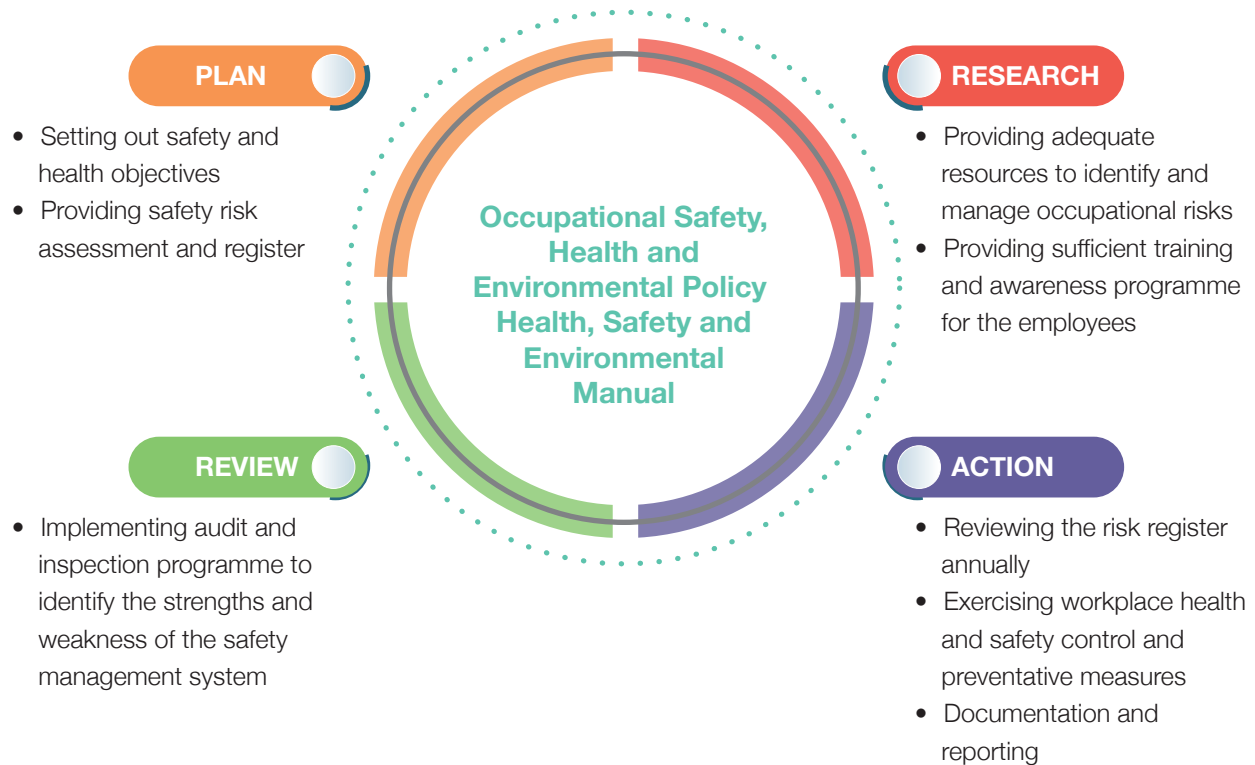
⁴ 10 and 11 redundant employees were laid off during the Reporting Period and in 2020 respectively, due to the slowdown of operations.



Environmental, Social and Governance Report

Safety Management

The Health, Safety and Environmental Manual of the Group sets forth the framework for health and safety risk management, ensuring our commitment is achieved as stipulated in the Occupational Safety, Health and Environmental Policy.





Environmental, Social and Governance Report

In protecting our workforce from any accidents and incidents, a health, safety and environment (“**HSE**”) committee (“**HSE Committee**”), which comprises the project manager, employer representatives such as the site manager, site supervisor and site engineer, and representatives of the subcontractors, has been set up for each project. The HSE officers and site representatives are tasked with performing a job safety analysis for each of our projects. In each project, the tasks involved are clearly recorded and the potential hazards are identified. The assessor will analyse the risk of the tasks accordingly and for any risks identified, control measures will be applied. Besides, we are committed to investing in abundant HSE resources to facilitate the management of HSE-related risks and the compliance of our internal HSE standards. We ensure the effective management of HSE-related risks and establishment of HSE management system throughout all units of the Group and regular review of risk registers. Throughout the operations of the sites, we implement a safety management system to regulate the behaviours of the site workers in various aspects such as fire hazard, tools and machinery operation and safety procedure compliance, with fines imposed to the offenders in order to increase the deterrent effect.

To ensure the level of occupational health and safety of our site operations and to fulfil the regulatory requirements and our own standards, we perform various inspection programmes including safety audit, site walks and monthly inspections on site, and any findings will be filed for discussion at the HSE Committee meetings. A safety report is published monthly for each project to assess its compliance with safety regulations, whether a safety and healthy working condition and sufficient preventive measures have been established, and the statistics of accidents, injuries and fatalities. The HSE Committee will also examine all sites’ performance in relation to safety and traffic issues, as well as the provision of training.

Safety Operations

All new-joiners are required to complete a health declaration form prior to the start of employment to ensure that their health condition are suitable for performing their duties safely. We provide our site workers with protective gears such as safety glasses, safety harnesses, life jackets, safety vests, safety helmets, safety shoes and gloves where necessary, and ensure that they use them properly on site. We carry out inspections on equipment and machinery regularly to ensure that they function properly and safely.

In order to manage the health and safety risks associated with working at height and under hot weather, we have established permit to work system. Permits must be obtained before such works are carried out. Each permit is subject to relevant safety regulations, and a daily inspection will be carried out. In any event of non-compliance with the regulations, the permit will be revoked immediately.

Environmental, Social and Governance Report

Safety Training

We set out the annual training plan to plan for the training sessions that tailor the needs of our employees, in order to regularly refresh and update their safety knowledge in the areas such as project safety, emergency response, accident investigation and firefighting. In addition, safety orientation courses are provided for the employees, covering various safety topics such as our safety and health policies, safe work procedures and accident reporting procedures. During the Reporting Period, we provided our employees with training in understanding of HSE in the industry, the ISO 9001:2015 standard as well as the identification of HSE-related risks and hazards.



Empowering OSH in Industry



Hazard Identification, Risk Assessment and Risk Control Training Session

Emergency Preparedness

We are well planned and prepared for handling emergency situations. We outline the process and procedures to specify what to do, who to inform and where to go in different scenarios in response to the corresponding types of emergencies. In the event of an accident or incident, a report will be filed in compliance with the relevant regulations and an investigation will be carried out in a timely manner.

Environmental, Social and Governance Report

Chemical Safety

Chemical safety is one of the most important considerations on construction sites, as there is potential health and safety hazard if the chemicals are not handled properly. As such, permits must be obtained before using chemicals and other hazardous substances at work. Subcontractors are required to submit a self-declaration in advance to declare the chemicals are used in which job and where the chemicals are stored for our checking. The Safety Department will conduct a checking and assess the safety data of the materials. We also maintain a well-organised registry for recording the stock of chemicals with us.

During the Reporting Period, the Group was not aware of any material breach of relevant laws and regulations in Malaysia, Singapore and Hong Kong pertaining to provision of a safe working environment and protection of employees from occupational hazards, such as Occupational Safety and Health Act of Malaysia, Workplace Safety and Health Act of Singapore, and Occupational Safety and Health Ordinance (Cap. 509) and Employees' Compensation Ordinance (Cap. 282) of Hong Kong. Meanwhile, there were no material work-related fatalities or any lost days due to work injuries during the Reporting Period.

	2021	2020	2019
Number of lost day due to work-related injuries	—	—	—
Number of work-related fatalities	—	—	—

Environmental, Social and Governance Report

Pandemic-related Measures

The health and safety of our visitors and employees is our top priority. In response to the latest developments in the coronavirus (“**COVID-19**”) situation, we have implemented a series of stringent precautionary measures to protect our visitors and employees:

Entry Control

To contain and prevent the spread of COVID-19, we have implemented an extensive entry control for our visitors at our offices. We encourage our contractors, suppliers and vendors to conduct online meetings with us instead of face-to-face meetings. We record the body temperature of each employee before he/she enters the office.



Information Sharing

Information and reminders of COVID-19 preventive measures have been displayed in our office premises and sites in order to promote the health awareness of our employees.

Personal Hygiene Supplies

To encourage our employees to perform personal hygiene, we provide personal hygiene supplies throughout our office premises and sites, such as soap, hand sanitiser and disinfectant spray.



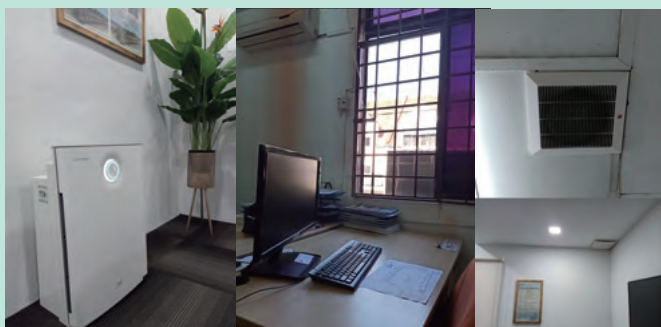
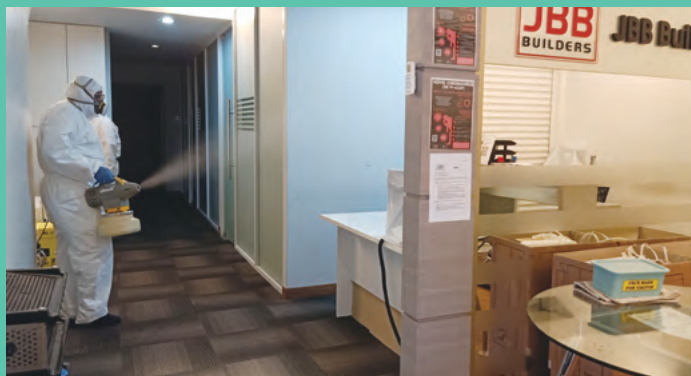
Social Distancing

To protect our employees and minimise the risk of COVID-19 spreading, we require the employees on site and at the office to maintain physical distance with one another and wear a face mask.

Environmental, Social and Governance Report

Enhanced Workplace Sanitation

To ensure that our employees work in a clean and hygienic environment, we have appointed a professional cleaning company to perform sanitation at our office premises and sites daily. Disinfecting mist blowers have been introduced to enhance the effectiveness of sanitation.



Effective Ventilation

Proper ventilation is vital for reducing the risk of airborne transmission of the virus. We have installed exhaust fans at the office and placed air purifiers throughout our office premises and sites to improve ventilation. We also encourage the employees to open the windows to bring in fresh air.

Swab Tests

We arranged swab tests for the frontline employees who have a greater chance of exposure to the virus, in order to track down potential COVID-19 cases and contain the spread of the virus.



Communication Channels

An effective and transparent communication channel is of utmost importance for a better coordination of efforts to fight the pandemic. Throughout the outbreak of COVID-19, we have been keeping our employees posted about the latest pandemic-related developments and our policy response on social media, so that they can get themselves prepared and take necessary actions.

These measures only form a part of the Group's and its employees' effort to combat the pandemic. With our unity and the spirit of mutual help, we believe we will win the fight against COVID-19 soon. The Group will continue to monitor the situation and invest in developing a healthy work environment for our employees.



Environmental, Social and Governance Report

Employment Conditions

Related goal(s):

SDG8: Decent work and economic growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

We have been offering attractive and motivating job opportunities to our talents in the local community and we aim at promoting sustainable economic growth of the economies we operate in.

Our employees play a crucial role in achieving success and attaining growth of the Group. To enable mutual growth of the Group and its employees, we have been striving to create a motivating workplace culture which links rewards to performance. Hence, we offer an attractive and motivating remuneration package based on the overall performance. To incentivise our employees, we may offer salary increments and/or discretionary bonuses in accordance to the employee's performance and the overall profitability of the Group. To maintain a healthy lifestyle of our employees, we have been promoting work-life balance by carrying out relevant activities. Apart from the statutory holidays and paid annual leaves, all eligible employees are also entitled to additional paid leaves to settle various types of personal and business needs, such as relocation leave, medical leave, paternity leave, maternity leave, marriage leave, compassionate leave and emergency leave. In the meantime, we offer a range of allowances to eligible employees on housing, meal, travelling and relocation.

Fair and Diverse Workplace

Related goal(s):

SDG5: Gender equality

Achieve gender equality and empower all women and girls

In response to SDG5, we have taken steps to prevent all forms of discrimination against female and ensure their full and effective participation at different roles of our Group. Employees of all genders are treated equally and exploitation of female workers will not be tolerated.

Key figures in 2021:

34.04% of our employees were female

All of our female employees had received training



Environmental, Social and Governance Report

We are an equal opportunity employer and are committed to ensuring that our workplace is fair, diverse, open, and equal. Any forms of unfavourable treatment, discrimination and/or harassment based on age, colour, race, ethnic origin, nationality, disability, gender, marital status, religious convictions and/or sexual orientation will not be tolerated. We do not make decisions on employment solely because of disability or illnesses. A series of policies and procedures against the use of child and forced labour as stipulated in the Labour Policy of the Group has been implemented.

During the Reporting Period, the Group was not aware of any material breaches of relevant laws and regulations in Malaysia, Singapore and Hong Kong, including among others the Employment Act 1955 of Malaysia, the Employment Act of Singapore and the Employment Ordinance (Cap. 57) of Hong Kong, that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other benefits and welfare.

Child and Forced Labour-free Workplace

As a responsible employer, the Group is committed to protecting the labour rights of our job applicants and employees, and has zero tolerance on any forms of child or forced labour throughout our operations. In formulating the child and forced labour policies, we follow the definitions of child labour and forced labour as proposed by the International Labour Organisation. The Human Resources Department is responsible for closely monitoring the employment procedures to ensure compliance with the child and forced labour policies. Any inappropriate employment will be ceased immediately. During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in Malaysia, Singapore and Hong Kong, including among others the Children and Young Persons (Employment) Act of Malaysia, the Employment (Children and Young Persons) Regulations of Singapore and the Employment Ordinance (Cap. 57) of Hong Kong, relating to child and forced labour.

Child Labour

The Group is against all forms of exploitation of children and does not tolerate any forms of child labour to take place throughout our operations. All job applicants must have reached the legal working age as well as the legal age to carry out hazardous work (if applicable). They are required to show their valid identification at the recruitment stage for verification. Once child labour is found in our workplace, the Human Resources Department will cease such employment and take necessary actions promptly.



Environmental, Social and Governance Report

Forced Labour

The Group respects the rights of employees to freely and voluntarily start or end an employment without threat. The Group does not allow any coercion, threat, violence, intimidation or harassment made to the job applicants and employees, or holding them in debt bondage, in order to pressure them accepting a job offer or staying in a job. We are committed to paying wages regularly and directly to the employees. Any forms of payment that can potentially deprive the employees of the ability to terminate employment, such as promissory notes and vouchers, are strictly prohibited. We also respect the freedom of movement of the employees and forbid any unreasonable restrictions thereof. Detention, confinement or imprisonment of employees in the workplace or dormitories are strictly forbidden as stipulated in our policy. Forced labour is within the scope of report under our Whistleblowing Policy and any report of violation of forced labour policy will be handled in a secure, timely and orderly manner. We also expect our business partners to work with us on eliminating forced labour by complying with relevant laws and regulations, and having a set of similar standards in place.

Learning and Development

We realise the importance of obtaining professional skills, expertise and understanding the latest market insight to the upkeep of the competitiveness of the Group and the employees. We have been sparing no efforts in identifying the learning and development (“**L&D**”) needs of the employees. In the meantime, we encourage them to continue seeking new learning opportunities.

L&D Management

The Human Resources Department is tasked with assessing the training needs of employees, developing L&D strategies, maintaining training records, schedule and budgets, supporting the L&D activities, promoting corporate training programmes and employee development plans, as well as assessing the KPIs of L&D where practicable, and the possible improvement areas. Our management reviews the L&D policies regularly to improve their effectiveness. We have training and development policy in place which requires the provision of training to the Board members, management, new employees and other employees, as well as mentoring and coaching.

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Training Programmes

The Group has been providing on-the-job training to the employees of different roles, including the Board members, management staff, new joiners and other employees. Depending on the business and training needs, training is delivered in various forms such as training sessions, briefings, self-study, employee coaching, mentoring and external training sessions. During the Reporting Period, our training covers the most important ESG topics such as anti-corruption, health and safety, and environmental issues. We offered 1,018 hours of training to the employees, as shown below:

	2021	2020
Total number of hours of training received by employees	1,018.15	780
Average hours ⁵ of training per employee (% of employees who received training) ⁶	19.39 (91.43%)	12.00 (101.54%)
By gender		
Female	31.69 (97.14%)	10.94 (88.00%)
Male	13.25 (88.57%)	12.66 (110.00%)
By employee category		
Senior Management	52.50 (100.00%)	22.00 (100.00%)
Middle Management	26.63 (100.00%)	10.29 (57.14%)
General Staff	16.47 (89.41%)	13.83 (125.00%)

Employee Motivation

To enhance motivation of the employees, they are to be appraised annually based on their performance. High performers may be awarded salary increments and/or discretionary bonuses subject to the discretion of the Group, while low performers will be invited to participate in a performance improvement plan to help them map out areas of improvement.

⁵ It is calculated by dividing the employees received training in the specified category by the average number of employees in the specified category.

⁶ The percentage of employees who received training includes employees who left the Group during the Reporting Period.



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RESPONSIBLE OPERATIONS

We recognise we are a partner with our customers to deliver high quality projects in a timely manner, and with our subcontractors who share the same values and standards. Hence, maintaining a long-term relationship with our customers and business partners is of utmost importance throughout our operation. We have been working closely with our subcontractors and employees to ensure that our services meet the expectations and requirements of the customers.

Supply Chain Management

Related goal(s):

SDG12: Responsible consumption and production
To ensure sustainable consumption and production patterns

In response to the achievement on sustainable procurement practices, we have been including environmental considerations in our subcontractor engagements. Green procurement has been adopted throughout our operations.

An effective supply chain management is one of the fundamental factors of delivering reliable services to our customers in a timely manner, and is conducive to operational efficiency of the Group. Furthermore, we work closely with our subcontractors to make sure that our ESG principles and goals are applied throughout the entire production and operation process. Hence, we have been maintaining close communication with our subcontractors to ensure that their ESG performance and the quality of their deliverables align with our standards and requirements.

Selection of Subcontractors

We require all subcontractors to complete a self-assessment to help us understand, among others, their ESG-related risks and relevant management policies, practices and performance, as well as their quality system, company background, reputation and track record. The subcontractors are required to complete a questionnaire, which is used as one of the selection criteria for new subcontractors. Considerations cover environmental, quality and safety management structure, environmental qualities and assurance, pollutant discharges, labour right, health and safety, audit requirements, supply chain management, quality assurance, anti-corruption and bribery etc.

Suppliers and subcontractors with the environmental management system ISO 14001, recognised sustainability related certification and/or acknowledgment by recognised authorities, and those which can demonstrate compliance with ESG standards and the relevant laws and regulations, are highly preferable in the selection process. We will also perform an evaluation and comparison analysis on the new subcontractors based on their ability in quality assurance, environmental management, health and safety management, among other criteria, to consider whether they are qualified to become our subcontractors.

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Subcontractor Engagement and Management

All qualified subcontractors will be listed on the Approved Subcontractor List, and they are required to declare that they will comply with all environmental-related laws and regulations before they enter into a business relationship with us. We closely monitor the site activities and the progress to ensure that it is within the scheduled timeline, and take the necessary remedial actions to catch up with the target. Site inspections are performed regularly to ensure the quality and ESG-related compliance of the work carried out by the subcontractors. Any non-conformity will be well recorded and forwarded to the subcontractors for rectification. We also hold a site meeting regularly to facilitate communication with subcontractors, resolve any matters and provide updates and training in ESG. Furthermore, the existing subcontractors will be re-evaluated regularly based on their performance in areas such as timeliness, quality and remedial actions, to ensure that they can maintain a high level of performance and continue to comply with the required standards, rules and regulations. The subcontractors that fall short of our expectations are required to undertake an improvement plan to work on their areas of improvement.

Green Procurement

We ensure that our procurement minimises the adverse environmental impacts. We include environmental consideration during our procurement process. Environmental factors are considered for the procurement of all construction related products, materials, plants and equipment, where applicable. We also recommend that our subcontractors should procure greener products as far as possible.

The Group's Procurement Principles

✓	✗
Products with high recyclability	Single-use disposable items
Products with higher recycled content	Products that are more water consuming
Products with reduced packing	Over-packaging products
Products with greater energy efficiency	Products which emit a huge amount of irritating or toxic substances during installation, use and disposal
Products utilising clean technology and/or clean fuels	
Products that consume less water	
Products which emit fewer irritating or toxic substances during installation, use and disposal	
More durable products	

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Supplier Code of Conduct

To ensure that the subcontractors and suppliers uphold their professional ethics and conduct when carrying out their work, we have the Supplier Code of Conduct which sets out the basic standards we expect. This code mainly covers 8 areas, including compliance with laws, rules and regulations, environmental sustainability, human rights and social sustainability, ethics and business integrity, safety and health, protection of the Group's information, records and assets as well as the use of personal information. The Group may conduct surveys regularly to ensure their compliance with this Supplier Code of Conduct.

During the Reporting Period, we collaborated with 27 subcontractors and sand supplier⁷ from Malaysia and Singapore. Details of the supplier distribution are summarised in the table below:

	2021	2020
Total number of subcontractors and/or suppliers	27	31
By geographical region (number and percentage)		
Malaysia	23 (85.19%)	31 (100.00%)
Singapore	4 (14.81%)	— (0%)

Reliable Services

With a track record of excellence in completing major marine construction works and other services, our dedication to customers is indisputable. We do our very best to provide the highest quality services to our customers on a timely and reliable basis, in order to maximise our customers' satisfaction. During the Reporting Period, we were not aware of any material breach of relevant laws and regulations relating to health and product safety, advertising and labelling in connection to the products and services provided by the Group and method of redress.

Quality Services

The quality management system of our operations in Malaysia has been accredited by the international standard ISO 9001:2015, which demonstrates our ability to consistently provide products and services that meet customer expectations and in compliance with the relevant regulatory requirements.

⁷ The total number is based on the number of subcontractors and sand supplier having transactions with the respective entities during the Reporting Period (excluding inter-group companies).



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We have been implementing a set of effective project management procedures to ensure quality throughout the project cycle. To ensure that the quality of materials and services delivered by the subcontractors meets our standard, we only cooperate with the subcontractors that are carefully selected under our stringent procedures. Upon receiving the construction drawings from the customer, we will check for any discrepancies and plan the required control items as per the project quality plan. We work closely with the customers and should discrepancies arise, we will clarify and resolve the issues with them. The project manager and contract manager are tasked with monitoring the progress of the projects and report on the status regularly. The Planning Department sets the progress target for each project regularly. Project manager and quantity surveyors are responsible to ensure the schedule of the projects, and to take corrective actions in the event of delays.

We are confident that our delivery of projects meets the highest quality standard and the expectation of the customers. Following the completion of a project, we welcome any submissions of defect list by the customer should there are any discrepancies with their expectations, and we will take actions for those requests promptly during the liabilities period.

We value customer feedback and ideas and appreciate hearing how we can improve and better fulfil their expectations in future. Upon the handover of a project, we will conduct a customer satisfaction survey, which invites the customer to assess how we performed in areas such as project design, project management and overall quality. The responses that we receive will be reviewed and summarised for follow-up at the management review meeting. During the Reporting Period, no product-and service-related complaints were received.

Data Privacy

The Group has been taking steps to ensure the security of the customer information. The Data Protection Policy underpins our data protection principle, which regulates that we only collect relevant and necessary personal data. We process personal data in compliance with the relevant laws and regulations. Disclosure of personal data to third parties is strictly prohibited unless we have the consent of the customer or such disclosure is required by law. Appropriate security systems have been put in force to protect all personal data.

Intellectual Property

We are committed to protecting the intellectual property rights of the Group, such as trademarks, patents, copyrights, designs, inventions, programmes and documentation. The Group reserves the intellectual property rights of the works developed by our employees during their employment. Any parties must seek our permission before displaying or possessing our intellectual property, such as the logo of the Group. During the Reporting Period, the Group was not aware of any non-compliance with applicable laws and regulations relating to intellectual property regarding our products and services.



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Business Ethics

As a reliable partner with our customers and stakeholders, we uphold ethical standards at all times throughout the entire operation of the Group. We have zero tolerance on any forms of misconduct that undermine our business integrity and reputation. We maintain a comprehensive and stringent Code of Conduct and relevant policies, which require the highest ethical standards and compliance with the relevant laws and regulations in all business dealings. During the Reporting Period, the Group was not aware of any material breach of laws and regulations in Malaysia, Singapore and Hong Kong relating to bribery, extortion, fraud and money laundering, nor any concluded legal cases regarding corrupt practices against the Group or its employees.

Anti-corruption

We regulate all business activities carried out by the Group with our Code of Conduct for the employees and Anti-Corruption Policy, under which all forms of bribery and corruption are strictly prohibited, including but not limited to promising, offering, making, authorising, soliciting or accepting any financial or other advantages such as gifts, entertainment and hospitality. We require all company books, invoices, records, accounts, funds and assets to be properly created and maintained. Meanwhile, we perform due diligence during the subcontractor selection process and anti-corruption compliance is one of the selection criteria. Furthermore, we require the employees to be transparent about any potential conflicts of interests. They are required to declare any potential conflicts of interests for the Human Resources Department and management to review.

To ensure that our employees are familiar with our requirements and standards in anti-corruption, we organise anti-corruption training sessions regularly for employees from different roles, ranging from site attendants to Directors. The Human Resources Department also offers consultation services on anti-corruption compliance.

Anti-fraud

We are committed to protecting the Group's reputation, revenue, assets and information from fraud. The Anti-Fraud policy is in place as a guidance for identifying, reporting and investigating suspected frauds. To minimise the potential impact of fraud risk on the Group, a set of fraud risk assessment procedures has been implemented, including the establishment of a risk management group, identifying risk areas, as well as assessing risks and developing risk mitigation actions.

Reporting Channels and Whistleblowing Policy

In the event that our employee observes any non-conformity or violation of the Code of Conduct, the Anti-Corruption Policy and the Anti-Fraud Policy, formal reporting channels are in place for them to report in person, in writing or over the phone. All cases will be investigated in a timely manner and the outcomes will be forwarded to the Board and the Audit Committee regularly.

Furthermore, whistleblowing channels are available for employees and other stakeholders to report any business misconduct they observe to management directly in writing. The scope of report has been stated clearly in the Whistleblowing Policy. All reports will be handled in a confidential manner and the whistleblower will be protected from any reprisal from the Group as a result of whistleblowing.

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COMMUNITY ENGAGEMENT

The Group fully supports the local communities where it operates with specific focuses on cultural, education, environmental, health, social and sports projects which are stipulated in our Community Investment Policy. We try our best to contribute in the society with following underlying goals and missions.

Areas	Goals and Missions
Education	<ul style="list-style-type: none">Invest in education and development so that our employees can obtain the required knowledge and skills to tackle complex challenges and refresh their knowledge periodicallySupport and recruit interns and fresh graduatesDonate to universities to support their training activities and programmesSupport university payment assistant schemes for university students
Environmental	<ul style="list-style-type: none">Support projects and programs that promote public awareness of air quality, waste management, water management and energy consumptionInvest in high efficiency vehicles and machineries or those which are certified with energy-saving labelsPromote green procurementArrange training to raise the awareness of environmental issues and climate change
Sports	<ul style="list-style-type: none">Make donations to support sports activitiesSupport building a sports culture in the communitySupport the local community to develop a healthy lifestyle and enhance their overall quality of life
Work-life balance	<ul style="list-style-type: none">Arrange training which emphasise on inclusive, equitable and lifelong learning opportunitiesArrange team-building activities to increase the sense of belongings and collaboration among colleagues
Labour	<ul style="list-style-type: none">Provide a work environment for employees that fosters fairness, equity, and respect for social and cultural diversity, and that is free from unlawful discrimination, harassment and vilification as determined by current and future legislationPromote social welfare

We are committed to giving back to our local communities through different means of financial support. During the Reporting Period, a total amount of RM 144,130.00 was contributed to the community through donation, contribution and sponsorship.

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ECO-FRIENDLY OPERATIONS

Related goal(s):

SDG6: Clean water and sanitation

Ensure availability and sustainable management of water and sanitation for all

SDG14: Life below water

Conserve and sustainably use the oceans, seas and marine resources for sustainable development

SDG6 emphasises the availability of clean water for all, and SDG14 focuses on the protection of marine and coastal ecosystems. In response to SDG6 and SDG14, we have implemented stringent procedures of wastewater discharge management to ensure the safety and quality of the water sources and the marine environment in our vicinity. For details, please refer to the Wastewater Management Procedure as illustrated in the section.

Our operations are primarily based near the shore and the construction projects carried out therein can potentially produce air pollutants and GHG emissions, hazardous waste and non-hazardous waste through the use of equipment and vehicles by the Group or subcontractors. To protect the marine environment, we have implemented a series of stringent environmental procedures and policies, including among others the Environmental Policy and the Environmental and Natural Resources Management Policy, throughout our operations in order to leave the coastal area and the marine environment habitable for marine and other habitats. We also work with our subcontractors to ensure that they align with our environmental standards. We stay proactive in minimising the environmental impacts of our operations and advancing our environmental performance in pursuit of our long-term goals. During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to air and greenhouse gas ("**GHG**") emissions, discharges into water and land, generation of waste and use of resources in Malaysia, Singapore and Hong Kong, including among others the Environmental Quality Act of Malaysia, the Environmental Protection and Management Act (Cap. 94A) of Singapore and the Air Pollution Control Ordinance (Cap.311) of Hong Kong. The Group was not aware of any issue in sourcing water that is fit for purpose. The following summarises the environmental procedures we practice on site:

Pollutant Discharge Procedure

- Ensures compliance with the Environmental Quality Act when operating in Malaysia
- Regulates all forms of discharge, emission, pollutants, waste, noise and deposit of environmentally hazardous substances
- Prohibits the discharge of waste into water



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Air Quality Control Procedure

- Ensures compliance with the Ambient Air Quality Standard when operating in Malaysia
- Mitigates the impacts of air emission of our site operations
- Outlines the dust control procedures on site, such as cleaning the tires of our vehicles before they enter public roads, and wetting down the sites and the roads where our vehicles pass through to minimise fugitive dust emission
- Appoints a professional environmental consultant to carry out air quality monitoring and sampling, and send the samples to accredited laboratories for analysis

Wastewater Management Procedure

- Ensures compliance with the Environmental Quality Act when operating in Malaysia
- Segregates domestic sewage from construction wastewater and surface runoff
- Deploys wastewater treatment facilities on site, such as septic tanks, prior to desludging process to improve the quality of effluent discharge
- Deploys proper toilet facilities on site and portable toilets at working areas
- Appoints a qualified contractor to perform desludging on site regularly
- Conducts a self-monitoring assessment regularly to ensure the quality of the effluent discharge meets the required standard

Reduction of GHG Emissions and Energy Consumption

The Group has been transforming the business to a low-carbon and climate resilient business. We aim at reducing our carbon footprint by increasing the proportion of renewable energy within our energy consumption, and by adopting the best practices in the industry to improve energy efficiency. We also strive to reduce emissions at source by driving behavioural changes, such as encouraging employees to travel on economy class for flights in their business trips. In order to promote awareness of energy efficiency, we have been arranging annual training to all employees and reminding employees to turn off the lights, air-conditioning, computers and equipment that are not in use. We adopt natural lighting where feasible and keep the room temperature at 25°C. To better manage our energy consumption, we track the energy consumption by collecting the data regularly in order to monitor our energy consumption pattern and better control our energy consumption. We also perform periodic office and site inspections to ensure compliance with our energy consumption principles. To reduce the emissions from the vehicles, we plan the delivery schedule efficiently in order to reduce the number of trips required. In order to better manage our GHG emissions, all the GHG emission information of sites is collected by the Planning Department and that of offices is collected by the Human Resources Department regularly for review by location, types of GHG emission and projects.

Our total electricity consumption reduced by approximately 49% compared with 2020, and by approximately 32% compared with 2019.



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Waste Management

Related goal(s):

SDG12: Responsible consumption and production
To ensure sustainable consumption and production patterns

Our business operation involves the production of hazardous waste. As such, we have a specific focus on target 12.4, which seeks to ensure proper management of chemicals and all wastes throughout their life cycle, and reduce their release to air, water and soil in order to minimise their environmental and health impacts. We have developed a sound waste management system to ensure proper handling of hazardous waste we produce. For details, please refer to Waste Management as illustrated in the section.

The production of general, hazardous and construction waste is inevitable for our site and office operations. In order to minimise the environmental impacts of our waste disposal, we have been implementing a series of waste management policies and procedures. The Hazardous Waste Management Procedure is in place to regulate the storage and disposal of hazardous waste. The procedure requires hazardous waste to be properly stored and contained at the designated area. The containers of hazardous waste must meet certain safety specifications and be properly labelled. The storage areas must be designed and maintained in a specific way to prevent spillage or leakage. There is a time and quantity limit regulating the maximum amount and period that hazardous waste can be stored. Hazardous waste is required to be transferred by trained employees who are equipped with the necessary protective equipment, and collected by licensed contractors.

All general waste must be sorted according to the recyclability of the waste. While non-recyclable materials are to be discarded and properly recorded, all recyclable and reusable materials will be sold to scrap or stored for future use respectively. We also provide training on waste management every year, and burning of rubbish is strictly prohibited on site as stipulated in the Air Quality Control Procedure. In Malaysia, we strictly comply with the Environmental Quality (Scheduled Wastes) Regulations in waste handling, which includes proper package, labelling, sorting and storage of waste prior to disposal.

Meanwhile, we have established green office guidelines for our office operations to promote the employee's environmental awareness and save resources. Employees are encouraged to reduce waste at source, reuse and recycle, and save energy.

Our waste paper production reduced by approximately 19% compared with 2019.

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ENVIRONMENTAL PERFORMANCE⁸

The Group's environmental performance data during the Reporting Period and in 2020 have been summarised in the table below.

	Unit	2021	2020 ⁹
Air emissions¹⁰			
Nitrogen oxides ("NOx")	kg	76.94	60.79
Sulphur oxides ("SOx")	kg	0.59	0.84
Particulate matter ("PM")	kg	6.53	4.36
Energy consumption			
Total energy consumption	MWh	408.14	602.92
Total energy intensity			
— By size of workforce ¹¹	MWh per employee	8.96	10.67
— By number of projects ¹²	MWh per project	8.35	12.87
Direct energy consumption	MWh	366.99	522.05
— Diesel	MWh	153.27	220.43
— Unleaded petrol	MWh	213.72	301.62
Indirect energy consumption	MWh	41.15	80.87
— Purchased electricity	MWh	41.15	80.87
GHG emissions			
Scope 1 ¹³	tCO ₂ e	97.01	138.02
Scope 2 ¹⁴	tCO ₂ e	27.45	53.94
Scope 3 ¹⁵	tCO ₂ e	—	49.24
Total GHG emission ¹⁶	tCO ₂ e	124.45	241.20
Intensity			
— By size of workforce	tCO ₂ e per employee	2.65	4.23
— By number of projects ¹²	tCO ₂ e per project	2.54	5.24

⁸ The calculation had made reference to GHG Protocol — Emission Factors from Cross-Sector Tools and the published emission factors of the "How to prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs" published by HKEx.

⁹ The unleaded petrol consumption data for 2020 has been restated due to the change in calculation methodology for consistency with the methodology adopted in 2021.

¹⁰ The increases in NOx and PM emissions are attributed to the increase in driving distance of company vehicles during the Reporting Period.

¹¹ The intensity by the size of workforce for purchased electricity covers the office in Malaysia only. Our offices in Hong Kong and Singapore operate in a shared office, which electricity supply is managed by the building management company. The intensity by the size of workforce for diesel and unleaded petrol consumption covers the operation in Malaysia and Singapore only as our office in Hong Kong does not involve the use of vehicles.

¹² The number of projects includes the projects generating revenue and tenders/quotations submitted under the Group's applicable jurisdictions for the related emissions during the Reporting Period.

¹³ Scope 1 represents direct GHG emissions generated from the use of unleaded petrol and diesel oil by company vehicles and those under rental for the Group's use in Malaysia and Singapore.

¹⁴ Scope 2 represents indirect GHG emissions generated from the use of purchased electricity in office and project sites in Malaysia.

¹⁵ Scope 3 represents other indirect GHG emissions generated from business air travels by employees. Our business operation in 2021 did not contribute to indirect GHG emission that covers the emission from business air travels due to the restriction of movement during the COVID-19 pandemic.

¹⁶ The total volume and intensity of GHG emissions have reduced significantly this year due to the effectiveness of our emission reduction initiatives and energy consumption reduction efforts as mentioned above, as well as the suspension of business air travels during the COVID-19 pandemic.

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	Unit	2021	2020 ⁹
Water consumption			
Freshwater ¹⁷	m ³	784.00	2,204.00
Intensity			
— By size of workforce ¹⁸	m ³ per employee	18.67	39.36
— By number of projects ¹²	m ³ per project	16.33	47.91
Waste¹⁹			
Hazardous waste²⁰			
Toner cartridge	tonne	0.0040	N/A
Intensity			
— By size of workforce ²¹	tonne per employee	0.0001	N/A
— By number of projects ¹²	tonne per project	0.0001	N/A
Non-hazardous waste			
Waste plastic	tonne	11.31	7.15
Waste paper	tonne	2.66	1.23
Total	tonne	13.97	8.38
Intensity			
— By size of workforce ²²	tonne per employee	0.33	0.15
— By number of projects ¹²	tonne per project	0.29	0.18
Paper consumption²³			
Office paper	tonne	0.98	0.82
Intensity			
— By size of workforce	tonne per employee	0.02	0.01
— By number of projects ¹²	tonne per project	0.02	0.02

¹⁷ The decrease in water consumption in 2021 is mainly due to the lockdown period in Malaysia and reduction of ongoing project netting off the increase of cleaning and sanitation in response to the COVID-19 pandemic.

¹⁸ The intensity by the size of workforce for water covers the office in Malaysia only. Our offices in Hong Kong and Singapore operate in a shared office, which water is managed by the building management company.

¹⁹ The weight figures are derived by estimation. We will refine the measurement methodology in future if feasible.

²⁰ The data of hazardous waste production in 2020 is unavailable and the Group commences the hazardous waste data collection in 2021.

²¹ The intensity by the size of workforce for hazardous waste covers the office in Malaysia only. Our offices in Hong Kong and Singapore operate in a shared office, in which waste is managed by the building management company.

²² The intensity by the size of workforce for non-hazardous waste covers the office in Malaysia only. Our offices in Hong Kong and Singapore operate in a shared office, in which waste is managed by the building management company.

²³ The figure of office paper consumption includes the Company's office in Hong Kong, Malaysia and Singapore.

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ENVIRONMENTAL TARGET ACHIEVEMENTS

The Group supports the world's transitioning to a zero-carbon economy and is committed to playing our parts in reducing emissions in order to fight climate change. The following table summarises the environmental targets we have set and how we have done over the past year.

Energy Consumption	Targets	Target Achievements	Status
	Replace all the existing vehicles, machineries and electrical appliances to those of high efficiency or certified with energy-saving labels by financial year ending 2030.	We have been including energy efficiency as one of the considerations of our procurement. As part of our community investment, we aim to invest in high efficiency vehicles and machineries and/or those which are certified with energy-saving labels.	Ongoing
	Engage only with subcontractors who can provide vehicles, machineries and electrical appliances of high efficiency or certified with energy-saving labels by financial year ending 30 June 2030, if possible.	Currently, we have been including ESG-related risks and relevant management policies, practices as well as environmental management system of the subcontractors as our selection criteria. The implementation of subcontractor self-assessment enables us to evaluate the performance of subcontractors, including the provision of high-efficiency and/or energy-saving label certified vehicles, machineries and electrical appliances.	Ongoing
	Replace all the existing light bulbs and tubes to LED light bulbs and energy efficient tubes, energy efficiency lighting or automatic light switch by financial year ending 30 June 2025.	During the course of upgrading our lighting system, we have been adopting green procurement principles to select products with greater energy efficiency, including light bulb and tubes, where feasible.	Ongoing
	Reduce the average energy consumption of diesel oil and unleaded petrol by 2%, 5% and 10% per number of projects generating revenue and tenders/ quotations submitted by financial year ending 30 June 2022, 2025 and 2030 respectively from its financial year ended 30 June 2019 baseline.	The consumption of diesel and unleaded petrol reduced by approximately 33% and approximately 32% respectively per number of projects generating revenue and tenders/ quotations submitted compared with 2020, and by approximately 24% and approximately 39% respectively per number of projects generating revenue and tenders/quotations submitted compared with 2019.	Ongoing
	Reduce the average energy consumption of purchased electricity by 2%, 5% and 10% by financial year ending 30 June 2022, 2025 and 2030 respectively from its financial year ended 30 June 2019 baseline.	Our total electricity consumption reduced by approximately 49% compared with 2020, and by approximately 32% compared with 2019.	Ongoing

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	Targets	Target Achievements	Status
Paper Consumption	Replace all existing printer to the one which require login for copying and printing in order to track usage of paper by individual employee by financial year ending 30 June 2025.	While we are still in the progress of renewing our printing and filing systems, we have been encouraging our employees to utilise our electronic communication channels to reduce unnecessary use of paper. We also encourage them to print and copy on both sides of paper and to recycle paper for reuse.	Ongoing
	Replace all the existing filing method to electronic filing by making good use of the Enterprise Resource Planning System and online server for all departments including documents related to internal control policies and guidelines once Enterprise Resource Planning System is in place or from 1 July 2021, whichever is earlier, unless it is contradictory to the local rules and regulations in which manual file is required.		Ongoing
	Reduce the average consumption of paper by 2%, 5% and 10% per number of projects generating revenue and tenders/quotations submitted by financial year ending 30 June 2022, 2025 and 2030 respectively from its financial year ended 30 June 2019 baseline.	Our paper consumption reduced by approximately 32% per number of projects generating revenue and tenders/quotations submitted compared with 2019.	Ongoing

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	Targets	Target Achievements	Status
Air Emissions	Reduce the average emission of SOx by 2%, 5% and 10% per number of projects generating revenue and tenders/ quotations submitted by financial year ending 30 June 2022, 2025 and 2030 respectively from its financial year ended 30 June 2020 baseline.	The emission of SOx reduced by approximately 33% per number of projects generating revenue and tenders/quotations submitted compared with 2020.	Ongoing
	Reduce the average emission of NOx by 2%, 5% and 10% per number of projects generating revenue and tenders/ quotations submitted by financial year ending 30 June 2022, 2025 and 2030 respectively from its financial year ended 30 June 2020 baseline.	We have set target to maintain our vehicles and those under rental well-tuned. We require our employees to avoid idling engine so as to reduce exhaust emissions.	Ongoing
	Reduce the average emission of PM by 2%, 5% and 10% per number of projects generating revenue and tenders/ quotations submitted by financial year ending 30 June 2022, 2025 and 2030 respectively from its financial year ended 30 June 2020 baseline.		Ongoing

	Targets	Target Achievements	Status
Water Consumption	Set up collection point at all sites to collect excessive water withdrew and reuse such water for cleaning, water spraying and irrigation purposes and other purpose by financial year ending 30 June 2030.	While we are still in the progress of setting up excessive water collection facilities depending on the requirement of customers, currently we have been striving to maximise water utilization by performing regular water facility inspections to prevent water leakage. We have also been promoting awareness of water conservation among our employees.	Ongoing
	Reduce the average consumption of freshwater by 2%, 5% and 10% by financial year ending 30 June 2022, 2025 and 2030 respectively from its financial year ended 30 June 2019 baseline, assuming the market has been recovered from COVID-19.	The consumption of water had been decreased due to the lockdown period in Malaysia and reduction of ongoing project netting off the increase of cleaning and sanitation in response to the COVID-19 pandemic. Unless there is a significant increase in water demand due to sanitary requirements under COVID-19 pandemic, we expect to carry on achieving the target.	Ongoing

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Waste Management

Targets	Target Achievements	Status
Reduce the average hazardous waste production by 2%, 5% and 10% per each amount of revenue to be generated by financial year ending 30 June 2022, 2025 and 2030 respectively from its financial year ended 30 June 2019 baseline, if any.	While we are still in the progress of exploring the ways to reduce hazardous waste production, we have implemented a systematic hazardous waste management policy to govern the hazardous waste handling process.	Not applicable
Set up recycling bins at all offices and sites to collect recyclable metals and aluminum, plastic bottles, waste paper, ink cartridge, carton boxes and other recyclable materials from 1 July 2020.	Recycling bins and reusable item collection points have been set up to facilitate recycling and reuse of resources. We will continue to encourage employees to make use of the facilities and promote their awareness of recycling and reuse.	Achieved
Set up collection points at all offices for reusable items, like stationeries and non-confidential single side used paper from 1 July 2020.		Achieved
No single-use plastic cutlery, bags, straws or stirrers available in the pantry from 1 July 2020.	During the course of eliminating single-use plastic items and reducing plastic waste, we have adopted green procurement principles to avoid purchase of single-use disposable items and over-packaging products in order to take the lead in reducing plastic waste.	Achieved
Reduce the average plastic waste by 2%, 5% and 10% per each amount of revenue to be generated by financial year ending 30 June 2022, 2025 and 2030 respectively from its financial year ended 30 June 2019 baseline.		Ongoing
Reduce the average waste paper by 2%, 5% and 10% per number of projects generating revenue and tenders/quotations submitted by financial year ending 30 June 2022, 2025 and 2030 respectively from its financial year ended 30 June 2019 baseline.	While we are striving to reduce the waste paper production intensity per project, we have been working on diverting paper waste through recycling where feasible.	Ongoing
Reduce the average domestic food waste by 2%, 5% and 10% per each amount of revenue to be generated by financial year ending 30 June 2022, 2025 and 2030 respectively from its financial year ended 30 June 2019 baseline.	Our business operation in 2021 did not contribute to material production of food waste. We will closely monitor our waste management process and take necessary actions should our production involves food waste production in future.	Not applicable

Environmental, Social and Governance Report

CLIMATE CHANGE PREPAREDNESS

Related goal(s):

SDG13: Climate action

Take urgent action to combat climate change and its impacts

In response to SDG13, we have strengthened our resilience and adaptive capacity to climate-related hazards and natural disasters. During the Reporting Period, we have identified the potential climate-related hazards that we face and have taken a series of countermeasures to mitigate their impacts.

As a marine-based business, proper management of the climate-related risk associated with our business operation is especially important. We have identified and analysed the key climate-related risks in order to better prepare for the actions to tackle with the potential impact and seize for business opportunities. In future, the Group considers to conduct a detailed climate risk assessment to understand the impacts on our construction sites.

Climate-related Risks	Impact	Countermeasures
The Group is facing potential acute physical risk in its site operations. All locations that the Group operates in are potentially exposed to natural disasters such as floods and cyclone.	The change in conditions, size and frequency of rainfall and floods including both fluvial and pluvial floods have potential direct and indirect impacts on our site operation, such as disruption of site operations through increased rain and moisture penetration due to increased ground and foundation movement, degradation and failure of pipe and waterway structures.	<p>In order to mitigate the effect of such potential impacts, we have applied various precautionary measures against climate-related impacts.</p> <ul style="list-style-type: none">• Mulching and vegetation have been applied to protect exposed soil especially at slope area from both wind and water erosion.• Close-turfing and hydro-seeding have been adopted as dust control methods on site.• Installed barriers such as board fence, wind fence and sediment fence on site to control air currents and blow soil.• Growing of perennial grass and stands of trees have been carried out as a means of wind barriers.

Environmental, Social and Governance Report

HKEX ESG REPORTING GUIDE INDEX

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
Aspect A: Environment		
A1 Emissions	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	ECO-FRIENDLY OPERATIONS
KPI A1.1	The types of emissions and respective emissions data.	ENVIRONMENTAL PERFORMANCE
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL PERFORMANCE
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL PERFORMANCE
KPI A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL PERFORMANCE
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	ECO-FRIENDLY OPERATIONS; ENVIRONMENTAL TARGET ACHIEVEMENTS
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	ECO-FRIENDLY OPERATIONS; ENVIRONMENTAL TARGET ACHIEVEMENTS

Environmental, Social and Governance Report

HKEx ESG Reporting Guide General Disclosures & KPIs

Explanation/Reference Section

A2 Use of Resources

Policies on efficient use of resources including energy, water and other raw materials.

ECO-FRIENDLY OPERATIONS

Note:

Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.

KPI A2.1

Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).

ENVIRONMENTAL PERFORMANCE

KPI A2.2

Water consumption in total and intensity (e.g. per unit of production volume, per facility).

ENVIRONMENTAL PERFORMANCE

KPI A2.3

Description of energy use efficiency target(s) set and steps taken to achieve them.

ECO-FRIENDLY OPERATIONS; ENVIRONMENTAL TARGET ACHIEVEMENTS

KPI A2.4

Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.

ECO-FRIENDLY OPERATIONS

KPI A2.5

Total packaging material used for finished products (in tonnes), and, if applicable, with reference to per unit produced.

Not applicable, as our business operation in 2021 did not involve the use of packaging material.

A3 The Environment and Natural Resources

Policies on minimising the issuer's significant impact on the environment and natural resources.

ECO-FRIENDLY OPERATIONS

KPI A3.1

Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.

ECO-FRIENDLY OPERATIONS

A4 Climate Change

Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.

CLIMATE CHANGE PREPAREDNESS

KPI A4.1

Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.

CLIMATE CHANGE PREPAREDNESS

Environmental, Social and Governance Report

HKEx ESG Reporting Guide General Disclosures & KPIs

Explanation/Reference Section

Aspect B: Social

B1 Employment

Information on:

- (a) the policies; and
- (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

MUTUALLY BENEFICIAL EMPLOYMENT — Employment Conditions; Fair and Diverse Workplace

KPI B1.1

Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.

MUTUALLY BENEFICIAL EMPLOYMENT

KPI B1.2

Employee turnover rate by gender, age group and geographical region.

MUTUALLY BENEFICIAL EMPLOYMENT

B2 Health and Safety

Information on:

- (a) the policies; and
- (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.

MUTUALLY BENEFICIAL EMPLOYMENT — Healthy and Safe Workplace

KPI B2.1

Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.

MUTUALLY BENEFICIAL EMPLOYMENT — Healthy and Safe Workplace

KPI B2.2

Lost days due to work injury.

MUTUALLY BENEFICIAL EMPLOYMENT — Healthy and Safe Workplace

KPI B2.3

Description of occupational health and safety measures adopted, how they are implemented and monitored.

MUTUALLY BENEFICIAL EMPLOYMENT — Healthy and Safe Workplace

B3 Development and Training

Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.

MUTUALLY BENEFICIAL EMPLOYMENT — Learning and Development

Note:

Training refers to vocational training. It may include internal and external courses paid by the employer.

Environmental, Social and Governance Report

HKEx ESG Reporting Guide General Disclosures & KPIs

Explanation/Reference Section

KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	MUTUALLY BENEFICIAL EMPLOYMENT — Learning and Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	MUTUALLY BENEFICIAL EMPLOYMENT — Learning and Development
B4 Labour Standards	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	MUTUALLY BENEFICIAL EMPLOYMENT — Child and Forced Labour-free Workplace
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	MUTUALLY BENEFICIAL EMPLOYMENT — Child and Forced Labour-free Workplace
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	MUTUALLY BENEFICIAL EMPLOYMENT — Child and Forced Labour-free Workplace
B5 Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	RESPONSIBLE OPERATIONS — Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	RESPONSIBLE OPERATIONS — Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	RESPONSIBLE OPERATIONS — Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	RESPONSIBLE OPERATIONS — Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	RESPONSIBLE OPERATIONS — Supply Chain Management

Environmental, Social and Governance Report

HKEx ESG Reporting Guide General Disclosures & KPIs

Explanation/Reference Section

B6 Product Responsibility

Information on:

- (a) the policies; and
- (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

RESPONSIBLE OPERATIONS – Reliable Services

KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable, as our business operation in 2021 did not involve selling or shipping of products.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	RESPONSIBLE OPERATIONS – Reliable Services
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	RESPONSIBLE OPERATIONS – Reliable Services
KPI B6.4	Description of quality assurance process and recall procedures.	RESPONSIBLE OPERATIONS – Reliable Services
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	RESPONSIBLE OPERATIONS – Reliable Services
B7 Anti-corruption	Information on:	RESPONSIBLE OPERATIONS – Business Ethics
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	RESPONSIBLE OPERATIONS – Business Ethics
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	RESPONSIBLE OPERATIONS – Business Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	RESPONSIBLE OPERATIONS – Business Ethics

Environmental, Social and Governance Report

HKEx ESG Reporting Guide General Disclosures & KPIs

Explanation/Reference Section

B8 Community Investment

Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.

COMMUNITY ENGAGEMENT

KPI B8.1

Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).

COMMUNITY ENGAGEMENT

KPI B8.2

Resources contributed (e.g. money or time) to the focus area.

COMMUNITY ENGAGEMENT

Independent Auditor's Report



Crowe Malaysia PLT

201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JBB BUILDERS INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of JBB Builders International Limited (**"the Company"**) and its subsidiaries (**"the Group"**) set out on pages 112 to 189, which comprise the consolidated statement of financial position as at 30 June 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (**"IFRSs"**) issued by the International Accounting Standards Board (**"IASB"**) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (**"ISAs"**) issued by the IASB. Our responsibilities under those standards are further described in the *"Auditor's responsibilities for the audit of the consolidated financial statements"* section of our report. We 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 in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (**"IESBA Code"**), and we have fulfilled our other ethical responsibilities in accordance with 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

REVENUE FROM CONSTRUCTION SERVICES

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

The Key Audit Matter	How the matter was addressed in our audit
<p>The Group recorded revenue from construction services of approximately RM43,487,000 for the year ended 30 June 2021.</p> <p>The Group recognises revenue from construction services progressively over time using the cost-to-cost method based on the proportion of the actual total contract costs incurred at the end of the reporting period compared to the estimated total budgeted contract costs to complete the construction contract.</p> <p>The revenue recognition therefore relies on estimations of total budget contract costs which requires significant management estimations and judgments.</p> <p>We identified the revenue recognition from construction services as a key audit matter because it is significant to the consolidated statement of profit or loss and other comprehensive income and management judgment is needed in estimating total budgeted contract costs and the amount of revenue to be recognised by the Group.</p>	<p>Our procedures in relation to recognition of revenue from construction services mainly included:</p> <ul style="list-style-type: none">• Testing and evaluating the effectiveness of the key internal controls in place on budget preparation and revenue recognition of the construction operations;• Evaluating the basis in determining the expected total costs to complete the contract. Checking the budgeted costs to complete the contract on a sample basis and evaluating the appropriateness of the key estimations and assumptions adopted by the management of the Company;• Checking to the key terms and conditions of construction contracts on a sample basis, and assessing whether they had been appropriately reflected in the estimation of total budgeted contract costs;• Checking construction costs incurred during the year by tracing to supporting documentation on a sample basis;• Performing recalculation of revenue recognised from construction services on a sample basis; and• Assessing the related disclosures in the consolidated financial statements with reference to the requirements of the IFRS 15.

Independent Auditor's Report

RECOVERABILITY OF TRADE RECEIVABLES AND CONTRACT ASSETS

Refer to Note 17 and Note 18 to the consolidated financial statements and the accounting policies in Note 2(i)(i), Note 2(j) and Note 2(r) to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
<p>Trade receivables and contract assets of the Group carried at approximately RM92,183,000 and RM45,479,000 respectively as at 30 June 2021.</p> <p>The Group measures loss allowance on trade receivables and contract assets at amounts equal to lifetime expected credit losses. Expected credit losses ("ECL") on these financial assets are estimated using a provision matrix which involved significant management judgement in estimating expected loss rate based on historical credit loss experience, adjusting factors that are specific to the debtors and assessment of both current and forecast general economic conditions.</p> <p>We identified impairment assessment of trade receivables and contract assets as a key audit matter because of the significance of the Group's trade receivables and contract assets balances to the consolidated financial statements, combined with the significant degree of estimations by the management of the Company in estimating of ECL of trade receivables and contract assets which may affect their carrying values at the end of the reporting period.</p>	<p>Our procedures in relation to the loss allowance for trade receivables and contract assets mainly included:</p> <ul style="list-style-type: none">• Obtaining an understanding of how the management assess the ECL of trade receivables and contract assets;• Testing the mathematical accuracy of the ECL model on trade receivables and contract assets prepared by the management;• Testing whether items in the ageing report were categorised appropriately on a sample basis;• Assessing the reasonableness of the ECL by testing the accuracy of the historical default rate and examining the reasonableness of the forward looking information used by the management; and• Assessing the related disclosures in the consolidated financial statements with reference to the requirements of the IFRS 9.



Independent Auditor's Report

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

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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



Independent Auditor's Report

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Independent Auditor's Report

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

1. The consolidated financial statements of the Group for the financial year ended 30 June 2020 were audited by another certified public accountants whose report dated 22 September 2020 expressed an unqualified opinion on the consolidated financial statements.
2. As stated in Note 2(b) to the consolidated financial statements, the Group adopted IFRSs on 1 July 2020 with a transition date of 1 July 2019. These standards were applied retrospectively by directors to the comparative information in these consolidated financial statements, including the consolidated statement of financial position of the Group as at 30 June 2020 and 1 July 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the financial year ended 30 June 2020 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the consolidated financial statements of the Group for the financial year ended 30 June 2021, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2020 do not contain misstatements that materially affect the financial position as at 30 June 2021 and the financial performance and cash flows for the financial year then ended.
3. This report is made solely to members of the Group, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

The engagement partner on the audit resulting in this independent auditor's report is Piong Yew Peng.

Crowe Malaysia PLT

Chartered Accountants

Malaysia, 24 September 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021
(Expressed in Malaysian Ringgit)

	Note	2021 RM'000	2020 RM'000
Revenue	5	141,040	125,531
Direct costs		(134,362)	(105,696)
Gross profit		6,678	19,835
Other revenue	6	1,172	2,397
Other net loss	6	(1,305)	(1,284)
Allowance for impairment loss on trade receivables and contract assets	7(c)	(5,093)	(2,998)
General and administrative expenses		(10,906)	(15,246)
(Loss)/profit from operations		(9,454)	2,704
Share of profit/(loss) of a joint venture		112	(37)
Finance costs	7(a)	(302)	(147)
(Loss)/profit before taxation	7	(9,644)	2,520
Income tax expenses	11	(1,815)	(2,200)
(Loss)/profit for the year		(11,459)	320
Other comprehensive (loss)/profit for the year			
Items that will not be reclassified to profit or loss:			
Currency translation differences		(2,131)	2,835
Total comprehensive (loss)/income for the year		(13,590)	3,155
(Loss)/profit for the year attributable to:			
Owners of the Company		(9,416)	2,158
Non-controlling interests		(2,043)	(1,838)
		(11,459)	320
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(11,547)	4,993
Non-controlling interests		(2,043)	(1,838)
		(13,590)	3,155
(Loss)/earnings per share (Sen per share)			
— Basic	12	(1.88)	0.43
— Diluted	12	(1.88)	0.43

The notes on pages 118 to 189 form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2021
(Expressed in Malaysian Ringgit)

	Note	30 June 2021 RM'000	30 June 2020 RM'000	1 July 2019 RM'000
Non-current assets				
Property, plant and equipment	13	1,400	4,677	9,208
Investment properties	14	2,200	2,710	3,300
Interest in a joint venture	15	410	298	335
Deposits paid for acquisition of investment properties	16(a)	18,243	22,095	–
Deposits paid for acquisition of property, plant and equipment		183	101	–
Deposits placed for life insurance policies	16(b)	978	287	–
Deferred tax assets	25(b)	103	1,276	318
		23,517	31,444	13,161
Current assets				
Trade and other receivables	17	97,267	84,704	105,440
Contract assets	18(a)	45,479	42,037	102,282
Tax recoverable	25(a)	2,251	2,037	2,528
Financial assets at fair value through profit or loss ("FVTPL")	19	1,045	–	–
Fixed deposits with maturity over three months	20(a)	5,203	5,000	–
Pledged bank deposits	20(b)	9,797	9,178	5,593
Cash and cash equivalents	21(a)	85,309	75,968	114,638
		246,351	218,924	330,481
Current liabilities				
Trade and other payables	22	135,618	111,835	199,628
Contract liabilities	18(b)	124	1,282	89
Bank loan	23	2,675	–	501
Lease liabilities	24	289	548	1,215
Provision for taxation	25(a)	383	–	2,174
		139,089	113,665	203,607
Net current assets		107,262	105,259	126,874
Total assets less current liabilities		130,779	136,703	140,035

Consolidated Statement of Financial Position

As at 30 June 2021

(Expressed in Malaysian Ringgit)

	Note	30 June 2021 RM'000	30 June 2020 RM'000	1 July 2019 RM'000
Non-current liabilities				
Bank loan	23	7,889	–	–
Lease liabilities	24	522	745	1,271
Deferred tax liabilities	25(b)	–	–	626
		<u>8,411</u>	<u>745</u>	<u>1,897</u>
Net assets		<u>122,368</u>	<u>135,958</u>	<u>138,138</u>
Capital and reserves				
Share capital	26(b)	2,672	2,672	2,672
Reserves		<u>111,375</u>	<u>122,922</u>	<u>123,264</u>
Total equity attributable to equity owners of the Company		<u>114,047</u>	<u>125,594</u>	<u>125,936</u>
Non-controlling interests		<u>8,321</u>	<u>10,364</u>	<u>12,202</u>
		<u>122,368</u>	<u>135,958</u>	<u>138,138</u>

Approved and authorised for issue by the board of directors on 24 September 2021

Ng Say Piyu

Chairman and Executive Director

Lam Fung Eng

Executive Director

The notes on pages 118 to 189 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2021
(Expressed in Malaysian Ringgit)

	Attributable to equity owners of the Company					Total	Non-controlling interests	Total equity
	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Exchange reserve RM'000	Retained profits RM'000	RM'000	RM'000	RM'000
At 1 July 2019	2,672	77,334	6,316	(948)	40,562	125,936	12,202	138,138
Changes in equity for the year ended 30 June 2020:								
Profit/(loss) for the year	-	-	-	-	2,158	2,158	(1,838)	320
Other comprehensive income for the year								
Currency translation differences	-	-	-	2,835	-	2,835	-	2,835
Total comprehensive income for the year	-	-	-	2,835	2,158	4,993	(1,838)	3,155
Dividend paid (Note 10)	-	(5,335)	-	-	-	(5,335)	-	(5,335)
At 30 June 2020	<u>2,672</u>	<u>71,999*</u>	<u>6,316*</u>	<u>1,887*</u>	<u>42,720*</u>	<u>125,594</u>	<u>10,364</u>	<u>135,958</u>
At 1 July 2020	2,672	71,999	6,316	1,887	42,720	125,594	10,364	135,958
Changes in equity for the year ended 30 June 2021:								
Loss for the year	-	-	-	-	(9,416)	(9,416)	(2,043)	(11,459)
Other comprehensive loss for the year								
Currency translation differences	-	-	-	(2,131)	-	(2,131)	-	(2,131)
Total comprehensive loss for the year	-	-	-	(2,131)	(9,416)	(11,547)	(2,043)	(13,590)
At 30 June 2021	<u>2,672</u>	<u>71,999*</u>	<u>6,316*</u>	<u>(244)*</u>	<u>33,304*</u>	<u>114,047</u>	<u>8,321</u>	<u>122,368</u>

* These reserve accounts comprise consolidated reserves of approximately RM111,375,000 (2020: RM122,922,000) in the consolidated statement of financial position.

The notes on pages 118 to 189 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2021
(Expressed in Malaysian Ringgit)

	Note	2021 RM'000	2020 RM'000
Operating activities			
(Loss)/profit before taxation		(9,644)	2,520
Adjustments for:			
Allowance for impairment loss on trade receivables and contract assets	7(c)	5,093	2,998
Depreciation	7(c)	2,883	4,379
Fair value loss on investment properties	7(c)	510	590
(Gain) on disposal of property, plant and equipment	7(c)	(50)	(439)
Impairment loss on property, plant and equipment	7(c)	745	—
Write off of property, plant and equipment	7(c)	—	12
(Gain) on disposal of deposits paid for acquisition of investment properties	7(c)	(787)	—
Impairment loss on deposits paid for acquisition of investment properties	7(c)	1,467	—
Loss on deposits placed for life insurance policies	7(c)	113	114
Fair value loss on financial assets at FVTPL	7(c)	55	—
Share of (profit)/loss of a joint venture		(112)	37
Interest expenses	7(a)	302	147
Interest income	6	(1,037)	(2,367)
Operating cash flow before movements in working capital		(462)	7,991
Increase in trade and other receivables		(19,866)	(4,381)
(Increase)/decrease in contract assets		(4,569)	60,311
Increase/(decrease) in trade and other payable		30,316	(87,735)
(Decrease)/increase in contract liabilities		(1,158)	1,193
Cash generated from/(used in) operations		4,261	(22,621)
Income tax paid		(473)	(5,467)
Net cash generated from/(used in) operating activities		3,788	(28,088)

Consolidated Statement of Cash Flows

For the year ended 30 June 2021
(Expressed in Malaysian Ringgit)

	Note	2021 RM'000	2020 RM'000
Investing activities			
Interest received		1,037	2,367
Payments for purchases of property, plant and equipment		(202)	(78)
Deposits paid for acquisition of investment properties		(60)	–
Deposits paid for acquisition of property, plant and equipment		(82)	(101)
Proceeds on disposal of property, plant and equipment		50	657
Investment in financial assets at FVTPL		(1,100)	–
Deposits placed for life insurance policies		(804)	(401)
Placement of deposits with maturity over three months		(203)	(5,000)
(Increase) in pledged bank deposits		(619)	(3,585)
Net cash (used in) investing activities		(1,983)	(6,141)
Financing activities			
Proceeds from bank borrowings		10,564	5,882
(Repayment of) bank borrowings		–	(6,383)
Capital element of lease rentals paid		(631)	(1,193)
Interest element on lease rental paid		(35)	(100)
Interest on bank borrowings		(267)	(47)
Dividends paid		–	(5,335)
Net cash generated from/(used in) financing activities		9,631	(7,176)
Net increase/(decrease) in cash and cash equivalents		11,436	(41,405)
Cash and cash equivalents at the beginning of the year		75,968	114,638
Effect of foreign exchange rate changes		(2,095)	2,735
Cash and cash equivalents at the end of the year	21(a)	85,309	75,968

The notes on pages 118 to 189 form part of these financial statements.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

1. CORPORATE INFORMATION

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

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

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 29. As at 30 June 2021, the directors of the Company consider that the Company is ultimately controlled by Dato' Ng Say Piyu and Datin Ngooi Leng Swee (the "**Controlling Shareholders**"), who have entered into a concert party deed on 16 May 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. Significant accounting policies adopted by the Group are disclosed below.

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the "**Group**") and the Group's interest in a joint venture.

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



Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

- investment properties, including interests in leasehold land and buildings held as investment properties where the Group is the registered owner of the property interest (see Note 2(g)); and
- financial assets at FVTPL.

The deposits placed for life insurance policies are carried at the cash surrender value of the policies.

In previous financial year, Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) were applied in the consolidated financial statements. During the current financial year, the Group has applied, for the first time, the IFRSs, in accordance with IFRS 1 “First-time adoption of International Financial Reporting Standards” with a date of transition to IFRSs on 1 July 2019. IFRSs are virtually identical to HKFRSs. The first-time adoption of IFRSs in the current financial year financial statements did not result in material impact on the Group’s financial performance and financial position for prior year set out in these financial statements prepared under HKFRSs issued by the HKICPA as of the date of transition and for the year ended 30 June 2020.

Other than changes in accounting policies resulting from the application of new and amendments to IFRSs, the accounting policies and methods computation used in the consolidated financial statements for the year ended 30 June 2021 are the same as those presented in the preparation of the Group’s annual financial statements for the year ended 30 June 2020.

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

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

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



Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Business combinations

(i) Business combinations involving entities under common control

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

(ii) Business combinations involving entities not under common control

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

(d) Subsidiaries and non-controlling interests

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

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

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



Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

(e) Joint venture

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Joint venture (Continued)

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

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

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

(f) Property, plant and equipment

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

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

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Other properties leased for own use	Over the terms of the leases
Leasehold improvements	40%
Plant and machinery	20%
Motor vehicles	20%
Furniture, fittings and equipment	10% to 20%

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



Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment (Continued)

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

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

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

(g) Investment properties

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

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

(h) Leased assets

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leased assets (Continued)

(i) *As a lessee*

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leased assets (Continued)

(i) As a lessee (Continued)

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

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

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

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

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

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



Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Credit loss and impairment of assets

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

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

- financial assets measured at amortised cost (including cash and cash equivalents, fixed deposits with maturity over three months, pledged bank deposits and trade and other receivables); and
- contract assets as defined in IFRS 15 (see Note 2(r)).

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

Measurement of ECLs

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

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

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

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

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

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Measurement of ECLs (Continued)

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

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

Significant increases in credit risk

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

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Basis of calculation of interest income

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

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

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

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

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

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(ii) Credit losses from financial guarantees issued

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

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

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

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

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

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



Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(iii) Impairment of non-financial assets

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

- Property, plant and equipment, including right-of-use assets
- Deposits paid for acquisition of investment properties
- Deposits paid for acquisition of property, plant and equipment
- Investments in subsidiaries in the Company's statement of financial position.

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

- Calculation of recoverable amount

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

- Recognition of impairment losses

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

- Reversals of impairment losses

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

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



Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Trade and other receivables

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

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

(k) Cash and cash equivalents

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

(l) Trade and other payables

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

(m) Interest-bearing borrowings

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

(n) Employee benefits

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

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



Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Income tax

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

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

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

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

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



Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Income tax (Continued)

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

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

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

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

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the deferred tax assets and settle the deferred tax liabilities on a net basis or realise and settle simultaneously.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Provisions, contingent liabilities and onerous contracts

(i) Provisions and contingent liabilities

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

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

(ii) Onerous contracts

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

(q) Revenue and other income

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

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

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



Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Revenue and other income (Continued)

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

(i) *Construction contracts*

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

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

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

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

(ii) *Marine transportation services*

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

(iii) *Sales of goods*

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

(iv) *Interest income*

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(i)(i)).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Revenue and other income (Continued)

(v) *Rental income from operating leases*

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(r) Construction contracts

(i) *Contract assets and contract liabilities*

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

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

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

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

(ii) *Contract costs*

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Construction contracts (Continued)

(ii) Contract costs (Continued)

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

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

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

(s) Translation of foreign currencies

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Borrowing costs

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

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

(u) Related parties

- a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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



Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Segment reporting

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

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

(w) Deposits placed for life insurance policies

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

(x) Financial assets at FVTPL

Financial assets at FVTPL is initially measured at fair value.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Financial assets at FVTPL (Continued)

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other net loss” line item.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

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

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 16	COVID-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

None of the developments have had a material effect on how the Group’s results and financial position for the current or prior years have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

Key sources of estimation uncertainty

(i) *Revenue recognition from construction contracts*

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

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

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

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



Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (Continued)

(iii) Impairment of non-current assets

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

(iv) Determining the lease term

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

Critical accounting judgements in applying the Group’s accounting policies

Recognition of income taxes and deferred tax assets

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

5. REVENUE AND SEGMENT REPORTING

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

(a) Disaggregation of revenue

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

Revenue from contracts with customers within the scope of IFRS 15

	2021 RM'000	2020 RM'000
Construction contracts		
— Reclamation and related works	2,225	11,105
— Building and infrastructure	41,262	82,678
	<u>43,487</u>	<u>93,783</u>
Marine transportation	<u>97,553</u>	<u>31,748</u>
	<u>141,040</u>	<u>125,531</u>

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

As at 30 June 2021, the aggregate amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately RM593,215,000 (2020: RM692,150,000). This amount represents revenue expected to be recognised in future from construction contracts and marine transportation contracts entered into between the customers and the Group. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to be during the years ending 30 June 2022 to 30 June 2025.

(b) Segment reporting

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



Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

5. REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

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

Marine construction services

- Reclamation and related works, which includes land reclamation and other marine civil works and may involve soil and site investigation, land and hydrographic survey, pre-reclamation design, sand handling/filling, ground treatment and sand surcharge and removal work.
- Marine transportation, which involves transportation of marine sand including the extraction of marine sand from the approved sand source onto sand carriage and delivery of marine sand to designated sites where the marine sand is unloaded to be used for land reclamation.

Building and infrastructure services

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

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment (loss)/profit represents the (loss)/profit earned by each segment without allocation of central administrative and corporate expenses, unallocated other revenue and other net loss, finance costs and share of profit/(loss) of a joint venture. This is the measure reported to the CODM, for the purposes of resources allocation and performance assessment. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

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

Information regarding the above segments is reported below.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

5. REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

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

For the year ended 30 June 2021

	Marine construction			Total RM'000
	Reclamation and related works RM'000	Marine transportation RM'000	Building and infrastructure RM'000	
Reportable segment revenue	<u>2,225</u>	<u>97,553</u>	<u>41,262</u>	<u>141,040</u>
Reportable segment (loss)/profit	<u>(3,982)</u>	<u>(367)</u>	<u>3,228</u>	<u>(1,121)</u>
Unallocated central administrative and corporate expenses				(9,604)
Unallocated other revenue and other net loss				1,271
Finance costs				(302)
Share of profit of a joint venture				<u>112</u>
Loss before taxation				<u>(9,644)</u>
Other segment information				
Depreciation	2,513	1	—	2,514
(Reversal)/allowance for impairment loss on trade receivables and contract assets	(90)	4,101	1,082	5,093
(Gain) on disposal of deposits paid for acquisition of investment properties	—	—	(787)	(787)
Impairment loss on deposits paid for acquisition of investment properties	—	—	1,467	1,467
Impairment loss on property, plant and equipment	<u>745</u>	<u>—</u>	<u>—</u>	<u>745</u>

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

5. REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

For the year ended 30 June 2020

	Marine construction			Elimination of inter-segment revenue	Total
	Reclamation and related works RM'000	Marine transportation RM'000	Building and infrastructure RM'000	RM'000	RM'000
Revenue					
Revenue from external customers	11,105	31,748	82,678	–	125,531
Inter-segment revenue	5,867	–	–	(5,867)	–
Reportable segment revenue	16,972	31,748	82,678	(5,867)	125,531
Reportable segment (loss)/profit	(2,939)	5,573	13,644	–	16,278
Unallocated central administrative and corporate expenses					(15,365)
Unallocated other revenue and other net loss					1,791
Finance costs					(147)
Share of loss of a joint venture					(37)
Profit before taxation					2,520
Other segment information					
Depreciation	3,882	14	–	–	3,896
Allowance/(reversal) for impairment loss on trade receivables and contract assets	107	(18)	2,909	–	2,998
(Gain) on disposal of property, plant and equipment	(393)	(46)	–	–	(439)
Write off of property, plant and equipment	–	12	–	–	12

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

5. REVENUE AND SEGMENT REPORTING (CONTINUED)

Geographical information

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

(a) Revenue from external customers

	2021 RM'000	2020 RM'000
Malaysia (place of domicile)	54,516	125,531
Singapore	86,524	—
	<u>141,040</u>	<u>125,531</u>

(b) Non-current assets

	2021 RM'000	2020 RM'000
Malaysia	23,256	30,166
Singapore	9	—
Hong Kong	149	2
	<u>23,414</u>	<u>30,168</u>

Information about major customers

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

	2021 RM'000	2020 RM'000
Customer A ¹	86,524	—
Customer B ²	22,140	56,630
Customer C ³	14,918	N/A*
Customer D ³	N/A*	22,182
Customer E ³	N/A*	17,577
	<u>123,582</u>	<u>96,389</u>

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

² Revenue from the Group's marine construction services — marine transportation and building and infrastructure services.

³ Revenue from the Group's building and infrastructure services.

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

6. OTHER REVENUE AND OTHER NET LOSS

	2021 RM'000	2020 RM'000
Other revenue		
Interest income on financial assets measured at amortised cost	1,037	2,367
Handling service fee on provision of diesel	21	15
Others	114	15
	<u>1,172</u>	<u>2,397</u>
Other net loss		
Impairment loss on deposits paid for acquisition of investment properties	(1,467)	–
Impairment loss on property, plant and equipment	(745)	–
Fair value loss on investment properties	(510)	(590)
Loss on deposits placed for life insurance policies	(113)	(114)
Fair value loss on financial assets at FVTPL	(55)	–
Gain on disposal of deposits paid for acquisition of investment properties	787	–
Net foreign exchange gain/(loss)	748	(1,007)
Gain on disposal of property, plant and equipment	50	439
Write off of property, plant and equipment	–	(12)
	<u>(1,305)</u>	<u>(1,284)</u>

7. (LOSS)/PROFIT BEFORE TAXATION

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

(a) Finance costs

	2021 RM'000	2020 RM'000
Interest on bank loan	267	47
Interest on lease liabilities	35	100
	<u>302</u>	<u>147</u>
Total interest expenses on financial liabilities not at fair value through profit or loss		

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

7. (LOSS)/PROFIT BEFORE TAXATION (CONTINUED)

(b) Staff costs (including directors' emoluments)

	2021 RM'000	2020 RM'000
Salaries, wages and other benefits	6,827	9,103
Contributions to defined contribution retirement plan	640	814
	<u>7,467</u>	<u>9,917</u>
Less: Amount included in direct costs	(501)	(1,180)
	<u>6,966</u>	<u>8,737</u>

(c) Other items

	2021 RM'000	2020 RM'000
Depreciation charge (Note 13)		
— owned property, plant and equipment	2,397	3,396
— right-of-use assets	486	983
	<u>2,883</u>	<u>4,379</u>
Less: Amount included in direct costs	(2,313)	(3,671)
	<u>570</u>	<u>708</u>
Short-term lease expenses	549	1,425
Less: Amount included in direct costs	(380)	(1,269)
	<u>169</u>	<u>156</u>
Allowance for impairment loss on trade receivables and contract assets	5,093	2,998
Auditors' remuneration	364	498
Impairment loss on deposits paid for acquisition of investment properties	1,467	—
Impairment loss on property, plant and equipment	745	—
Fair value loss on investment properties	510	590
Loss on deposits placed for life insurance policies	113	114
Fair value loss on financial assets at FVTPL	55	—
(Gain) on disposal of deposits paid for acquisition of investment properties	(787)	—
Net foreign exchange (gain)/loss	(748)	1,007
(Gain) on disposal of property, plant and equipment	(50)	(439)
Write off of property, plant and equipment	—	12
	<u>—</u>	<u>—</u>

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

8. DIRECTORS' EMOLUMENTS

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

Year ended 30 June 2021

	Directors' fees RM'000	Salaries, allowances and benefits in kind RM'000	Contributions to defined contribution retirement plan RM'000	Total RM'000
Executive directors				
Dato' Ng Say Piyu (<i>Chairman</i>)	64	486	58	608
Mr. Lam Fung Eng	64	243	29	336
Mr. Ng Chong Boon	64	243	29	336
Non-executive director				
Datin Ngooi Leng Swee	64	—	—	64
Independent non-executive director				
Mr. Tai Lam Shin	64	—	—	64
Ms. Chan Pui Kwan	64	—	—	64
Mr. Chan Tsun Choi, Arnold (Note (iii))	64	—	—	64
	448	972	116	1,536

Year ended 30 June 2020

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

8. DIRECTORS' EMOLUMENTS (CONTINUED)

Notes:

- (i) No director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 30 June 2021 and 2020. No director waived or agreed to waive any emoluments during the years ended 30 June 2021 and 2020.
- (ii) Executive and non-executive directors of the Company are entitled to discretionary bonus payments which are determined with reference to the individual performance of the director.
- (iii) Mr. Chan Tsun Choi, Arnold was appointed as an independent non-executive director of the Company on 25 May 2020.
- (iv) Mr. Wong Kwok Wai, Albert resigned as an independent non-executive director of the Company on 25 May 2020.
- (v) The Company has no position as the chief executive officer. The day-to-day management of the Group's business is handled by the executive directors of the Company and senior management collectively.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, 3 (2020: 3) are directors of the Company whose emoluments are disclosed in Note 8. The aggregate of the emoluments of the remaining 2 (2020: 2) individuals were as follows:

	2021 RM'000	2020 RM'000
Salaries allowances and benefits in kind	786	990
Contributions to defined contribution retirement plan	25	31
	<u>811</u>	<u>1,021</u>

The emoluments of the 2 (2020: 2) individuals with the highest emoluments are within the following bands:

	2021 Number of individuals	2020 Number of individuals
HK\$Nil to HK\$1,000,000	1	1
HK\$1,000,001 to HK\$1,500,000	1	1

No emoluments were paid or payable by the Group to these employees as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 30 June 2021 (2020: nil).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

10. DIVIDENDS

The board of directors of the Company does not recommend to declare any final dividend for the year ended 30 June 2021 (2020: nil).

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

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

(a) Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2021 RM'000	2020 RM'000
Current tax		
Malaysia corporate income tax	9	3,649
Singapore corporate income tax	383	—
Withholding tax on payment made to non-resident in Malaysia	194	—
	<u>586</u>	<u>3,649</u>
Under provision in prior years	56	135
Deferred tax (Note 25(b))		
Origination and reversal of temporary differences	<u>1,173</u>	<u>(1,584)</u>
Income tax expenses for the year	<u>1,815</u>	<u>2,200</u>

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (ii) No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the years ended 30 June 2021 and 2020.
- (iii) Corporate income tax in Malaysia is calculated at the statutory rate of 24% of the estimated taxable profit for the years ended 30 June 2021 and 2020.
- (iv) Corporate income tax in Singapore is calculated at the statutory rate of 17% of the estimated taxable profit for the year ended 30 June 2021. For the financial year ended 30 June 2021 in Singapore, 75% of the chargeable income of first Singapore dollars ("SGD") 10,000 and 50% of the chargeable income of next SGD190,000 are exempted as the Group's Singapore subsidiary is a newly incorporated company.
- (v) Withholding tax on payment made to non-resident in Malaysia is calculated at the statutory rate of 15% of the payment made for the year ended 30 June 2021.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

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

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

	2021 RM'000	2020 RM'000
(Loss)/profit before taxation	<u>(9,644)</u>	<u>2,520</u>
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to the profits in the countries concerned	(2,417)	605
Tax effect of non-deductible expenses	2,360	1,547
Tax effect on non-taxable income	(468)	(434)
Tax effect of tax loss not recognised	391	149
Tax effect of tax exemptions	(54)	—
Under provision in prior years	56	135
Withholding tax on payment made to non-resident in Malaysia	194	—
Others	<u>1,753</u>	<u>198</u>
	<u>1,815</u>	<u>2,200</u>

12. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the consolidated loss attributable to owners of the Company of approximately RM9,416,000 (2020: profit attributable to owners of the Company of approximately RM2,158,000) and the weighted average of 500,000,000 ordinary shares (2020: 500,000,000 ordinary shares) in issue during the year.

(b) Diluted (loss)/earnings per share

The diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share as there were no dilutive potential ordinary shares in existence during the years ended 30 June 2021 and 2020.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

13. PROPERTY, PLANT AND EQUIPMENT

	Other properties leased for own use RM'000	Leasehold improvements RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Cost:						
At 1 July 2019	140	238	25,499	3,143	1,782	30,802
Additions	–	2	–	–	76	78
Disposal/write off	–	–	(1,034)	(115)	(25)	(1,174)
At 30 June 2020	140	240	24,465	3,028	1,833	29,706
At 1 July 2020	140	240	24,465	3,028	1,833	29,706
Additions	149	164	–	–	38	351
Disposal	–	–	–	(142)	–	(142)
At 30 June 2021	289	404	24,465	2,886	1,871	29,915
Accumulated depreciation:						
At 1 July 2019	–	198	18,594	2,075	727	21,594
Depreciation for the year	28	25	3,678	447	201	4,379
Disposal/write off	–	–	(827)	(105)	(12)	(944)
At 30 June 2020	28	223	21,445	2,417	916	25,029
At 1 July 2020	28	223	21,445	2,417	916	25,029
Depreciation for the year	35	26	2,318	303	201	2,883
Disposal	–	–	–	(142)	–	(142)
Impairment loss recognised	–	–	672	–	73	745
At 30 June 2021	63	249	24,435	2,578	1,190	28,515
Carrying amount:						
At 30 June 2021	226	155	30	308	681	1,400
At 30 June 2020	112	17	3,020	611	917	4,677
At 1 July 2019	140	40	6,905	1,068	1,055	9,208

As at 1 July 2019, the carrying amount of plant and machinery and motor vehicles held under finance leases were RM2,549,000.

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For the year ended 30 June 2021

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment Assessment

As the Group incurred segment loss on marine construction during the year ended 30 June 2021, the management of the Group concluded there was indication for impairment and conducted impairment assessment on recoverable amounts of certain property, plant and equipment with carrying amounts (before impairment) of RM745,000 (2020: nil). The Group estimates the recoverable amount of the cash-generating unit of marine construction segment to which the asset belongs when it is not possible to estimate the recoverable amount individually. The recoverable amount of cash-generating unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the respective subsidiaries.

Based on the result of the assessment, management of the Group determined that the recoverable amount of the cash-generating unit is lower than the carrying amount. The impairment amount has been allocated to each category of property, plant and equipment such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal, its value in use and zero. Based on the value in use calculation and the allocation, an impairment of RM745,000 (2020: nil), has been recognised against the carrying amount of property, plant and equipment.

Right-of-use assets

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

	30 June 2021 RM'000	30 June 2020 RM'000	1 July 2019 RM'000
Other properties leased for own use, carried at depreciated cost	226	112	140
Motor vehicles, carried at depreciated cost	244	587	996
Plant and machinery, carried at depreciated cost	—	652	1,553
	470	1,351	2,689

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

	2021 RM'000	2020 RM'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Other properties leased for own use	35	28
Motor vehicles	270	407
Plant and machinery	181	548
	486	983
Interest on lease liabilities (Note 7(a))	35	100
Expense relating to short-term leases and other leases with remaining lease term ending within 12 months after the end of reporting period (Note 7(c))	549	1,425

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Right-of-use assets (Continued)

The total cash outflow for leases during the year ended 30 June 2021 was RM1,215,000 (2020: RM2,718,000).

During the year ended 30 June 2021, additions to right-of-use assets were approximately RM149,000 (2020: nil). This amount related to a new lease entered.

The Company regularly entered into short-term leases for office premises, staff quarters, motor vehicles, machineries and space for parking. As at 30 June 2021 and 2020, the portfolio of short-term leases is similar to the portfolio of leases for which the short-term leases expense was recognised during the year.

The maturity analysis of lease liabilities is set out in Note 24.

(i) Other properties leased for own use

The Group has obtained the right to use other properties as its office premises through tenancy agreements. The leases typically run for an initial period ranging from 2 to 3 years.

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

(ii) Other leases

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

14. INVESTMENT PROPERTIES

	RM'000
At 1 July 2019	3,300
Fair value adjustment	(590)
At 30 June 2020	2,710
Fair value adjustment	(510)
At 30 June 2021	2,200

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14. INVESTMENT PROPERTIES (CONTINUED)

Fair value measurement of properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at each of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13 Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs that is, unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: Fair value measured using Level 2 inputs that is, observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at 30 June 2021 RM'000	Fair value measurements as at 30 June 2021		
		Fair value measurements categorised into Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Recurring fair value measurement				
Investment properties:				
— Commercial — Malaysia	2,200	—	2,200	—

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

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

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14. INVESTMENT PROPERTIES (CONTINUED)

Fair value measurement of properties (Continued)

(i) Fair value hierarchy (Continued)

During the year ended 30 June 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (30 June 2020 and 1 July 2019: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at each of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 30 June 2021, 30 June 2020 and 1 July 2019. The valuations were carried out by an independent firm, C H Williams Talhar & Wong Sdn. Bhd. (30 June 2020 and 1 July 2019: KGV International Property Consultant (Johor) Sdn. Bhd.), who have among their staff valuers registered with The Board of Valuers, Appraisers and Estate Agents, Property Manager, Malaysia (30 June 2020 and 1 July 2019: The Board of Valuers, Appraisers and Estate Agents, Malaysia), with recent experience in the location and category of property being valued. The Group's management have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of investment properties located in Malaysia is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis using market data which is publicly available.

As at 30 June 2021, all investment properties have been pledged to a bank as security for bank facilities granted to the Group (30 June 2020: nil and 1 July 2019: all).

15. INTEREST IN A JOINT VENTURE

	30 June 2021 RM'000	30 June 2020 RM'000	1 July 2019 RM'000
Cost of investment in an unlisted joint venture	450	450	450
Share of post-acquisition profits and other comprehensive income, net of dividends received	(40)	(152)	(115)
	<u>410</u>	<u>298</u>	<u>335</u>

The joint venture is accounted for using the equity method in these consolidated financial statements.

The followings are the particulars of a joint venture which is an unlisted corporate entity and which quoted market price is not available:

Name of company	Place of incorporation and business	Class of shares held	Particulars of issued and paid up capital	Percentage of			Principal activity
				Ownership interest	Voting power	Profit sharing	
JBB Kimlun Sdn. Bhd. ("JBB Kimlun")	Malaysia	Ordinary	RM750,000	60%	50%	60%	Building construction

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15. INTEREST IN A JOINT VENTURE (CONTINUED)

JBB Kimlun was incorporated on 2 May 2017 and the Group's interest in this joint venture is held indirectly by the Company. The Group, together with its joint venture partner, intend to carry out general building construction services.

Pursuant to a shareholders' agreement dated 3 May 2017 and its supplemental agreements dated 9 May 2017, 16 May 2017 and 31 March 2019 respectively entered into between the Group and the joint venture partner (the "**Parties**"), decisions about the relevant activities of JBB Kimlun require the unanimous consent of the Parties. As such, the interest of the Group in JBB Kimlun is considered to be a joint venture despite that the Group holds more than half of the equity interest therein.

Information of joint venture, JBB Kimlun, that is not individually material:

	30 June 2021 RM'000	30 June 2020 RM'000	1 July 2019 RM'000
Carrying amount of the Group's interest in this joint venture	410	298	335
	2021 RM'000	2020 RM'000	
The Group's share of profit/(loss) for the year	112	(37)	
The Group's share of other comprehensive income	—	—	
The Group's share of total comprehensive income/(loss)	112	(37)	

16. DEPOSITS

(a) Deposits paid for acquisition of investment properties

During the year ended 30 June 2021, the Group entered into deeds of settlement with 4 subcontractors (collectively called the "**Subcontractors**"), pursuant to which trade payables due to the Subcontractors by the Group with total amount of approximately RM6,845,000 are deemed to be settled by the assignment of 10 properties beneficially owned by the Group under a deed of settlement dated 19 February 2020 and recognised as a gain on disposal of approximately RM787,000. The carrying amount of the deposits paid for the abovementioned properties amounted to approximately RM5,750,000 were derecognised during the year ended 30 June 2021.

During the year ended 30 June 2021, the Group entered into a deed of settlement with a customer (the "**Customer A**"), an independent third party to the Group, pursuant to which trade receivables owing from Customer A to the Group with total amount of approximately RM3,305,000 are deemed to be settled by assignment of 2 properties beneficially owned by the Customer A together with payment of deposits of RM60,000. Given that the said properties were being developed, the legal titles of the properties had not been transferred to the Group as at 30 June 2021. Accordingly, deposits paid for acquisition of investment properties of approximately RM3,365,000 were recognised during the year ended 30 June 2021.

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16. DEPOSITS (CONTINUED)

(a) Deposits paid for acquisition of investment properties (Continued)

During the year ended 30 June 2020, the Group entered into a deed of settlement with a customer (the “**Customer B**”) and a shareholder of the Customer B (the “**Shareholder of the Customer B**”), an independent third party to the Group, pursuant to which trade receivables owing from Customer B to the Group with total amount of approximately RM22,095,000 are deemed to be settled by assignment of 40 properties beneficially owned by the Shareholder of the Customer B. Given that the said properties were being developed, the legal titles of the properties had not been transferred to the Group as at 30 June 2020. Accordingly, deposits paid for acquisition of investment properties of approximately RM22,095,000 were recognised during the year ended 30 June 2020.

During the year ended 30 June 2021, the recoverable amount of deposits paid for acquisition of investment properties are less than its carrying amount. Accordingly, impairment loss on deposits paid for acquisition of investment properties of approximately RM1,467,000 were recognised (2020: nil). The valuation of recoverable amount of deposits paid for acquisition of investment properties as at 30 June 2021 were carried out by an independent firm, C H Williams Talhar & Wong Sdn. Bhd. (2020: KGV International Property Consultant (Johor) Sdn. Bhd.), who have among their valuers registered with The Board of Valuers, Appraisers and Estate Agents, Property Manager, Malaysia (2020: The Board of Valuers, Appraisers and Estate Agents, Malaysia), with recent experience in the location and category of property being valued. The recoverable amount of deposits paid for acquisition of investment properties located in Malaysia is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis using market data which is publicly available.

As at 30 June 2021, the amount of deposits paid for acquisition of investment properties represents the consideration paid for the acquisition of 32 investment properties being developed in Malaysia (30 June 2020: 40 and 1 July 2019: nil). As the legal titles in respect of those investment properties had not been vested in the Group as of the end of each reporting period, the payments made were accounted as deposits paid.

	No.	RM'000
At 1 July 2019	—	—
Additions	40	22,095
At 30 June 2020	40	22,095
Additions	2	3,365
Disposals	(10)	(5,750)
Impairment loss	N/A	(1,467)
At 30 June 2021	32	18,243

As at 30 June 2021, deposits paid for acquisition of investment properties of approximately RM12,911,000 have been pledged to a bank as security for a bank facility granted to the Group (30 June 2020 and 1 July 2019: nil).

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For the year ended 30 June 2021

16. DEPOSITS (CONTINUED)

(b) Deposits placed for life insurance policies

	RM'000
At 1 July 2019	—
Additions	401
Loss on deposit placed for a life insurance policy	(114)
	<hr/>
At 30 June 2020	287
Additions	804
Loss on deposits placed for life insurance policies	(113)
	<hr/>
At 30 June 2021	<u>978</u>

During the year ended 30 June 2021, a life insurance policy (the “**Policy 2021**”) was taken to insure an executive director of the Company (the “**Insured Person**”). Under the Policy 2021, the beneficiary is a bank (the “**Bank**”) and the total insured sum is approximately RM3,200,000. At the inception of the Policy 2021, the Group paid an upfront payment of approximately RM804,000. For any insured events happened to the Insured Person, the insured sum will first be used to settle the outstanding bank loan of the Group from the Bank, and thereafter any excess portion will be payable to the Group. The Bank will pay the Group a variable return per annum afterwards (with no minimum return guaranteed) during the effective period of the Policy 2021. The Policy 2021 can be withdrawn at any time with surrender charges if such withdrawal occurs before the 10th anniversary from date of inception and a cash refund will be received based on the cash surrender value of the Policy 2021, which is determined by the gross premium paid plus accumulated return earned and minus any charges made in accordance with the terms and conditions of the Policy 2021, at the date of withdrawal. The Policy 2021 exposes the Group to significant insurance risk.

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

As at 30 June 2021, the directors of the Company expect that the Policy 2021 and Policy 2020 (2020: Policy 2020) will be terminated at the 10th anniversary from the date of inception and there will be no specific surrender charges in accordance with the terms of the Policy 2021 and Policy 2020 (2020: Policy 2020). The directors of the Company consider that the expected life of the Policy 2021 and Policy 2020 (2020: Policy 2020) will remain unchanged from initial recognition.

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

17. TRADE AND OTHER RECEIVABLES

	Note	30 June 2021 RM'000	30 June 2020 RM'000	1 July 2019 RM'000
Trade receivables		99,670	78,305	92,771
Less: allowance for doubtful debts (Note 27(a))		(7,487)	(4,388)	(1,323)
	(i)	92,183	73,917	91,448
Deposits, prepayments and other receivables	(ii)	5,084	10,787	13,992
		97,267	84,704	105,440

Notes:

- (i) All of the trade receivables are expected to be recovered within one year.
- (ii) The amount of deposits, prepayments and other receivables are expected to be recovered or recognised as expenses within one year.

Aging analysis of trade receivables

As at each of the reporting period, the aging analysis of trade receivables based on the invoice date and net of loss allowance, is as follows:

	30 June 2021 RM'000	30 June 2020 RM'000	1 July 2019 RM'000
Within 30 days	37,889	8,575	23,447
31 to 60 days	1,417	510	22,239
61 to 90 days	1,761	3,170	4,378
Over 90 days	51,116	61,662	41,384
	92,183	73,917	91,448

Trade receivables are generally due within 14 to 30 days from the date of invoice. Further details on the Group's credit policy and credit risk coming from trade receivables are set out in Note 27(a).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

18. CONSTRUCTION CONTRACTS

(a) Contract assets

Amounts represent the Group's rights to considerations from customers for the provision of marine construction services and building and infrastructure services, which arise when: (i) the Group completed the relevant services under such contracts; and (ii) the customers withhold certain amounts payable to the Group as retention money to secure the due performance of the contracts for a period of generally 12 to 27 months (defect liability period) after completion of the relevant works. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it becomes unconditional and is invoiced to the customer.

The Group's contract assets are analysed as follows:

	30 June 2021 RM'000	30 June 2020 RM'000	1 July 2019 RM'000
Contract assets			
Arising from performance under construction contracts	24,166	19,414	46,753
Retention receivables	21,313	22,623	55,529
	<u>45,479</u>	<u>42,037</u>	<u>102,282</u>
Receivables from contracts with customers within the scope of IFRS 15, which are included in "Trade and other receivables" (Note 17)	92,183	73,917	91,448

Typical payment terms which impact on the amount of contract assets recognised are as follows:

The Group's construction contracts include payment schedules which require stage payments over the construction period once milestones are reached and progress certificate was issued by customer. The Group also typically agrees to a retention period of 12 to 27 months for 5% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection.

As at 30 June 2021, the amount of approximately RM6,596,000 (30 June 2020: RM10,050,000 and 1 July 2019: RM8,401,000) included in the contract assets are expected to be recovered after more than one year, all of which related to retention.

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

18. CONSTRUCTION CONTRACTS (CONTINUED)

(b) Contract liabilities

	30 June 2021 RM'000	30 June 2020 RM'000	1 July 2019 RM'000
Contract liabilities			
Construction contracts			
— Billings in advance of performance	<u>124</u>	<u>1,282</u>	<u>89</u>

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

When the Group receives a deposit before the production activity commences this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the project exceeds the amount of the deposit. The amount of the deposit, if any, was negotiated on a case by case basis with customers.

Movements in contract liabilities

	2021 RM'000	2020 RM'000
At beginning of the year	1,282	89
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(1,282)	(89)
Increase in contract liabilities as a result of billing in advance of construction activities	<u>124</u>	<u>1,282</u>
At the end of the year	<u>124</u>	<u>1,282</u>

19. FINANCIAL ASSETS AT FVTPL

Financial assets at FVTPL represented the Group's investments in an open-end unit trust established in Malaysia. There is no fixed maturity period and the fair value of the investments as at 30 June 2021 was determined with reference to the quoted bid prices in active markets at the end of the reporting period. The fair value measurements of financial assets at FVTPL are categorised as level 1 of the fair value hierarchy.

Changes in fair value of financial assets at FVTPL are recognised in other net loss in the consolidated statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

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

(a) Fixed deposits with maturity over three months

As at 30 June 2021, the weighted average effective interest rate of the Group's fixed deposits with maturity over three months was 1.85% (30 June 2020: 4.05% and 1 July 2019: nil) per annum.

(b) Pledged bank deposits

- i Pledged bank deposits have been pledged to banks as security for banking facilities granted to the Group.
- ii The effective interest rates of the pledged bank deposits are as follow:

	30 June 2021	30 June 2020	1 July 2019
Pledged bank deposits	<u>1.27%</u>	<u>1.79%</u>	<u>1.85%</u>

21. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	30 June 2021 RM'000	30 June 2020 RM'000	1 July 2019 RM'000
Deposits with banks	58,856	40,229	48,978
Cash and bank balances	<u>26,453</u>	<u>35,739</u>	<u>65,660</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>85,309</u>	<u>75,968</u>	<u>114,638</u>

(b) Reconciliation of liabilities arising from financing activities

	Lease liabilities RM'000	Bank loan RM'000	Total RM'000
At 1 July 2020	1,293	—	1,293
Non-cash — new lease liabilities	149	—	149
Non-cash — interest cost	35	267	302
Cash flow — financing activities	<u>(666)</u>	<u>10,297</u>	<u>9,631</u>
At 30 June 2021	811	10,564	11,375

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

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

(b) Reconciliation of liabilities arising from financing activities (Continued)

	Lease liabilities RM'000	Bank loan RM'000	Dividend payable RM'000	Total RM'000
At 1 July 2019	2,486	501	—	2,987
Non-cash — interest cost	100	47	—	147
Non-cash — dividend declared	—	—	5,335	5,335
Cash flow — financing activities	(1,293)	(548)	(5,335)	(7,176)
At 30 June 2020	1,293	—	—	1,293

22. TRADE AND OTHER PAYABLES

	Note	30 June 2021 RM'000	30 June 2020 RM'000	1 July 2019 RM'000
Trade payables		118,204	91,994	178,544
Other payables and accruals	(i)	1,030	1,196	3,111
Retention payables	(ii)	16,384	18,645	17,973
		135,618	111,835	199,628

Notes:

- (i) The amount of other payables and accruals included amount due to a joint venture of approximately RM11,000 (30 June 2020 and 1 July 2019: nil) which was unsecured, non-trade and repayable on demand.
- (ii) Except for the amounts of approximately RM5,559,000 (30 June 2020: RM10,116,000 and 1 July 2019: RM7,994,000) included in the retention payables as at 30 June 2021 which are expected to be settled after one year, all of the trade and other payables are expected to be settled within one year or are repayable on demand.

Aging analysis of trade payables

As at each of the reporting period, the aging analysis of trade payables, based on the invoice date, is as follows:

	30 June 2021 RM'000	30 June 2020 RM'000	1 July 2019 RM'000
Within 30 days	60,869	17,925	59,892
31 to 90 days	3,715	1,142	11,766
Over 90 days	53,620	72,927	106,886
	118,204	91,994	178,544

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23. BANK LOAN

	30 June 2021 RM'000	30 June 2020 RM'000	1 July 2019 RM'000
Bank loan, secured	<u>10,564</u>	<u>–</u>	<u>501</u>

The bank loan was repayable as follows:

	30 June 2021 RM'000	30 June 2020 RM'000	1 July 2019 RM'000
Within 1 year or on demand	2,675	–	501
Within a period of more than 1 year but not exceeding 2 years	3,090	–	–
Within a period of more than 2 years but not exceeding 5 years	<u>4,799</u>	<u>–</u>	<u>–</u>
	10,564	–	–
Less: Amounts due within 1 year shown under current liabilities	<u>(2,675)</u>	<u>–</u>	<u>(501)</u>
Amounts shown under non-current liabilities	<u>7,889</u>	<u>–</u>	<u>–</u>

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

- (i) investment properties of approximately RM2,200,000 (30 June 2020: nil and 1 July 2019: RM3,300,000) (Note 14) as at 30 June 2021;
- (ii) deposits paid for acquisition of investment properties of approximately RM12,911,000 (30 June 2020 and 1 July 2019: nil) (Note 16(a)) as at 30 June 2021;
- (iii) deposits with licensed banks of the Group with carrying amounts of approximately RM9,797,000 (30 June 2020: RM9,178,000 and 1 July 2019: RM5,593,000) (Note 20(b)) as at 30 June 2021; and
- (iv) unlimited joint and several personal guarantees and personal guarantees to the extent of RM41,000,000 (30 June 2021 and 30 June 2020: nil) were given by directors of the Group (Note 30(b)(i)) as at 1 July 2019.

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23. BANK LOAN (CONTINUED)

The bank loan during the year bear interest as follow:

	2021	2020
Bank loan	5.95%	5.78%

As at 30 June 2021, the Group had aggregate banking facilities of approximately RM67,000,000 (30 June 2020: RM47,000,000 and 1 July 2019: RM49,380,000) for loans and borrowings. Unused facilities as at the same date amounted to approximately RM56,436,000 (30 June 2020: RM47,000,000 and 1 July 2019: RM47,500,000).

24. LEASE LIABILITIES

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

	30 June 2021		30 June 2020		1 July 2019	
	Present value of the minimum lease payments RM'000	Total minimum lease payments RM'000	Present value of the minimum lease payments RM'000	Total minimum lease payments RM'000	Present value of the minimum lease payments RM'000	Total minimum lease payments RM'000
Within 1 year	289	324	548	584	1,215	1,315
After 1 year but within 2 years	307	330	316	358	642	691
After 2 years but within 5 years	211	220	402	427	592	644
After 5 years	4	4	27	28	37	40
	522	554	745	813	1,271	1,375
	811	878	1,293	1,397	2,486	2,690
Less: total future interest expenses		(67)		(104)		(204)
Present value of lease liabilities		811		1,293		2,486

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

25. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	30 June 2021 RM'000	30 June 2020 RM'000	1 July 2019 RM'000
Tax recoverable	2,251	2,037	2,528
Provision for taxation	(383)	—	(2,174)
	<u>1,868</u>	<u>2,037</u>	<u>354</u>

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the years are as follows:

	Depreciation allowances in excess of depreciation RM'000	Unrealised foreign exchange gain/(loss) RM'000	Credit loss allowance RM'000	Others RM'000	Total RM'000
At 1 July 2019	648	—	(340)	—	308
(Credit) to profit or loss (Note 11(a))	(627)	(237)	(720)	—	(1,584)
At 30 June 2020	21	(237)	(1,060)	—	(1,276)
Charge/(credit) to profit or loss (Note 11(a))	4	192	1,045	(68)	1,173
At 30 June 2021	<u>25</u>	<u>(45)</u>	<u>(15)</u>	<u>(68)</u>	<u>(103)</u>

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset in the table above. The following is the analysis of the deferred tax balances for financial reporting purposes:

	30 June 2021 RM'000	30 June 2020 RM'000	1 July 2019 RM'000
Deferred tax assets	103	1,276	318
Deferred tax liabilities	—	—	(626)
	<u>103</u>	<u>1,276</u>	<u>(308)</u>

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25. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(c) Deferred tax assets and liabilities not recognised:

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

	30 June 2021 RM'000	30 June 2020 RM'000	1 July 2019 RM'000
Tax losses	391	149	—
Deductible temporary differences	1,753	198	—
	<u>2,144</u>	<u>347</u>	<u>—</u>

The above tax losses are allowed to be utilised for 7 consecutive years of assessment for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

There were no other material unrecognised deferred tax assets and liabilities as at 30 June 2021, 30 June 2020 and 1 July 2019.

26. CAPITAL AND RESERVES

(a) Movement in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

(b) Share capital

	No. of shares	Amount RM'000
Authorised ordinary shares of HK\$0.01 each		
At 1 July 2019, 30 June 2020 and 30 June 2021	<u>2,000,000,000</u>	<u>10,535</u>
Issued and fully paid ordinary shares of HK\$0.01 each		
At 1 July 2019, 30 June 2020 and 30 June 2021	<u>500,000,000</u>	<u>2,672</u>



Notes to the Consolidated Financial Statements

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26. CAPITAL AND RESERVES (CONTINUED)

(c) Share premium

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company. Under the Companies Law of Cayman Islands, the share premium account of the Company is distributable to the owners of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debt as they fall due in the ordinary course of business.

(d) Merger reserve

Merger reserve of the Group represents the difference between the nominal value of ordinary shares issued by the Company, and the issued share capital of JBB Builders (M) Sdn. Bhd., Gabungan Jasapadu Sdn. Bhd. and Pavilion Ingenious Sdn. Bhd. exchanged in connection with the reorganisation in preparation for the listing of the Company's shares on the Stock Exchange.

(e) Exchange reserve

The exchange reserve represents foreign exchange differences arising from the translation of the financial statements of the operations outside Malaysia. The reserve is dealt with in accordance with the accounting policies set out in Note 2(s).

(f) Distributability of reserve

As at 30 June 2021, the aggregate amount of reserves available for distribution to owners of the Company was RM104,280,000 (30 June 2020: RM109,031,000 and 1 July 2019: RM106,353,000).

(g) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, or sell assets to reduce debt. No changes in the objective, policies or processes for managing capital were made during the years ended 30 June 2021 and 2020.

The management of the Group reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risk associated with each class of capital. Based on recommendation of the management, the Group will balance its overall capital structure through the payment of dividends as well as issue of new debt or the redemption of the debt.

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26. CAPITAL AND RESERVES (CONTINUED)

(g) Capital management (Continued)

The Group monitors capital using, inter alia, a gearing ratio which is net debt divided by total equity. Net debt includes interest-bearing bank loan and leases liabilities, less pledged bank deposits, fixed deposits with maturity over three months and cash and cash equivalents. The gearing ratio as at 30 June 2021, 30 June 2020 and 1 July 2019 are as follows:

	30 June 2021 RM'000	30 June 2020 RM'000	1 July 2019 RM'000
Leases liabilities	811	1,293	2,486
Bank loan	10,564	–	501
Total debt	11,375	1,293	2,987
Less: Pledged bank deposits	(9,797)	(9,178)	(5,593)
Fixed deposits with maturity over three months	(5,203)	(5,000)	–
Cash and cash equivalents	(85,309)	(75,968)	(114,638)
Net debt	N/A	N/A	N/A
Total equity	122,368	135,958	138,138
Net debt-to-equity ratio	N/A	N/A	N/A

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets and financial liabilities are disclosed in Note 2.

The Group has classified the financial instruments as follows:

	30 June 2021 RM'000	30 June 2020 RM'000	1 July 2019 RM'000
Financial assets			
Financial assets at amortised cost	195,302	167,014	216,084
Financial assets at FVTPL	1,045	–	–
	30 June 2021 RM'000	30 June 2020 RM'000	1 July 2019 RM'000
Financial liabilities			
Financial liabilities at amortised cost	146,993	113,122	202,582



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

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk, foreign currency exchange risk and price risk. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables, contract assets, fixed deposits with maturity over three months, pledged bank deposits and cash at banks. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 30 June 2021, approximately 48% (30 June 2020: 55 % and 1 July 2019: 43%) of the total gross trade receivables and contract assets was due from the Group's largest customer and approximately 95% (30 June 2020: 96% and 1 July 2019: 98%) of the total gross trade receivables and contract assets were due from the Group's five largest customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts. Normally, the Group does not obtain collateral from customers.

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments and external credit rating, where applicable.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix.

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

(a) Credit risk (Continued)

Trade receivables and contract assets (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets:

	Malaysia			Singapore			Total	
	Expected loss rate %	Gross carrying amount RM'000	Loss allowance RM'000	Expected loss rate %	Gross carrying amount RM'000	Loss allowance RM'000	Gross carrying amount RM'000	Loss allowance RM'000
Trade receivables								
Current (not past due)	0.66	2,213	15	0.23	22,566	52	24,779	67
Less than 3 months past due	0.81	4,618	38	0.23	13,207	30	17,825	68
3 to 6 months past due	1.51	1,788	27	0.23	—	—	1,788	27
Over 6 months to 1 year past due	5.33	17,664	942	0.23	—	—	17,664	942
Over 1 year to 2 years past due	16.97	37,614	6,383	0.23	—	—	37,614	6,383
Over 2 years past due	100	—*	—*	0.23	—	—	—*	—*
		63,897	7,405		35,773	82	99,670	7,487
Contract assets	2.47	46,631	1,152	0.23	—	—	46,631	1,152
		110,528	8,557		35,773	82	146,301	8,639

* The balance represents an amount less than RM1,000.

	30 June 2020 Malaysia and Total		
	Expected loss rate %	Gross carrying amount RM'000	Loss allowance RM'000
Trade receivables			
Current (not past due)	0.06	8,580	5
Less than 3 months past due	0.12	9,967	12
3 to 6 months past due	0.30	17,460	52
Over 6 months to 1 year past due	8.07	41,313	3,334
Over 1 year past due	100	985	985
		78,305	4,388
Contract assets	0.06	42,062	25
		120,367	4,413

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

(a) Credit risk (Continued)

Trade receivables and contract assets (Continued)

		1 July 2019	
	Expected	Gross	Loss
	loss rate	carrying	allowance
	%	amount	RM'000
		RM'000	
Trade receivables			
Current (not past due)	0.09	23,189	21
Less than 3 months past due	0.23	42,556	98
3 to 6 months past due	1.04	25,405	264
Over 6 months to 1 year past due	9.68	754	73
Over 1 year past due	100	867	867
		<u>92,771</u>	<u>1,323</u>
Contract assets	0.09	102,374	92
		<u>195,145</u>	<u>1,415</u>

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

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

	2021	2020
	RM'000	RM'000
At the beginning of the year	4,413	1,415
Impairment loss recognised	5,093	2,998
Write-off	(867)	—
At the end of the year	<u>8,639</u>	<u>4,413</u>

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

- increase in balances past due over 6 months to 2 years (2020: past due over 6 months to 1 year) resulted in an increase in loss allowance of approximately RM3,006,000 (2020: RM3,261,000).



Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

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

(a) Credit risk (Continued)

Other receivables and deposits

For other receivables and deposits, the directors of the Company make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable. The directors of the Company believe that there are no significant increase in credit risk of other receivables and deposits since initial recognition and the Group provided impairment based on 12 months ECL. For the years ended 30 June 2021 and 2020, the Group assessed the ECL for other receivables and deposits were insignificant and thus no loss allowance was recognised.

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

To manage this risk, deposits are mainly placed with reputable financial institutions with high credit-ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these financial institutions.

Financial guarantee

The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in Note 31.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables shows the remaining contractual maturities at each of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash outflows (including interest payments computed using contractual rates or, if floating, based on rates current at each of the reporting period) and the earliest date the Group can be required to pay.

For bank loan which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is, if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank loan and leases liabilities is prepared on the scheduled repayment dates.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

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

(b) Liquidity risk (Continued)

As at 30 June 2021

	On demand or within 1 year RM'000	More than 1 year but less than 2 years RM'000	More than 2 years but less than 5 years RM'000	More than 5 years RM'000	Total contractual undiscounted cash flows RM'000	Carrying amounts RM'000
Non-derivative financial liabilities						
Trade and other payables	135,618	—	—	—	135,618	135,618
Bank loan	3,238	3,476	5,021	—	11,735	10,564
Leases liabilities	324	330	220	4	878	811
	<u>139,180</u>	<u>3,806</u>	<u>5,241</u>	<u>4</u>	<u>148,231</u>	<u>146,993</u>

As at 30 June 2020

	On demand or within 1 year RM'000	More than 1 year but less than 2 years RM'000	More than 2 years but less than 5 years RM'000	More than 5 years RM'000	Total contractual undiscounted cash flows RM'000	Carrying amounts RM'000
Non-derivative financial liabilities						
Trade and other payables	111,829	—	—	—	111,829	111,829
Leases liabilities	584	358	427	28	1,397	1,293
	<u>112,413</u>	<u>358</u>	<u>427</u>	<u>28</u>	<u>113,226</u>	<u>113,122</u>

As at 1 July 2019

	On demand or within 1 year RM'000	More than 1 year but less than 2 years RM'000	More than 2 years but less than 5 years RM'000	More than 5 years RM'000	Total contractual undiscounted cash flows RM'000	Carrying amounts RM'000
Non-derivative financial liabilities						
Trade and other payables	199,595	—	—	—	199,595	199,595
Bank loan	501	—	—	—	501	501
Leases liabilities	1,315	691	644	40	2,690	2,486
	<u>201,411</u>	<u>691</u>	<u>644</u>	<u>40</u>	<u>202,786</u>	<u>202,582</u>
Financial guarantee issued:						
Maximum amount guaranteed (Note 31)	3,945	—	—	—	3,945	—

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

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

(c) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the Group's fixed-rate short-term fixed deposits with maturity over three months, pledged bank deposits and leases liabilities. The management of the Group considers that the Group's exposure from these fixed-rate short-term fixed deposits with maturity over three months, pledged bank deposits and leases liabilities to interest rate risk is not significant.

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

In addition, the interest income derived therefrom and the interest expenses in respect of bank borrowings are relatively insignificant to the Group's operations. Therefore, the Group's income and operating cash flows are less dependent on changes in market interest rates. Accordingly, the directors of the Company are of the opinion that the Group does not have significant cash flow and fair value interest rate risk and no sensitivity analysis is presented.

(d) Foreign currency exchange risk

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

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

i) Exposure to currency risk

The following table details the Group's exposure at each of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Malaysian Ringgit ("RM"), translated using the spot rate at the reporting dates.

	Exposure to foreign currencies		
	30 June 2021 Hong Kong dollars RM'000	30 June 2020 Hong Kong dollars RM'000	1 July 2019 Hong Kong dollars RM'000
Financial assets			
Cash and cash equivalents	2	2	22,275

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For the year ended 30 June 2021

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

(d) Foreign currency exchange risk (Continued)

ii) Sensitivity analysis

The following table indicates the approximate changes in the Group's (loss)/profit after tax and equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at each of the reporting period.

	30 June 2021		30 June 2020		1 July 2019	
	Increase/ (decrease) in foreign exchange rate	Effect on loss after taxation and equity RM'000	Increase/ (decrease) in foreign exchange rate	Effect on profit after taxation and equity RM'000	Increase/ (decrease) in foreign exchange rate	Effect on profit after taxation and equity RM'000
Hong Kong dollars	5%	—	5%	—	5%	1,114
	5%	—	5%	—	5%	(1,114)

Result of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' (loss)/profit after taxation and equity measured in the respective functional currency, translated to Malaysian Ringgit at the exchange rate ruling at each of the reporting periods for presentation purposes. The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at each of the reporting periods, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currency of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of operations outside Malaysia into the Group's presentation currency.

(e) Price risk

The Group is exposed to price risk through its investments in an open-end unit trust measured at FVTPL. The management of the Group manages such risk exposure by maintaining a portfolio of different investments. The Group will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. Financial assets at FVTPL with fair value measurement categorised within Level 1 as at 30 June 2021 amounted to approximately RM1,045,000 (30 June 2020 and 1 July 2019: nil).

If the prices of the respective equity instruments had been 5% (2020: nil) higher/lower, the post-tax loss for the year ended 30 June 2021 would increase/decrease by RM40,000 (2020: nil) as a result of the changes in fair value of financial assets at FVTPL.

(f) Fair values estimations

The carrying amount of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2021, 30 June 2020 and 1 July 2019.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

28. COMMITMENTS

Capital commitments

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

	30 June 2021 RM'000	30 June 2020 RM'000	1 July 2019 RM'000
Equipment	187	269	—

29. SUBSIDIARIES

The following is a list of subsidiaries at 30 June 2021:

Name of company	Place of incorporation and business	Class of shares held	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by subsidiaries	
JBB Delima Investment Limited	British Virgin Islands	Ordinary	US\$1	100%	100%	—	Investment holding
Classic Solution Holdings Limited	British Virgin Islands	Ordinary	US\$1	100%	100%	—	Investment holding
JBB Holdings (Malaysia) Sdn. Bhd.	Malaysia	Ordinary	RM2	100%	—	100%	Investment holding
Harbour Elite International Limited	British Virgin Islands	Ordinary	US\$1	100%	100%	—	Investment holding
JBB Resources (HK) Limited	Hong Kong	Ordinary	HK\$10,000	100%	—	100%	Construction and trading of sand
JBB Resources (Singapore) Private Limited	Singapore	Ordinary	SGD100,000	100%	—	100%	Construction and trading of sand
JBB Builders (M) Sdn. Bhd.	Malaysia	Ordinary	RM5,000,000	100%	—	100%	Marine construction, building and infrastructure services
JBB Marine (M) Sdn. Bhd.	Malaysia	Ordinary	RM1,000,000	52%	—	52%	Marine transportation and fleet management
Gabungan Jasapadu Sdn. Bhd.*	Malaysia	Ordinary	RM1,000,000	50%	—	50%	Land based machinery works and rental
Pavilion Ingenious Sdn. Bhd.	Malaysia	Ordinary	RM1,000,000	100%	—	100%	Sand dredging and loading works

* Gabungan Jasapadu Sdn. Bhd. is considered to be a subsidiary of the Company despite the Company holds indirectly not more than half of the equity interest therein as the Company has the power to cast the majority of votes at meetings of the board of directors of this entity, and has power to affect the returns of this entity.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

29. SUBSIDIARIES (CONTINUED)

The following table lists out the information relating to each of the Group's subsidiaries which has material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

JBB Marine (M) Sdn. Bhd.

	30 June 2021 RM'000	As at 30 June 2020 RM'000	1 July 2019 RM'000
NCI percentage	48%	48%	48%
Current assets	14,559	14,884	27,635
Non-current assets	2	2	34
Current liabilities	(26)	(136)	(12,637)
Non-current liabilities	—	—	(3)
Net assets	14,535	14,750	15,029
Carrying amount of NCI	6,977	7,080	7,214

	For the year ended 30 June 2021 RM'000	2020 RM'000
Revenue	—	—
(Loss) for the year and total comprehensive (loss)	(215)	(279)
(Loss) allocated to NCI	(103)	(134)
Cash flows generated from operating activities	626	1,839
Cash flows generated from investing activities	41	104

Gabungan Jasapadu Sdn. Bhd.

	30 June 2021 RM'000	As at 30 June 2020 RM'000	1 July 2019 RM'000
NCI percentage	50%	50%	50%
Current assets	3,247	4,140	7,784
Non-current assets	275	3,254	7,230
Current liabilities	(833)	(755)	(3,942)
Non-current liabilities	—	(72)	(1,097)
Net assets	2,689	6,567	9,975
Carrying amount of NCI	1,344	3,284	4,988

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

29. SUBSIDIARIES (CONTINUED)

Gabungan Jasapadu Sdn. Bhd. (Continued)

	For the year ended 30 June	
	2021 RM'000	2020 RM'000
Revenue	1,698	6,167
(Loss) for the year and total comprehensive (loss)	(3,879)	(3,407)
(Loss) allocated to NCI	(1,940)	(1,704)
Cash flows generated from operating activities	532	208
Cash flows (used in)/generated from investing activities	(162)	603
Cash flows (used in) financing activities	(497)	(944)

30. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the Group entered into the following material related party transactions.

The directors of the Company are of the view that following parties/companies were related parties that had transactions or balances with the Group during the year:

Name of party	Relationship with the Group
Dato' Ng Say Piyu	One of the Controlling Shareholders and directors of the Company
Mr. Lam Fung Eng	Director of the Company
Mr. Ng Chong Boon	Director of the Company
JBB Kimlun	A joint venture
Primary Bay Sdn. Bhd.	A company controlled by the Controlling Shareholders

(a) Key management personnel remuneration

The remuneration of key management personnel (including the executive directors of the Company) of the Group during the year is as follows:

	2021 RM'000	2020 RM'000
Short-term employee benefits	1,893	2,612
Post-employment benefits	147	224
	<u>2,040</u>	<u>2,836</u>

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

30. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties

During the year, the Group entered into the following related party transactions:

Non-continuing transactions

	Year ended 30 June	
	2021 RM'000	2020 RM'000
Management fee expenses JBB Kimlun	80	69

The directors of the Company consider that the above related party transactions during the year were conducted on mutually-agreed terms in the ordinary course of the Group's business.

Notes:

- (i) As at 1 July 2019, the directors of the Group have provided unlimited joint and several personal guarantees and personal guarantees to the extent of RM41,000,000 to banks for the banking facilities granted to the Group (Note 23).
- (ii) At 1 July 2019, the Group had financial guarantees provided to related company, details of which are set out in the Note 31. The financial guarantees provided to related parties were released in July 2019.

31. FINANCIAL GUARANTEE

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

	Note	30 June 2021 RM'000	30 June 2020 RM'000	1 July 2019 RM'000
Guarantee given to banks in connection with facilities granted to:				
— A related company Primary Bay Sdn. Bhd.	(a)	—	—	3,945
		—	—	3,945

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

31. FINANCIAL GUARANTEE (CONTINUED)

	Note	30 June 2021 RM'000	30 June 2020 RM'000	1 July 2019 RM'000
Utilised to the extent of the following amounts by:				
— A related company Primary Bay Sdn. Bhd.	(a)	—	—	3,945
		—	—	3,945

Note:

(a) Such guarantee was released in July 2019.

The maximum liability of the Group under the guarantee issued represents the amount drawn down by the related company. No deferred income in respect of this guarantee issued has been recognised as the directors of the Company consider that the fair value of the guarantee at the inception is not significant. Accordingly, the fair value of this guarantee was not recognised for in the consolidated financial statements.

32. CONTINGENT LIABILITIES

Performance bonds

	30 June 2021 RM'000	30 June 2020 RM'000	1 July 2019 RM'000
Performance bonds for contracts in favour of customers	4,335	4,335	991

The above performance bonds were given by banks in favour of some of Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks accordingly. The performance bonds will be released based on the terms of the respective contracts for the relevant customers.

Except for the above mentioned, the Group did not have any significant contingent liabilities as at each of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

33. NEW AND AMENDMENTS TO IFRSs NOT YET EFFECTIVE

At the date of this report, the Group has not early applied the following new and amendments to IFRSs and interpretations that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments ⁴
Amendments to IFRS 3	Reference to the Conceptual Framework ³
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2 ¹
Amendments to IFRS 10 and IAS 28	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ²
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020 ³
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ⁴
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ⁴
Amendments to IAS 8	Definition of Accounting Estimates ⁴
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁴
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use ³
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract ³

¹ Effective for annual periods beginning on or after 1 January 2021

² Effective for annual periods beginning on or after 1 April 2021

³ Effective for annual periods beginning on or after 1 January 2022

⁴ Effective for annual periods beginning on or after 1 January 2023

⁵ Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

34. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	30 June 2021 RM'000	30 June 2020 RM'000	1 July 2019 RM'000
Non-current assets			
Property, plant and equipment	150	2	–
Investment in a subsidiary	44,707	46,214	44,236
Amount due from a subsidiary	23,092	23,870	18,089
	67,949	70,086	62,325
Current assets			
Other receivables, prepayment and deposits	136	162	128
Amounts due from subsidiaries	355	915	10
Cash and cash equivalents	39,011	41,151	51,282
	39,502	42,228	51,420
Current liabilities			
Accruals and other payables	361	611	2,303
Amounts due to subsidiaries	–	–	2,417
Leases liabilities	72	–	–
	433	611	4,720
Net current assets	39,069	41,617	46,700
Total assets less current liabilities	107,018	111,703	109,025
Non-current liabilities			
Lease liabilities	66	–	–
Net assets	106,952	111,703	109,025
Capital and reserves			
Share capital	2,672	2,672	2,672
Reserves	104,280	109,031	106,353
	106,952	111,703	109,025

Approved and authorised for issue by the board of directors on 24 September 2021

Ng Say Piyu
Chairman and Executive Director

Lam Fung Eng
Executive Director

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

34. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (CONTINUED)

Movements in the Company's reserves:

	Share premium RM'000	Exchange reserve RM'000	Capital reserve RM'000	Accumulated losses RM'000	Total RM'000
At 1 July 2019	77,334	(1,498)	44,602	(14,085)	106,353
Profit for the year	–	–	–	3,198	3,198
Other comprehensive income for the year					
Currency translation difference	–	4,815	–	–	4,815
Total comprehensive income for the year	–	4,815	–	3,198	8,013
Dividends (Note 10)	(5,335)	–	–	–	(5,335)
At 30 June 2020	71,999	3,317	44,602	(10,887)	109,031
Loss for the year	–	–	–	(1,105)	(1,105)
Other comprehensive loss for the year					
Currency translation difference	–	(3,646)	–	–	(3,646)
Total comprehensive loss for the year	–	(3,646)	–	(1,105)	(4,751)
At 30 June 2021	71,999	(329)	44,602	(11,992)	104,280

Note:

Capital reserve represented the difference between the nominal value of the issued share capital of the Company and the net asset value of subsidiaries upon the reorganisation in preparation for the listing of the Company's shares on the Stock Exchange.

35. MAJOR NON-CASH TRANSACTIONS

- (i) During the year ended 30 June 2021, the Group entered into deeds of settlement with 4 Subcontractors, pursuant to which trade payables due to the Subcontractors by the Group with total amount of approximately RM6,845,000 are deemed to be settled by the assignment of 10 properties beneficially owned by the Group under a deed of settlement dated 19 February 2020 and recognised as a gain on disposal of approximately RM787,000. Accordingly, deposits paid for the abovementioned properties amounted to approximately RM5,750,000 were derecognised during the year ended 30 June 2021.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

35. MAJOR NON-CASH TRANSACTIONS (CONTINUED)

- (ii) During the year ended 30 June 2021, the Group entered into a deed of settlement with Customer A, an independent third party to the Group, pursuant to which trade receivables owing from Customer A to the Group with total amount of approximately RM3,305,000 are deemed to be settled by assignment of 2 properties beneficially owned by the Customer A together with payment of deposits of RM60,000. Given that the said properties were being developed, the legal titles of the properties had not been transferred to the Group as at 30 June 2021. Accordingly, deposits paid for acquisition of investment properties of approximately RM3,365,000 were recognised during the year ended 30 June 2021.
- (iii) During the year ended 30 June 2020, the Group entered into a deed of settlement with Customer B and the Shareholder of the Customer B, an independent third party to the Group, pursuant to which trade receivables owing from Customer B to the Group with total amount of approximately RM22,095,000 are deemed to be settled by assignment of 40 properties beneficially owned by the Shareholder of the Customer B. Given that the said properties were being developed, the legal titles of the properties had not been transferred to the Group as at 30 June 2020. Accordingly, deposits paid for acquisition of investment properties of approximately RM22,095,000 were recognised during the year ended 30 June 2020.

36. SHARE OPTION SCHEME

A share option scheme (the “**Scheme**”) was adopted by the Company on 11 April 2019 for the primary purpose of providing incentives or rewards to eligible participants which will expire on 10 April 2029. Under the Scheme, the board of directors of the Company may grant options to the eligible participants, including employees, directors, advisors, consultants, service providers, agents, customers, suppliers, partners or joint-venture partners of the Group, to subscribe for shares in the Company.

The maximum number of shares in respect of which options may be granted at any time under the Scheme together with options which may be granted under any other share option schemes for the time being of the Company must not in aggregate exceed 10% of the shares of the Company in issue of 500,000,000 shares as at the date of Listing (the “**Scheme Mandate Limit**”). The Company may seek approval of the shareholders in general meeting to refresh the Scheme Mandate Limit provided that the total number of shares available for issue upon exercise of all options which may be granted under the Scheme and any other schemes of the Company shall not exceed 10% of the shares of the Company in issue at the date of approval of refreshing of the Scheme Mandate Limit. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and other share option schemes of the Company shall not exceed 30% of the total number of shares of the Company in issued from time to time.

Options granted must be taken up within 21 days from the date of grant, upon payment of HK\$1.00. The subscription price is determined by the board of directors of the Company, and shall not be less than the highest of (i) the closing price of the Company’s shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; (ii) the average closing price of the Company’s shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company’s shares on the date of grant.

No share options are granted since the adoption of the Scheme and there are no outstanding share options under the Scheme as at 30 June 2021, 30 June 2020 and 1 July 2019.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

37. EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plan

The Group operates a Mandatory Provident Fund Scheme (the “**MPF scheme**”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

The employees of the Group’s subsidiaries in Malaysia are required to participate in a statutory Employees Provident Fund. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 12–13% (2020: 12–13%) of the relevant payroll costs to the scheme, which contribution is matched by employees at lower rate 7–11% (2020: 7–11%).

The employees of the Group’s subsidiary in Singapore are required to participate in the Central Provident Fund scheme. The Group contributed 9%-17% of the relevant wages while the employees contributed 7.5%-20% of the relevant wages to the scheme, subject to a cap of monthly ordinary wages of SGD6,000 and annual additional wages of SGD102,000 less total ordinary wages subject to Central Provident Fund for the year, for all employees who are Singapore citizens or permanent residents of Singapore.

The total expense recognised in the profits or loss of approximately RM601,000 during the year ended 30 June 2021 (2020: RM763,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans (Note 7(b)).

38. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Subsequent to the year ended 30 June 2021, the Group entered into a deed of settlement with a subcontractor (the “**Subcontractor**”) and a nominee of the Subcontractor (the “**Nominee of the Subcontractor**”), an independent third party to the Group, pursuant to which trade payables due to the Subcontractor by the Group with total amount of approximately RM1.1 million are deemed to be settled by the assignment of a property to Nominee of the Subcontractor in which the property was acquired by the Group under the deed of settlement dated 19 February 2020. The carrying amount of the deposit paid for the abovementioned property, which was included in “Deposits paid for acquisition of investment properties”, amounted to approximately RM0.9 million as at 30 June 2021.

Financial Summary

RESULTS

	For the year ended 30 June				
	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000
Revenue	141,040	125,531	329,929	537,816	514,071
Gross profit	6,678	19,835	38,387	70,995	52,113
(Loss)/profit before taxation	(9,644)	2,520	26,767	44,337	36,387
Income tax expenses	(1,815)	(2,200)	(7,707)	(12,569)	(9,573)
(Loss)/profit for the year	(11,459)	320	19,060	31,768	26,814
(Loss)/profit for the year attributable to:					
— Owners of the Company	(9,416)	2,158	19,632	23,077	21,235
— Non-controlling interests	(2,043)	(1,838)	(572)	8,691	5,579
	(11,459)	320	19,060	31,768	26,814

ASSETS AND LIABILITIES

	As at 30 June				
	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000
Total assets	269,868	250,368	343,502	399,658	407,984
Total liabilities	(147,500)	(114,410)	(205,364)	(356,472)	(339,066)
Net assets	122,368	135,958	138,138	43,186	68,918
Equity attributable to equity owners of the Company	114,047	125,594	125,936	30,139	57,362
Non-controlling interests	8,321	10,364	12,202	13,047	11,556
Total equity	122,368	135,958	138,138	43,186	68,918