



OUR FUTURE
@SCBUILD/0109
INVEST FOR LONG TERM

MOVING FORWARD 2020-2030
UNITED · BEYOND 2100

SC ESTATE BUILDER BERHAD Registration No. 200401017162 (655665-T)

OUR FUTURE @ SCBUILD/0109
INVEST FOR LONG TERM

MOVING FORWARD 2020-2030
UNITED · BEYOND 2100

STOCK Name/Code : SCBUILD/0109
Listed on ACE Market of Bursa Malaysia
E-9-08, Block E, Level 9, Capital 5, Oasis Square,
No. 2, Jalan PJU 1A/7A, Ara Damansara,
47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

Tel : +603 7610 4388
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www.scestatebuilder.com.my



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ANNUAL REPORT
2020



SC ESTATE BUILDER BERHAD Registration No. 200401017162 (655665-T)

ANNUAL REPORT 2020

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www.scestatebuilder.com.my

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NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixteenth Annual General Meeting (“**16th AGM**”) of the Company will be held at Topas, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang Subang, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 30 December 2020 at 11:00 a.m. for the transaction of the following business:-

A G E N D A

Ordinary Business

- | | | |
|----|---|--|
| 1. | To receive the Audited Financial Statements of the Company for the financial year ended 31 July 2020 together with the Reports of the Directors and Auditors thereon. | <i>[Please refer to Note 8]</i> |
| 2. | To approve the Directors’ fees payable to the Non-Executive Directors of the Company of up to RM196,356/- for the financial year ending 31 July 2021. | <i>Ordinary Resolution 1</i> |
| 3. | To approve an amount of up to RM176,000/- as benefits payable to the Directors of the Company from 31 December 2020, being the date after the 16th AGM to the Seventeenth Annual General Meeting of the Company in year 2021 pursuant to Section 230(1)(b) of the Companies Act 2016. | <i>Ordinary Resolution 2</i> |
| 4. | To re-elect Ms. Loh Shy Tyug, the Director who retires in accordance with Clause 123 of the Company’s Constitution and being eligible, has offered herself for re-election. | <i>Ordinary Resolution 3</i> |
| 5. | To re-elect Ms. Ooi Bee Chin, the Director who retires in accordance with Clause 123 of the Company’s Constitution and being eligible, has offered herself for re-election. | <i>Ordinary Resolution 4</i> |
| 6. | To re-appoint Messrs. Ong & Wong as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to determine their remuneration. | <i>Ordinary Resolution 5</i> |

Special Business

To consider and, if thought fit, with or without any modification, to pass the following as Ordinary Resolution:-

- | | | |
|----|---|-------------------------------------|
| 7. | <u>AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016</u> | <i>Ordinary Resolution 6</i> |
| | <p>“THAT subject to the Companies Act 2016, the Constitution of the Company, and the approvals of Bursa Malaysia Securities Berhad and any other governmental/regulatory authorities, the Directors of the Company be and are hereby empowered, pursuant to the Companies Act 2016, to issue and allot shares in the Company at any time to such persons and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company (excluding treasury shares) for the time being; AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.</p> | |

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

cont'd

AND THAT the Directors of the Company, whether solely or jointly, be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the ACE Market of Bursa Malaysia Securities Berhad AND be hereby authorised to do all such acts and things including executing all relevant documents as he/they may consider expedient or necessary to complete and give full effect to the abovesaid mandate.”

8. **AUTHORITY TO UNDERTAKE RIGHTS ISSUE ON A PRO RATA BASIS PURSUANT TO AN ENHANCED RIGHTS ISSUE FRAMEWORK**

*Ordinary
Resolution 7*

“THAT subject to the Companies Act 2016, the Constitution of the Company, and the approvals of Bursa Malaysia Securities Berhad and any other governmental/regulatory authorities, the Directors of the Company be and are hereby empowered to undertake rights issue of new Company’s ordinary shares on a pro rata basis at any time via the subscription of rights issue by its existing controlling shareholders and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed fifty per centum (50%) of the total number of issued shares of the Company (excluding treasury shares) for the time being; AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.

AND THAT the Directors of the Company, whether solely or jointly, be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the ACE Market of Bursa Malaysia Securities Berhad AND be hereby authorised to do all such acts and things including executing all relevant documents as he/they may consider expedient or necessary to complete and give full effect to the abovesaid mandate.”

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (SSM PC No. 201908002648) (MAICSA 0777689)

CHENG CHIA PING (SSM PC No. 202008000730) (MAICSA 1032514)

Company Secretaries

Selangor Darul Ehsan
30 November 2020

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

cont'd

Notes:

Information for Shareholders/Proxies

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 December 2020 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.*
2. *A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same general meeting. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
3. *A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy and a proxy appointed to attend and vote at a general meeting shall have the same rights as the member to speak at the meeting.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if such appointer is a corporation, under its common seal or under the hand of an officer or attorney duly authorised. The Directors may, but shall not be bound to require evidence of the authority of any such attorney or officer.*
5. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds to which shares in the Company standing to the credit of the said account.*
6. *Where a member is an exempt authorised nominee which holds deposited securities in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
7. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Share Registrar's office of the Company at ShareWorks Sdn. Bhd., No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.*

Explanatory Notes to Ordinary Business:-

Audited Financial Statements for the financial year ended 31 July 2020

8. *This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval for the Audited Financial Statements from the shareholders. Therefore, this Agenda item is not put forward for voting.*

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

cont'd

Payment of Directors' Fees

9. The Proposed Directors' fees payable to the Non-Executive Directors of the Company for the financial year ending 31 July 2021 shall be up to RM196,356/- only, comprises the following:-

Directors' Fees	Financial Year Ending 31 July 2021
Non-Executive Directors	RM18,000/- per person per annum
Chairman of the Board of Directors	Additional RM6,000/- per annum
Chairman of the Audit Committee	Additional RM6,000/- per annum

The Ordinary Resolution 1, if approved, will authorise the Directors' fees payable to the Non-Executive Directors for the financial year ending 31 July 2021 pursuant to the Constitution of the Company.

In the event that proposed Directors' fees are insufficient due to enlarged size of the Board of Directors, approval will be sought at the next Annual General Meeting for additional Directors' fees to meet the shortfall.

Benefits Payable to the Directors

10. Under Ordinary Resolution 2, the benefits payable to the Directors pursuant to Section 230(1)(b) of the Companies Act 2016 has been reviewed by the Remuneration Committee and the Board of Directors of the Company, which recognises that the benefits payable is in the best interest of the Company and in accordance with the Directors' Remuneration Policy of the Company for the applicable period between 31 December 2020 to the next Annual General Meeting of the Company in year 2021. The benefits comprised solely of meeting allowance of RM2,000/- per meeting day for each Director, which will only be accorded based on actual attendance of meetings by the Directors.

In the event that the proposed benefits payable to the Directors are insufficient due to enlarged size of the Board of Directors, approval will be sought at the next Annual General Meeting for additional benefits payable to meet the shortfall.

Explanatory Notes to Special Business:

Authority to Issue Shares pursuant to the Companies Act 2016

11. The Company wishes to renew the mandate on the authority to issue shares pursuant to the Companies Act 2016 at the 16th AGM of the Company (hereinafter referred to as the "**General Mandate**").

The Company had been granted a general mandate by its shareholders at the last Annual General Meeting of the Company held on 29 July 2019 (hereinafter referred to as the "**Previous Mandate**"). Pursuant to the Previous Mandate, the Company had issued 75,000,000 new ordinary shares at RM0.0404 per share pursuant to the private placement exercise. Details of the total proceeds raised from the private placement and its utilisation are disclosed under the Additional Compliance Information section of the Annual Report

The Ordinary Resolution 6 is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company for the time being.

The purpose to seek the General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting. This authority unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting. The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

cont'd

As part of the initiative from Bursa Malaysia Securities Berhad ("**Bursa Securities**") to aid and facilitate listed issuers in sustaining their business or easing their compliance with Bursa Securities' rules, amid the unprecedented uncertainty surrounding the recovery of the COVID-19 outbreak and Movement Control Order imposed by the Government, Bursa Securities had vide its letter dated 16 April 2020 granted several additional relief measures to listed issuers, amongst others, listed issuers are allowed to seek a higher general mandate under Rule 6.04 of the Bursa Securities's ACE Market Listing Requirements of not more than 20% of the total number of issued shares (excluding treasury shares) for the general issue of new securities ("**20% General Mandate**").

This 20% General Mandate may be utilised by listed issuer to issue new securities until 31 December 2021 and thereafter, the 10% general mandate will be reinstated.

After having considered all aspects of the 20% General Mandate, the Board of Directors is of the opinion that the seeking of the 20% General Mandate would be in the best interest of the Company and its shareholders, on the following basis: -

- the 20% General Mandate would provide the Company and its subsidiaries with financial flexibility to raise capital expeditiously for its operations, future expansion and business development;
- the 20% General Mandate would allow the Company to raise equity capital promptly rather than the more costly and time-consuming process by obtaining shareholders' approval in a general meeting should the need for capital arise;
- other financing alternatives such as debt financing may incur interest burden to the Company and its subsidiaries; and
- the 20% General Mandate provides the Company with the capability to capture any capital raising and/or prospective investment opportunities when they are identified.

Authority to Undertake Rights Issue on a Pro Rata Basis pursuant to an Enhanced Rights Issue Framework

12. The Company wishes to seek the mandate on the authority to undertake rights issue of ordinary shares of the Company in accordance to the temporary relief measure announced by Bursa Securities on 10 November 2020 (hereinafter referred to as the "**Enhanced Rights Issue Mandate**").

The Ordinary Resolution 7 is to enable the Directors of the Company to undertake right issue of new Company's ordinary shares on a pro rata basis at any time via the subscription of rights issue by its existing controlling shareholders at any time in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 50% of the total number of issued shares of the Company for the time being. The proceeds raised from the Enhanced Rights Issue Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

As part of the initiative from Bursa Securities to assist and support listed corporations in light of the COVID-19 pandemic, Bursa Securities is introducing further flexibility to facilitate secondary fund raising by eligible listed issuers expeditiously, through an enhanced rights issue framework vide its letter dated 10 November 2020 of which eligible listed issuers are allowed to seek a higher general mandate of up to 50% of the total number of issued shares (excluding treasury shares) if the stipulated requirements are met.

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

cont'd

The Board of Directors, having considered the current and prospective financial position, needs and capacity of the Company and its subsidiaries, is of the opinion that the Enhanced Rights Issue Mandate is in the best interests of the Company and its shareholders, on the following basis: -

- *the Enhanced Rights Issue Mandate would provide the Company and its subsidiaries with financial flexibility to raise capital in a more expeditious manner for its operations, future expansion and business development;*
- *other financing alternatives such as debt financing may incur interest burden to the Company and its subsidiaries;*
- *the Enhanced Rights Issue Mandate will enable the issuance of new shares without diluting shareholders' equity interest, based on the assumption that all entitled shareholders subscribe in full for their respective entitlements under the Enhanced Rights Issue Mandate; and*
- *the Enhanced Rights Issue Mandate will provide the entitled shareholders with an opportunity to participate in an equity offering in the Company on a pro rata basis and ultimately, participate in the prospects and future growth of the Company and its subsidiaries by subscribing to the rights shares.*

Important Notes:

*The members are required to refer to the **Administrative Guide for Shareholders/Proxies Attending the 16th AGM**, despatched together with the Notice of AGM which outlines the guidance for attendance at the 16th AGM.*

The said Administrative Guide has taken into account the latest measures to-date to deal with the COVID-19 situation announced and/or implemented in Malaysia which affect the holding or conduct of general meetings. The Company will closely monitor the situation and reserves the right to take further measures or short-notice arrangements as and when appropriate in order to minimise any risk to the 16th AGM. Members are advised to check the Company's announcement(s) made via Bursa Securities regularly for updates on the AGM and/or material developments.

ADMINISTRATIVE GUIDE

For Shareholders/Proxies Attending the Sixteenth Annual General Meeting (“AGM”)

1. Date, Time and Venue of AGM

Date : Wednesday, 30 December 2020

Time : 11:00 a.m.

Venue : Topas, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang Subang, 40150 Shah Alam, Selangor Darul Ehsan

2. Entitlement to Attend

In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 December 2020 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.

3. Lodgement of Proxy Form of AGM

If you are unable to attend the AGM and wish to appoint a proxy to vote on your behalf, please deposit your Proxy Form at the Share Registrar’s office of the Company, ShareWorks Sdn. Bhd., No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan in accordance with the notes and instructions printed therein, not later than forty-eight (48) hours before the AGM i.e. **latest by Monday, 28 December 2020 at 11:00 a.m.**

4. Registration

- a. Please read the signage to ascertain the registration counter to register yourself for the AGM and join the queue accordingly.
- b. Please produce your original identity card (“IC”)/passport to the Share Registrar for verification. Please make sure you collect your IC/passport thereafter.
- c. After the verification, you are required to write your name and sign on the Attendance List placed at the registration counter.
- d. **NO** person will be allowed to register on behalf of another person even with the original IC/passport of that other person.
- e. If you have any questions, please proceed to the Help Desk Counter.

5. Coronavirus Disease (COVID-19) Outbreak

- a. **Personal attendance is not recommended** and shareholders are encouraged to appoint the Chairman as their proxy to cast their votes.
- b. The shareholders are encouraged to submit questions ahead of the AGM and email your questions to Mr. Jeff Yin Siew Uei at jeff.yin@scestatebuilder.com.my. Your questions will be addressed and published in the Key Matters discussed at the AGM at the corporate website.
- c. The number of attendees who will be allowed entry will be **limited to 20 persons only**.
- d. Attendees who wish to attend the AGM are **required to declare** that:-
 - i. They **have not** travelled to or transited through or travelled/been in contact with a person who has travelled to or transited through those countries affected by Covid-19 over the last 14 days and they **DO NOT HAVE** symptoms of the Covid-19 and if they do, they are to refrain from attending the AGM.
 - ii. Attendees are advised not to attend the AGM if they had been in **physical contact with a person infected with Covid-19**;
 - iii. To seek medical advice and obtain **medical clearance** before attending the AGM if the attendees had travelled to countries affected by Covid-19 or if they have symptoms such as fever or respiratory tract infection.

ADMINISTRATIVE GUIDE

For Shareholders/Proxies Attending the Sixteenth Annual General Meeting ("**AGM**")
cont'd

- e. As a precautionary measure, we will be conducting **temperature checks** on all persons upon arrival at the AGM venue. If a member has temperature **above 37.5°C** or **showed symptoms of respiratory illness** such as coughing and sneezing, will be **declined from entering into the venue**.
- f. **The attendees are required:-**
 - i. To wear face mask before attending the AGM and throughout the AGM.
 - ii. To maintain at least 1 meter physical distancing at all times.
 - iii. To maintain a good personal hygiene and use hand sanitiser whenever required.
 - iv. To cover your cough or sneeze with tissue, and wash your hand immediately.

6. Enquiry

If you have any enquiries prior to the AGM, please contact the following persons during office hours:-

Share Registrar

ShareWorks Sdn. Bhd.

Mr. W.K. Chan / Mr. Vemalan

Tel no. : +603-6201 1120

Fax no. : +603-6201 3121/+603-6201 5959

Email : enquiry@shareworks.com.my

SC Estate Builder Berhad

Mr. Jeff Yin Siew Uei

Tel no. : +603 -7610 4388

Fax no. : +603 -7610 4399

Email : jeff.yin@scestatebuilder.com.my

CORPORATE INFORMATION

FORM OF LEGAL ENTITY

- Incorporated in Malaysia on 10 June 2004 as a private limited company
- Converted to a public limited company on 22 July 2004

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
Tel : +603-2084 9000
Fax : +603-2094 9940/+603-2095 0292

REGISTRATION NUMBER

200401017162 (655665-T)

PRINCIPAL OFFICE

E-9-08, Block E, Level 9
Capital 5, Oasis Square
No. 2, Jalan PJU 1A/7A
Ara Damansara
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +603-7610 4388
Fax : +603-7610 4399

STOCK EXCHANGE LISTING

Listed on ACE Market of Bursa Malaysia Securities Berhad on 29 November 2005
Stock Name/Code : SCBUILD/0109
Sector : Construction

CORPORATE WEBSITE

www.scestatebuilder.com.my

COMPANY SECRETARIES

Chua Siew Chuan
(MAICSA 0777689 PRACTITIONER)
(SSM PC No.: 201908002648)

Cheng Chia Ping
(MAICSA 1032514 PRACTITIONER)
(SSM PC No.: 202008000730)

AUDITORS

Messrs. Ong & Wong
(AF 0241)
Chartered Accountants
Unit C-20-5, 20th Floor
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Wilayah Persekutuan
Tel : +603-2161 1000/+603-2166 3122
Fax : +603-2166 9131

SHARE REGISTRAR

ShareWorks Sdn. Bhd.
[Registration No. 199101019611 (229948-U)]
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas, 50480 Kuala Lumpur
Wilayah Persekutuan
Tel : +603-6201 1120
Fax : +603-6201 3121 / 5959

PRINCIPAL BANKERS

CIMB Bank Berhad
AmBank (M) Berhad

REGISTERED OFFICE

BOARD OF DIRECTORS AND BOARD COMMITTEES

BOARD OF DIRECTORS

Loh Boon Ginn

Ahli Mahkota Kedah
Chairman and Managing Director
(Appointed as Chairman w.e.f. 30 April 2020)

Datuk Cheng Lai Hock

Independent Non-Executive Chairman
(Resigned w.e.f. 30 April 2020)

Ooi Bee Chin

Independent Non-Executive Director

Loh Boon Zheng

Independent Non-Executive Director
(Re-designated from Non-Independent
Non-Executive Director to Independent
Non-Executive Director w.e.f. 30 July 2020)

Loh Shy Tyug

Non-Independent Non-Executive Director

Loh Shy Ming

Non-Independent Non-Executive Director

Dato' Ir. Loh Kim Mon

Independent Non-Executive Director
(Resigned w.e.f. 26 June 2020)

Ooi Soo Kok

Independent Non-Executive Director
(Resigned w.e.f. 26 June 2020)

AUDIT COMMITTEE

Chairman

To be appointed

Members

Ooi Bee Chin
Loh Boon Zheng
Loh Shy Ming

NOMINATION COMMITTEE

Chairman

To be appointed

Members

Ooi Bee Chin
Loh Boon Zheng
Loh Shy Ming

REMUNERATION COMMITTEE

Chairman

To be appointed

Members

Ooi Bee Chin
Loh Boon Zheng
Loh Shy Ming

RISK MANAGEMENT COMMITTEE

Chairman

To be appointed

Members

Ooi Bee Chin
Loh Boon Zheng
Loh Shy Tyug

GROUP CORPORATE STRUCTURE

(As at 6 November 2020)



SC Estate Builder Berhad
 (Registration No. 200401017162 (655665-T))
 Principal activity: Investment holding

100%

SC Estate Construction Sdn. Bhd.
 (Registration No. 201201026500 (1010990-P))
 Principal activity:
 Construction, project management
 and construction related industries

100%

SC Estate Industries Sdn. Bhd.
 (Registration No. 200201031457 (599120-K))
 Principal activity:
 Trading in building materials

100%

SC Estate IBS Sdn. Bhd.
 (Registration No. 201701003564 (1217714-U))
 Principal activity:
 Manufacture and supply of
 Industrialised Building System

100%

SC Estate Energy Sdn. Bhd.
 (Registration No. 201901032787 (1342117-D))
 Principal activity:
 Investment and Engineering, Procurement,
 Construction and Commissioning (EPCC) for
 Solar Power Plants, Solar Power On The
 Roof and related industries

ABBREVIATIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Annual Report:-

Abbreviations	Description
ACE LR or Listing Requirements	ACE Market Listing Requirements of Bursa Securities
Act	Companies Act 2016
AGM	Annual General Meeting
Bursa Securities	Bursa Malaysia Securities Berhad
FYE	Financial year ended or financial year ending, as the case may be
FYE 2020	Financial year ended 31 July 2020
FYE 2021	Financial year ending 31 July 2021
INED	Independent Non-Executive Director
LPD	Latest practicable date: 6 November 2020
MFRS	Malaysian Financial Reporting Standards
NINED	Non-Independent Non-Executive Director
MCCG	Malaysian Code on Corporate Governance
SCBUILD/0109 or the Company	SC Estate Builder Berhad
SCBUILD/0109 Group or the Group	SCBUILD and its subsidiaries
TOR	Terms of Reference

PROFILES OF THE BOARD OF DIRECTORS

As at 6 November 2020

LOH BOON GINN

*Ahli Mahkota Kedah
Chairman and Managing Director
Malaysian, Aged 29, Male*



Date of appointment as Director : 1 March 2016

Length of service as director since appointment : 4 years 8 months

Board Committee(s) served on: Nil

Academic/Professional Qualification(s) : Degree holder in Bachelor of Entrepreneurship from Curtin University, Western Australia

Present Directorship(s) in other Public Companies and Listed Companies : Mr. Loh Boon Ginn does not hold any other directorship in other public listed companies, but he sits on the Board of several private limited companies.

Family relationship with any Director and/or major shareholder of the Company : Mr. Loh Boon Ginn is a substantial shareholder of the Company, whereby he is deemed interested by virtue of his shareholdings in SC Estate World Sdn. Bhd., a substantial shareholder of the Company, pursuant to Section 8 of the Companies Act 2016.

He is a brother to Ms. Loh Shy Ming, the Non-Independent Non-Executive Director of the Company, who is also a substantial shareholder of the Company.

He is also a brother to Ms. Loh Shy Tyug, the Non-Independent Non-Executive Director of the Company, who is also a substantial shareholder of the Company.

Working experience : Mr. Loh Boon Ginn is the founder of SC Estate World Sdn. Bhd., an investment holding company that is involved in various business investment activities and construction business activities.

Time committed : Mr. Loh Boon Ginn attended all the eight (8) Board of Directors' Meetings of the Company held in the FYE 2020.

PROFILES OF THE BOARD OF DIRECTORS

As at 6 November 2020
cont'd

OOI BEE CHIN

*Independent Non-Executive Director
Malaysian, Aged 30, Female*



Date of appointment as Director : 15 September 2016

Length of service as director since appointment : 4 years 1 month

Board Committee(s) served on:

- Member of the Audit Committee
- Member of the Nomination Committee
- Member of the Remuneration Committee
- Member of the Risk Management Committee

Academic/Professional Qualification(s) : Ms. Ooi Bee Chin is a practising legal associate who obtained a Degree in Bachelor of Law from University of West of England, Bristol, United Kingdom in the year of 2012. In the year of 2013, she passed the Legal Profession Qualification Board examination and was qualified as an Advocates and Solicitors of Malaya at the end of year 2014.

Present Directorship(s) in other Public Companies and Listed Companies : Ms. Ooi Bee Chin does not hold any other directorship in other public listed companies.

Working experience : Ms. Ooi Bee Chin started her career with practicing law in Malaysia. She has been exposed to conveyancing, litigation and corporate throughout her years of practice. In 2014, she participated in an exchange program with Guang Xi Lawyers Association. In January 2018, she joined a wholesale company as in-house legal executive. Since then, apart from dealing with legal works, she also participates in business operations and management.

Time committed : Ms. Ooi Bee Chin attended all the eight (8) Board of Directors' Meetings of the Company held in the FYE 2020.

Notes:-

Save as disclosed above, none of the Directors has:-

- (a) any family relationship with any Director and/or major shareholder of the Company;
- (b) any conflict of interest with the Company; and
- (c) any conviction for offences (other than traffic offences) within the past five (5) years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILES OF THE BOARD OF DIRECTORS

As at 6 November 2020
cont'd

LOH BOON ZHENG

*Independent Non-Executive Director
Malaysian, Aged 31, Male*



Date of appointment as Director : 1 March 2016

Length of service as director since appointment : 4 years 8 months

Board Committee(s) served on:

- Member of the Audit Committee
- Member of the Nomination Committee
- Member of the Remuneration Committee
- Member of the Risk Management Committee

Academic/Professional Qualification(s) :

- Degree in Bachelor of Business (Accounting) majoring in Accounting and Finance from Monash University, Caulfield, Australia
- Fellow Member of the CPA Australia since 2014
- Fellow Member of Malaysian Institute of Accountants since 2016

Present Directorship(s) in other Public Companies and Listed Companies : Mr. Loh Boon Zheng does not hold any other directorship in other public listed companies, but he sits on the Board of several private limited companies.

Family relationship with any Director and/or major shareholder of the Company : Mr. Loh Boon Zheng ceased as a substantial shareholder of the Company with effect from 7 July 2020.

Working experience : In 2011, Mr. Loh Boon Zheng started his career with Messrs. PricewaterhouseCoopers PLT in assurance services. In 2015, he left Messrs. PricewaterhouseCoopers PLT for a better career advancement in commercial sector. In 2016, he joined a construction company as Accounts Manager heading and overseeing the accounts department. In 2019, he joined a hotel company as Accounts Manager heading and overseeing the accounts department.

Time committed : Mr. Loh Boon Zheng attended all the eight (8) Board of Directors' Meetings of the Company held in the FYE 2020.

PROFILES OF THE BOARD OF DIRECTORS

As at 6 November 2020
cont'd

LOH SHY TYUG

*Non-Independent Non-Executive Director
Malaysian, Aged 38, Female*



Date of appointment as Director : 15 September 2016

Length of service as director since appointment : 4 years 1 month

Board Committee(s) served on: Member of the Risk Management Committee

Academic/Professional Qualification(s) : Master of Science in Chemical and Biological Engineering from Colorado State University and Bachelor of Science in Chemical Engineering from Iowa State University

Present Directorship(s) in other Public Companies and Listed Companies : Non-listed Public Company:
1. Syarikat Kayu Wangi Berhad

Family relationship with any Director and/or major shareholder of the Company : Ms. Loh Shy Tyug is a substantial shareholder of the Company, whereby she is deemed interested by virtue of her shareholdings in Takzim Empayar Sdn. Bhd., a substantial shareholder of the Company, pursuant to Section 8 of the Companies Act 2016.

Ms. Loh Shy Tyug is a sister to Mr. Loh Boon Ginn, the Chairman and Managing Director of the Company, who is also a substantial shareholder of the Company.

She is also a sister to Ms. Loh Shy Ming, the Non-Independent Non-Executive Director, who is also a substantial shareholder of the Company.

Working experience : Ms. Loh Shy Tyug started her career with Republic Polytechnic, Singapore as Project Engineer. She is a certified trainer under Human Resource Development Fund Malaysia. She is currently an Education Director of a private higher education institution offering tertiary educational programs.

Time committed : Ms. Loh Shy Tyug attended eight (8) Board of Directors' Meetings of the Company held in the FYE 2020.

PROFILES OF THE BOARD OF DIRECTORS

As at 6 November 2020

cont'd

LOH SHY MING

*Non-Independent Non-Executive Director
Malaysian, Aged 31, Female*



Date of appointment as Director : 1 March 2016

Length of service as director since appointment : 4 years 8 months

Board Committee(s) served on:

- Member of the Audit Committee
- Member of the Nomination Committee
- Member of the Remuneration Committee

Academic/Professional Qualification(s) : Degree holder in Bachelor of Finance from University of Wollongong, Northfields Ave, Australia

Present Directorship(s) in other Public Companies and Listed Companies : Ms. Loh Shy Ming does not hold any other directorship in other public listed companies, but she sits on the Board of several private limited companies.

Family relationship with any Director and/or major shareholder of the Company : Ms. Loh Shy Ming is a substantial shareholder of the Company, whereby she is deemed interested by virtue of her shareholdings in SC Estate World Sdn. Bhd., a substantial shareholder of the Company, pursuant to Section 8 of the Companies Act 2016.

She is a sister to Mr. Loh Boon Ginn, the Chairman and Managing Director of the Company, who is also a substantial shareholder of the Company.

She is also a sister to Ms. Loh Shy Tyug, the Non-Independent Non-Executive Director of the Company, who is also a substantial shareholder of the Company.

Working experience : Ms. Loh Shy Ming started her career in SC Estate World Sdn. Bhd., an investment holding company as Chief Finance Officer. Since then, she has also been involved in various business operations and decision-making level management.

Time committed : Ms. Loh Shy Ming attended all the eight (8) Board of Directors' Meetings of the Company held in the FYE 2020.

PROFILES OF KEY MANAGEMENT TEAM

LOH BOON GINN

*Ahli Mahkota Kedah
Chairman and Managing Director
Malaysian, Aged 29, Male*

Please refer to page 14 for the profile of Mr. Loh Boon Ginn

YIN SIEW UEI

*Corporate General Manager
Malaysian, Aged 50, Male*

Date first appointed to the key management team position: 1 September 2016

Academic/Professional Qualification(s):

- Degree in Bachelor of Commerce (Accounting) from University of Southern Queensland, Australia
- Chartered Accountant and member of Malaysian Institute of Accountants since 2006

Present Directorship(s) in other Public Companies and Listed Companies: Mr. Yin does not hold any directorship in public companies and listed companies.

Family relationship with any Director and/or major shareholder of the Company: Mr. Yin does not have any family relationship with any Director and/or major shareholder of the Company.

Working experience: Mr. Yin started his career in 1994 where he was attached to a professional audit firm providing accounting, taxation and assurance services. After serving for more than three (3) years in professional firms, he joined commercial sector in 1997 and since then he served a few public listed companies as well as private companies where he was involved in internal auditing, risk management, process improvement, policies and procedures, processes and etc.

In 2005, he joined a public listed company, principally involved in manufacturing of timber products, construction and property development activities, as a Group Accountant overseeing various function including accounting, finance, costing, internal control corporate reporting and so on. He was promoted as the Group General Manager in 2011.

Equipped with more than 20 years of working experience, Mr. Yin joined SCBUILD/0109 as Corporate General Manager in 2017 and he is responsible in overseeing various functions in accounting, finance, costing, internal control, corporate affairs, human resources, and etc.

Disclosure on Conflict of Interest and Convictions for Offences (if any): He has no conflict of interest with the Company and has no convictions for any offences (other than traffic offences) within the past five (5) years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

SUSTAINABILITY STATEMENT

The Group recognises the importance of sustainability as an element for long term business growth as well as creating long term value for the shareholders, environment and society.

The Group has identified the following areas for its sustainability practices commitment:

Workplace <ul style="list-style-type: none"> ✓ Workplace diversity ✓ Healthy and safe working environment 	Community <ul style="list-style-type: none"> ✓ Contribution to the needy
Environment <ul style="list-style-type: none"> ✓ Environmental-friendly materials ✓ Proper waste management ✓ Reuse and recycle of equipment/materials 	Marketplace <ul style="list-style-type: none"> ✓ Corporate disclosure practices ✓ Corporate governance ✓ Dedicated sections at corporate website

(1) WORKPLACE

With a constantly growing workforce and ever-evolving construction and construction related sectors, it is imperative that the Group continues to invest in its employees.

(a) Workplace Diversity

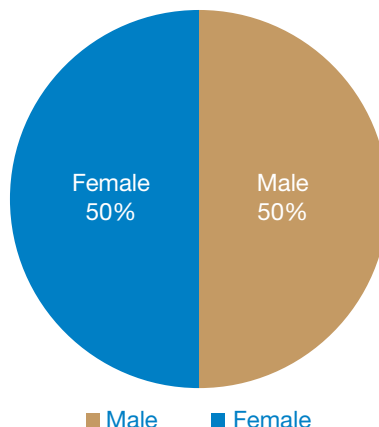
The Group embraces diversity at workplace and we do not allow room for any form of discrimination practice against people of different gender, age, ethnicity, nationality or marital status.

By employing a diverse workforce, the Group is able to have a better understanding of today's dynamic market demographics. It has also enable the Group to tap into a pool of people from diverse backgrounds who can provide unique market insights or generate creative solutions, thereby increasing the Group's competitiveness in today's globalised and challenging economy.

Gender diversity

As at LPD, the Group had achieved a ratio of 50:50 in the workforce of the Group in terms of male/female, accomplished the government's initiatives to achieve 30% women participation in the workplace.

Workforce By Gender



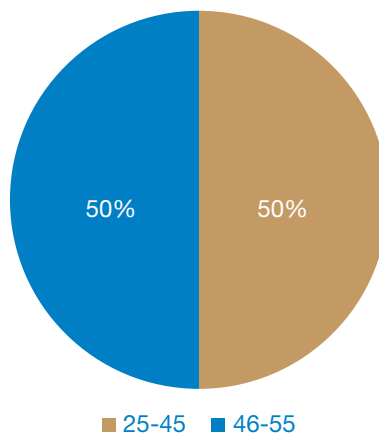
SUSTAINABILITY STATEMENT

cont'd

Age diversity

As at LPD, 1/2 of our employees belong to the age group of between 26 to 45 and 46 to 55. The Group's age demographics pattern is evenly spread out among the various age group of the workforce.

Workforce By Age

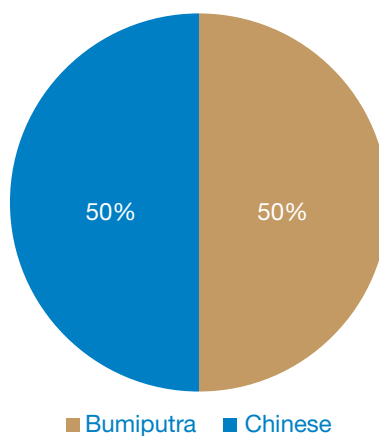


Ethnicity diversity

As at LPD, employees of Bumiputra and Chinese ethnicity constituted an equal mix of the Group workforce at 50% each. The Group is endeavour to achieve well balance hiring of staff during the recruitment process.

As at LPD, the Group has an equal mix of Bumiputra and Chinese ethnicity in the Group workforce at 50% each. The Group is endeavour to achieve well balance hiring of staff during the recruitment process.

Workforce By Ethnicity



SUSTAINABILITY STATEMENT

cont'd

(b) Healthy and Safe working environment

The Group continuously strive to provide a healthy and safe working environment for our employees. Regular workplace inspection is one of the main duties of the management to ensure work places are uncluttered, neat, tidy and safe. Fire and safety drills, as well as risk awareness briefing are held regularly to ensure that employees are well prepared in the event of an emergency.

(2) ENVIRONMENT

The Group believes it has a moral and social responsibility in reducing the carbon footprint, contributing towards a greener environment.

The Group is continuously looking for new ways to incorporate sustainability practices into all its processes, including construction and building works processes or sourcing of construction and building materials processes.

As a sustainable practice, the Group continuously promote awareness and commitment to its customers on the following initiatives:-

- Promote the use of environmental-friendly materials sourced from sustainable resources;
- Proper construction waste management with storage, collection and re-use of recyclables and construction formworks and waste;
- Introducing sustainable products that can help curtail power consumption and minimising the taxing impact on the environment; and

(3) COMMUNITY

Being a socially responsible corporate citizen, the Group is active in its contributions to community welfare. To achieve its corporate social objectives, the Group supports the needy in the communities in which its businesses operate and its employees live and work.

(4) MARKETPLACE

As a listed entity as well as an employer, the Group has an obligation to its shareholders and statutory obligations to the relevant authorities.

(a) Corporate Disclosure Practices

The Group recognises the importance of timely and thorough dissemination of accurate and useful information relating to our operations to stakeholders. In this regard, we strictly adhere to the disclosure requirements of Bursa Securities and the Malaysian Accounting Standards Board. In fact, this Annual Report contains comprehensive information pertaining to the Group, while various disclosures on financial results provide stakeholders with the latest financial information on the Group.

SUSTAINABILITY STATEMENT

cont'd

(b) Dedicated sections in corporate website

Apart from the mandatory public announcements through Bursa Securities, the Group's website at www.scestatebuilder.com.my provides the public with convenient and timely access to business updates, and financial and non-financial information. Furthermore, stakeholders are able to direct queries to the Group via this website.

The Company has two (2) dedicated sections/notices to ensure more effective dissemination of information:-

- “**Corporate Events**” section; and
- “**Investor Relations**” section.

CONCLUSION

The Group recognises the important of sustainability and its increasing impact to the business. The Group is committed to understanding and implementing sustainable practices and to exploring the benefits to the business whilst attempting to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders and economic success.

CHAIRMAN AND MANAGING DIRECTOR'S STATEMENT



To Our Shareholders of SCBUILD/0109

**OUR FUTURE @ SCBUILD/0109
INVEST FOR LONG TERM**

**MOVING FORWARD 2020-2030
UNITED ● BEYOND 2100**

Dear Shareholders,

*On behalf of Our Board Of Directors (“**Our BOD**”) of SCBUILD/0109, I am pleased to present to you the Annual Report and Audited Financial Statements of the Company and SCBUILD/0109 Group for FYE 2020. In line With OUR FUTURE @ SCBUILD/0109 > INVEST FOR LONG TERM > MOVING FORWARD 2020-2030 > UNITED ● BEYOND 2100.*

CHAIRMAN AND MANAGING DIRECTOR'S STATEMENT

cont'd

SCBUILD/0109 SHARIAH COMPLIANT COMPANY

SCBUILD/0109 is a Shariah Compliant Company listed on ACE Market of Bursa Securities since 29 November 2005. SCBUILD/0109 Group's core business is Construction and its related industries including Renewable Energy On Solar Power Plants, Solar Power On The Roofs, Affordable Houses, Infrastructure Works And Related Businesses.

SCBUILD/0109 CHAIRMAN AND MANAGING DIRECTOR

I, Loh Boon Ginn, age 29, Ahli Mahkota Kedah, born in 1991 in the State of Kedah Darul Aman, Malaysia. I am a high school graduate from Maharishi School in Iowa, United States of America in 2009 and major in Bachelor of Entrepreneurship from Curtin University, Western Australia in 2015. The title of Ahli Mahkota Kedah was conferred by Almarhum Sultan Abdul Halim Mu'adzam Shah Ibni Almarhum Sultan Badlishah Sultan Negeri Kedah Darul Aman in 2017.

On 1 March 2016, I was appointed as the Managing Director of SCBUILD/0109 and subsequently on 30 April 2020, I was appointed as the Chairman of SCBUILD/0109.

SCBUILD/0109 BOARD OF DIRECTORS (BOD)

Our Board of Directors, age 20s - 30s, is formed by a mixture of talented professionals consisting of 3 females and 2 males. Our Board accomplished 60.0% woman members exceeded the government's target of 30% woman composition in the Board. SCBUILD/0109 recognises young talent would bring vibrant and energetic business environment to SCBUILD/0109.

SCBUILD/0109 CORPORATE SOCIAL RESPONSIBILITIES ("CSR")

SCBUILD/0109 believes that a firm commitment to CSR activities forms the basis of good corporate citizenship. In this respect, the Company is committed to yearly contribution for the education fund of Yayasan Sultanah Bahiyah, founded by the Kedah Royalty, for CSR of SCBUILD/0109.

SCBUILD/0109 CORE BUSINESS

SCBUILD/0109 Group's main focus on its core businesses are Construction and its related industries including Renewable Energy On Solar Power Plants, Solar Power On The Roofs, Affordable Houses, Infrastructure Works And Related Businesses.

Presently, SCBUILD/0109 Group has an outstanding order book of approximately RM8.2 million. SCBUILD/0109 2020 – 2030 YEAR MOVING FORWARD will continue to look for more Construction and related activities including Renewable Energy On Solar Power Plants, Solar Power On The Roofs, Affordable Houses, Infrastructure Works And Related Businesses to strengthen the financial performance of SCBUILD/0109 Group.

SCBUILD/0109 PROSPECT

In line with OUR FUTURE @ SCBUILD/0109 > INVEST FOR LONG TERM > MOVING FORWARD 2020 – 2030 > UNITED ● BEYOND 2100.

SCBUILD/0109 2020 – 2030 YEAR MOVING FORWARD BUSINESS PLANS seeks to achieve profitability with its strategies for its business expansion plan and strives to continuously working towards the improvement in the financial performance of SCBUILD/0109 Group.

CHAIRMAN AND MANAGING DIRECTOR'S STATEMENT

cont'd

SCBUILD/0109 2020 – 2030 YEAR MOVING FORWARD BUSINESSES PLANS

TARGETS
PROPOSED BY

LOH BOON GINN
AGE 29
AHLI MAHKOTA KEDAH
CHAIRMAN
AND MANAGING DIRECTOR

SC ESTATE BUILDER BERHAD
(SCBUILD/0109)

OUR FUTURE @ SCBUILD/0109
INVEST FOR LONG TERM

MOVING FORWARD 2020 – 2030
UNITED ● BEYOND 2100

SCBUILD/0109 PROPOSES MULTIPLE EFFECT SOLUTIONS FOR 2020 YEAR GLOBAL CRISIS ON CLIMATE CHANGE AND CORONAVIRUS PANDEMIC ACROSS THE WORLD TO CREATE SAFETY, HEALTHY, WEALTHY FOR THE PEOPLES AND PLANET

SCBUILD/0109 2020 – 2030 YEAR MOVING FORWARD BUSINESSES PLANS

LEVEL

TARGETS PROPOSED

0. SCBUILD/0109 2020 – 2030 YEAR Committed To Net-Zero Carbon Emission By 2050 Proposes Multiple Effect Solutions On Climate Change And Target To Build 2,000 Megawatt (MW) to 3,000 Megawatt (MW) Of Solar Power Plants And Solar Power On The Roofs In Malaysia, ASEAN Members Countries And In Asia.
1. SCBUILD/0109 2020 – 2030 YEAR Fundraising Of RM2 Billion To RM3 Billion To Finance Construction And Related Industries Including Renewable Energy On Solar Power Plants, Solar Power On The Roofs, Affordable Houses, Infrastructure Works And Related Businesses. Lease Or Purchase Of Lands, Working Capitals, General Expenses, Operating Costs, Acquisition Of Construction And Related Businesses, Shares Buy Back And Etc.
2. SCBUILD/0109 2020 – 2030 YEAR Merger And Acquisition (M & A) With Construction And Related Industries Including Renewable Energy On Solar Power Plants, Solar Power On The Roofs, Affordable Houses, Infrastructure Works And Related Businesses.
3. SCBUILD/0109 2020 – 2030 YEAR Target To Build 2,000 Megawatt (MW) To 3,000 Megawatt (MW) Of Solar Power Plants For Multiple Effect Solutions On Climate Change In Malaysia, ASEAN Members Countries And In Asia.

CHAIRMAN AND MANAGING DIRECTOR'S STATEMENT

cont'd

4. SCBUILD/0109 2020 – 2030 YEAR Target To Build 2,000 Units To 3,000 Units Of Affordable Houses With Solar Power On The Roofs, 2 Meters Social Distance Walkway And Bicycle Lane With Internet Connectivity For Multiple Effect Solutions On Climate Change And Coronavirus Pandemic To Create Safety, Healthy, Wealthy For The Peoples And Planet.
5. SCBUILD/0109 2020 – 2030 YEAR Committed To Government Of Malaysia Shared Prosperity Vision 2030, Proposals That Submitted By SCBUILD/0109 To Government of Malaysia For The Proposed Infrastructure Works That Awarded From Malaysia Government To SCBUILD/0109 Will Be Allocated 40% Of The Works To Bumiputera Usahawan And Young Entrepreneurs At The Age Of 20s-30s.
6. SCBUILD/0109 2020 – 2030 YEAR To Build Shareholders And Investors Relationship Also Related Promotions In Malaysia, ASEAN Members Countries And In Asia As Well As America, Europe And United Kingdom (UK) To Invest In OUR FUTURE @ SCBUILD/0109 Stocks And Funding For Multiple Effect Solutions On Climate Change And Coronavirus Pandemic Across The World To Create Safety, Healthy And Wealthy For The Peoples And Planet.
7. SCBUILD/0109 2020 – 2030 YEAR To Use Advance Technologies, Smart Phones, Computers, Internet, Artificial Intelligence (AI), Automations, Robotics, Future Technologies And Etc. For Multiple Effect Solutions On Businesses, Climate Change And Coronavirus Pandemic Across The World To Create Safety, Healthy And Wealthy For The Peoples And Planet.
8. SCBUILD/0109 2020 – 2030 YEAR To Apply SCBUILD/0109 TOOLS OF 3S (Simple, Strong And Solid) Simple Business, Strong Organization And Solid Assets And 3M (Multiple, Maximum And Minimum) Multiple Income, Maximum Profit And Minimum Cost For All SCBUILD/0109 Businesses.
9. SCBUILD/0109 2020 – 2030 YEAR To Welcome Younger Generation Age Of 20s- 30s To Invest In SCBUILD/0109 Stocks And Also Proposals From SCBUILD/0109 Shareholders and Investors That Can Make Businesses Profitable And Increase In Share Price In line With OUR FUTURE @ SCBUILD/0109 > INVEST FOR LONG TERM > MOVING FORWARD 2020-2030 > UNITED ● BEYOND 2100.

SCBUILD/0109 CORPORATE DEVELOPMENT

On 2 October 2020, SCBUILD/0109 announced a Proposed Private Placement of 88,309,090 new ordinary shares and the listing of and quotation for the new Private Placement Shares had been approved by Bursa Securities on 21 October 2020.

On 4 November 2020, SCBUILD/0109 announced that the issued price for the Proposed Private Placement Shares has been fixed at RM0.0404.

Based on the issue price of RM0.404 per placement share, the Proposed Private Placement Shares is expected to raise gross proceeds of approximately RM3.567 million and the proceeds are intended to be utilised by the Group for financing the working capital and estimated expenses.

On 13 November 2020, SCBUILD/0109 announced that 75,000,000 placement shares were listed and quoted on the ACE Market of Bursa Securities with effect from 9.00 a.m. on 13 November 2020, which marks the completion of the Proposed Private Placement Shares. At the end of the trading day on 13 November 2020, SCBUILD/0109's share price closed at RM0.07 per share.

CHAIRMAN AND MANAGING DIRECTOR'S STATEMENT

cont'd

DIVIDEND

Our Board does not recommend a dividend for the FYE 2020.

APPRECIATION & ACKNOWLEDGEMENT

On behalf of Our Board, I would like to take the opportunity to record our appreciation to Datuk Cheng Lai Hock, Dato' Ir. Loh Kim Mon and Mr. Ooi Soo Kok for their invaluable contributions rendered during their tenure on the Board.

I wish to express my sincere gratitude to my fellow Directors, and Management team for their trust and support in the past year and continue to empower me as Chairman and Managing Director to lead and achieve OUR FUTURE @ SCBUILD/0109.

Further, I would like to extend my sincere appreciation to our customers, suppliers, business associates, the financiers, the government agencies and regulatory authorities for their continued support to SCBUILD/0109.

I would also like to express my sincere appreciation to our esteemed shareholders for your continued support, confidence and trust in me and to lead SCBUILD/0109. I will continue to work hard to provide better shareholder value to each and every one of you.

Lastly, I wish to express my deepest gratitude to the SCBUILD/0109's management team and our staff for their unwavering support and commitments.

LOH BOON GINN

AHLI MAHKOTA KEDAH

CHAIRMAN AND MANAGING DIRECTOR

MANAGEMENT DISCUSSION AND ANALYSIS

SCBUILD/0109 FINANCIAL PERFORMANCE

For the FYE 2020, SCBUILD/0109 Group involved in Construction and its related industries including Renewable Energy On Solar Power Plants, Solar Power On The Roofs, Affordable Houses, Infrastructure Works And Related Businesses.

SCBUILD/0109's FYE had changed from 31 January to 31 July and the new financial period commences from 1 February 2019 to 31 July 2020, covering a period of 18 months. Thereafter, the financial year of SCBUILD/0109 shall revert to 12 months ending 31 July, for each subsequent year.

For the 18-month FYE 2020, the SCBUILD/0109 Group recorded revenue of approximately RM7.19 million which represents a decrease of approximately RM6.444 million or 47% as compared to the revenue of RM13.634 million for the comparative 12-month FYE 31 January 2019. The decrease in revenue was mainly attributable to interruptions in SCBUILD/0109 Group's Construction works progress and decrease in sales volume of SCBUILD/0109 Group's trading of building materials as a result of the following:-

- i. Coronavirus Pandemic Across Malaysia and The World; and
- ii. A slowdown in Buildings and Infrastructure activities of the Group's client resulted in a corresponding slowdown in the Group's Construction works.

SCBUILD/0109 Group recorded a loss before tax of approximately RM0.437 million for the 18-month FYE 2020 as compared to the profit before tax of approximately RM2.498 million for the comparative 12-month FYE 31 January 2019. The loss before tax recorded during the 18-month FYE 2020 was mainly attributable to the following:-

- i. Lower gross profit of approximately RM3.154 million in line with the lower revenue recorded for the financial period under review, which represents a decrease of RM1.783 million as compared to the gross profit of approximately RM4.937 million for the comparative 12-month FYE 31 January 2019; and
- ii. The Group incurring operating expenses of approximately RM3.566 million during the financial period under review. For shareholders' information, the Group had incurred operating expenses of RM3.468 million for the comparative 12-month FYE 31 January 2019.

SCBUILD/0109 Group incurred loss after tax of approximately RM0.749 million for the 18-month FYE 2020 as a result of loss before tax from continuing operations of RM0.437 million and income tax expense of RM0.312 million.

SCBUILD/0109 CORE BUSINESS

SCBUILD/0109 Group's main focus on its core businesses are Construction and its related industries including Renewable Energy On Solar Power Plants, Solar Power On The Roofs, Affordable Houses, Infrastructure Works And Related Businesses.

Presently, SCBUILD/0109 Group has an outstanding order book of approximately RM8.2 million. SCBUILD/0109 2020 – 2030 YEAR MOVING FORWARD will continue to look for more Construction and related activities including Renewable Energy On Solar Power Plants, Solar Power On The Roofs, Affordable Houses, Infrastructure Works And Related Businesses to strengthen the financial performance of SCBUILD/0109 Group.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

SCBUILD/0109 PROSPECT

SCBUILD/0109 Group is focusing its efforts to complete the existing Construction contract in hand and SCBUILD/0109 2020 – 2030 YEAR MOVING FORWARD will continue to secure more contract on Construction and related activities including Renewable Energy On Solar Power Plants, Solar Power On The Roofs, Affordable Houses, Infrastructure Works And Related Businesses to replenish the SCBUILD/0109 Group's order book as well as to improve the future performance of SCBUILD/0109 Group. In addition, SCBUILD/0109 Group is expanding through acquisition of companies that is in the business of Construction and its related industry and venturing into the business of Renewable Energy on Solar Power Plants and Solar Power On The Roofs that would contribute positively to SCBUILD/0109 Group.

Despite the prevailing challenges faced by SCBUILD/0109 Group in the Construction industry, SCBUILD/0109 Group is optimistic in the outlook for SCBUILD/0109 Group in the coming years.

SCBUILD/0109 Group has initiated an expansion plan that entails SCBUILD/0109 Group having a plan to venture into Renewable Energy Sector in particular on Solar Power Plants and Solar Power On The Roofs. This expansion plan not only allows the SCBUILD/0109 Group to penetrate broader spectrum of revenue but also enables SCBUILD/0109 Group to contribute to the Government's Policy to achieve 20% Renewable Energy target by 2025.

With the expected increase of energy demand, more fossil fuels will be consumed to generate electricity. These fossil fuels will increase the generation of CO₂ and contribute negatively to Climate Change and counterproductive to the countries effort in reducing Green House Gas emissions target set in the Paris Agreement where Malaysia has committed to reduce Greenhouse Gas (GHG) emissions by 45% by 2030 in relation to our 2005 GDP.

SCBUILD/0109 2020-2030 YEAR MOVING FORWARD seeks to achieve profitability with its strategies for its business expansion plan and strives to continuously working towards the improvement in the financial performance of SCBUILD/0109 Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is pleased to present this Corporate Governance (“CG”) Overview Statement (“Statement”) to provide the investors with an overview of the CG practices adopted by the Company in achieving the intended outcomes as set out in the MCCG with reference to the three (3) key principles under the stewardship of the Board as follows:-

- (a) Principle A: Board leadership and effectiveness;
- (b) Principle B: Effective audit and risk management; and
- (c) Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders.

This Statement also serves as a compliance with Rule 15.25(1) of the ACE LR and should be read together with the CG Report of the Company for FYE 2020.

The CG Report 2020 is available for viewing on the Company’s corporate website at www.scestatebuilder.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Intended Outcome 1.0

Every company is headed by a board, which assumes responsibility for the company’s leadership and is collectively responsible for meeting the objectives and goals of the company.

1. Duties and responsibilities of the Board

The Board is responsible for the leadership, oversight and the long-term success of the Group.

Certain responsibilities of the Board are delegated to other Board Committees namely, the Audit Committee (“AC”), Nomination Committee (“NC”), Remuneration Committee (“RC”) and Risk Management Committee (“RMC”) to assist the Board in the deliberation of key issues and/or decision making within their TOR.

The Board keeps itself abreast of the key issues and/or decisions made through the reports made by Chairman of each Committee and Board Committee Minutes of the applicable period.

It is the general policy of the Company that all major decisions be considered by the Board as a whole.

To ensure the effective discharge of its function and duties, the primary responsibilities of the Board include (but are not limited to) the following:-

- (a) Promote good governance culture;
- (b) Review of Management’s proposals and business/strategic plans;
- (c) Oversee of business operations and performance tracking;
- (d) Review framework for internal controls and risk management;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. BOARD RESPONSIBILITIES *cont'd*

1. Duties and responsibilities of the Board *cont'd*

- (e) Identification of principal risks and implementation of appropriate internal control and mitigation measures;
- (f) Succession planning and continuing development;
- (g) Procedures for effective communication with stakeholders; and
- (h) Ensure integrity of financial and non-financial reporting.

2. Key responsibilities of the Chairman

Mr. Loh Boon Ginn is the Chairman of the Board and Managing Director, and his key responsibilities as a Chairman, include but not limited to the following:-

- (a) Demonstrates leadership for the Board in discharging its duties and responsibilities effectively.
- (b) Ensures that the Notice of the Board Meeting is issued at least seven (7) days prior to the Meeting, unless consent by all Directors on the shorter notice.
- (c) Leads the conduct of the Board Meetings and initiates discussion within the Board.
- (d) Stimulates participation and sharing of views and ideas from different perspectives by the Directors and ensures all views will be taken into consideration during the decision-making process by the Board.
- (e) Acts as the intermediary between the Board and the Management by coordinating smooth communication flow between both parties.
- (f) Chairs the general meetings of the Company and commits to answering the queries from the shareholders.
- (g) Communicates the views from the stakeholders to the Board as a whole, for consideration or improvement, if any.
- (h) Leads the Board to ensure compliance with all relevant laws and regulations, and to the best of their effort, promote and implement good governance practices within the organisation.

3. Separation of the positions of the Chairman and Managing Director

The Board is mindful of the dual role of Chairman and Managing Director (“MD”) held by Mr. Loh Boon Ginn due to resignation of Datuk Cheng Lai Hock on 30 April 2020 and is of the view that there are sufficient experienced and independent-minded Directors on the Board to provide sufficient check and balance. This allows for effective oversight of the Management as well as to support objective and independent deliberation, review and decision making.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. BOARD RESPONSIBILITIES *cont'd*

3. Separation of the positions of the Chairman and Managing Director *cont'd*

The Board noted the combination of the positions of the Chairman and the MD is essential for the commercial environment that the Group is currently operating. Such combination of roles render credibility and confidence to third party(ies) on the authority of the Chairman and MD for successful conclusion of commercial deals/transactions.

4. Company Secretaries

The Board is supported by two (2) suitably qualified and competent Company Secretaries as follows:-

- Ms. Chua Siew Chuan, FCIS
- Mr. Cheng Chia Ping, ACIS

Both the Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators (“**MAICSA**”) and are qualified to act as company secretary under Section 235(2) of the Act. Further details on the qualifications and experiences of the Company Secretaries are outlined in the CG Report 2020, which are available for viewing on the Company’s corporate website at www.scestatebuilder.com.my.

All Directors have unrestricted access to the advice and support of the Company Secretaries in relation to Board policies and procedures, compliance of applicable rules and regulations by the Group and corporate governance related practices.

For FYE 2020, the Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging its functions.

5. Timely circulation of meeting materials

The Board fixes the forthcoming year annual meeting schedule by the end of every year and upon confirmation by the Board, it will be disseminated to the Management.

The Notice of the scheduled Board Meeting is served to the Directors at least seven (7) days prior to the Board Meeting, unless consent by all the Directors on shorter notice.

A comprehensive meeting papers comprising background, matters arising, research, analysis, findings/updates, results, presentations, recommendations and any other relevant information are prepared and circulated to the Directors in both hardcopy and electronic form via e-mail, prior to the Board Meeting, to enable the Board to make considerations, deliberations and decisions.

Subsequent to the Board Meeting, the Company Secretaries would ensure that a statement of declaration of interest or abstention from voting and deliberation is recorded in the Minutes. The Minutes will be circulated to the Board for confirmation and signatures to ensure that deliberations and decisions of the Board are accurately recorded and thereafter, the said minutes of all proceedings are kept in the statutory books at the registered office of the Company to be made available for inspection under the Act.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. BOARD RESPONSIBILITIES *cont'd*

5. Timely circulation of meeting materials *cont'd*

Intended Outcome 2.0

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

6. Board Charter

In compliance with Practice 2.1 of the MCCG, the Board has a Board Charter outlining the authority, responsibilities, membership and operation of the Board, adopting principles of good corporate governance and practice, in accordance with applicable laws in Malaysia. The Board Charter entails, inter alia, the following main items:-

- Role of Board;
- Relationship with Management;
- Responsibilities of the Board;
- Matters reserved for the Board; and
- Structure of the Board.

The Board Charter is applicable to all Directors of the Company and, amongst other things, provides that all Directors must avoid conflicts of interest between their private financial activities and their part in the conduct of Company's business.

The Board Committees in performing their responsibilities delegated by the Board would be guided by the TOR of each of the Committees as approved by the Board.

The Board Charter is to be regularly reviewed by the Board as and when required in order to ensure the Board remains consistent with the Board's objectives and responsibilities and any new regulations that may have an impact on the discharge of the Board's responsibilities, more important, aligning with the Company's business strategy.

The Board Charter is available for viewing under the "Investor Relation" section of the Company's corporate website at www.scestatebuilder.com.my.

Intended Outcome 3.0

The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. BOARD RESPONSIBILITIES *cont'd*

7. Code of Ethics and Conduct

In compliance with Practice 3.1 of the MCCG, the Board has established a Code of Ethics and Conduct (“**the Code**”) which sets forth the ethical and professional standards to maintain the highest level of integrity and ethical conduct of the Board, Management and employees of the Group and to provide guidance to ensure that upholding the ethical conduct in the Board and/or employees daily work.

The Code of Ethics and Conduct sets out the general principles and standards of business conduct and ethical behaviour for the Directors and employees of the Group in the performance and exercise of their responsibilities or when representing the Group and includes the expectation of professionalism and trustworthiness from the Directors and employees of the Group.

Handling of Reported Allegation(s)

The AC is responsible for the interpretation and supervision of the enforcement of the Code. The action to be taken by the Group in response to a report of concern under the Code will depend on the nature of the concern. The AC upon receiving the information on each report of concern shall ensure that follow-up actions be taken accordingly.

The Code is available for viewing under the “Investor Relations” section of the Company’s corporate website at www.scestatebuilder.com.my.

8. Whistleblowing procedures

The Board has adopted a Whistleblowing Policy which allows an employee/officer or stakeholder to report or disclose through established channels, the concerns about any violations of the Code, unethical behaviour, and wrong doings he may observe in the Group.

The AC has been tasked with the review of whistleblowing reports either made through the Company following established communication and feedback channels or through any other means.

The Whistleblowing Policy is available for viewing under the “Investor Relations” section of the Company’s corporate website at www.scestatebuilder.com.my.

II. BOARD COMPOSITION

Intended Outcome 4.0

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

9. Size and composition of the Board

For FYE 2020, the Board comprises five (5) members, two (2) of whom are INEDs, two (2) of whom are NINEDs and one (1) Chairman of the Board and Managing Director. The Company would continue to seek for suitable candidates to comply with the Rule 15.02(1) of the ACE LR and Practice 4.1 of the MCCG.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

9. Size and composition of the Board *cont'd*

The current Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. The composition of the Board provides an effective blend of entrepreneurship, business and professional expertise in general management, finance, corporate affairs, legal and technical areas of the industry in which the Group operates. The individuality and vast experience of the Directors in arriving at collective decisions at Board level will ensure impartiality.

10. Tenure of Independent Directors

The NC assessed the independence of the INEDs and monitors their tenure annually.

None of the Independent Directors has exceeded the tenure of a cumulative term of nine (9) years in the Company as at the LPD. At present, the Group does not have a formal policy to limit the tenure of independent director to nine (9) years. However, the Board is mindful of the recommendation in the MCCG to ensure effectiveness of Independent Directors.

However, the Board observes the Practice 4.1 of the MCCG, that upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director or if the Board intends to retain an Independent Director beyond nine (9) years, it should justify and seek annual shareholders' approval.

11. Procedures for appointment of Directors and Management Team

The NC is responsible to identify and select potential new Directors and to make recommendations to the Board for the appointment of Directors.

The NC has adopted the following protocol for appointment of Directors in order to ensure that the Board has the right mix and skill to meet its needs and objectives:-

Stage 1 Review of the potential candidate based on the following criteria:-	Stage 2 Board Gaps Review	Stage 3 Recommendation to the Board
<ul style="list-style-type: none"> • qualifications; • skills and competence; • functional knowledge; • experience; • character; • gender diversity; • integrity and professionalism; and • time commitment. 	<ul style="list-style-type: none"> • the overall composition of the Board; • combination of skills of existing Directors; and • any regulatory requirements and/or best practices available. 	<ul style="list-style-type: none"> • Recommendation to be submitted to the Board for consideration and approval.

Identification of candidates for the appointment of Directors is facilitated through recommendations from the Directors, Management or external parties including the Company's contacts in related industries, finance, legal and accounting professions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

11. Procedures for appointment of Directors and Management Team *cont'd*

There were neither new Director nor new key management team personnel being appointed to the Company and the Group during FYE 2020.

12. Boardroom diversity

An appointment to the Board is a long-term commitment to the Company as a truly diversified Board can enhance its effectiveness and capacity with diversity of thoughts and perspectives. The Board ensures that there is no discrimination on the basis of, but not limited to, ethnicity, race, age, gender, nationality, political affiliation, religious affiliation, sexual orientation, marital status, education, physical ability or geographic region, during the recruitment of new Board members.

As at the date of this Annual Report, the diversity in the race/ethnicity of the existing Directors and Management Team are as follows:-

Number	Ethnicity			Age Group				Gender	
	Malay	Chinese	Indian	21 - 30	31 - 40	41 - 50	61 - 70	Male	Female
Directors	-	5	-	2	3	0	0	2	3
Management Team [^]	-	2	-	1	-	1	-	2	-

Note:

[^] includes Managing Director

Despite the Board not having any formalised Board Diversity Policy or Gender Diversity Policy, the Board has indicated its commitment to boardroom diversity by the appointments with age and gender diversity.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

13. Board Committees

The Board has delegated certain responsibilities to the Board Committees to assist in discharging its fiduciary duties. All the Board Committees operate within clearly defined TOR:

- **NC**

For FYE 2020, the NC comprises majority of INEDs and the composition of the NC is as follows:-

Name	Designation	Directorate
Ooi Soo Kok (Resigned w.e.f. 26 June 2020)	Chairman	INED
Datuk Cheng Lai Hock (Resigned w.e.f. 30 April 2020)	Member	INED
Loh Shy Ming	Member	NINED
Loh Boon Zheng	Member	INED
Ooi Bee Chin	Member	INED

The NC is governed by its TOR of NC which outlines its remit, duties and responsibilities and the same is available for viewing under the "Investor Relation" section of the Company's corporate website at www.scestatebuilder.com.my.

a) Summary of Works

The following works were undertaken by the NC during FYE 2020:-

- (i) Reviewed and confirmed the Minutes of the NC meetings;
- (ii) Examined the composition of the Board;
- (iii) Reviewed the required mix of skills, experience and other qualities of the Board;
- (iv) Evaluated the contribution and performance of each individual Director;
- (v) Conducted evaluation to assess the effectiveness of the Board as a whole and the Board Committees;
- (vi) Reviewed the term of office of the AC and assessed its effectiveness as a whole;
- (vii) Reviewed the training programmes attended by the Directors in FYE 2020 and identified the training needs of the Directors for FYE 2021;
- (viii) Reviewed the independence of the INEDs and assessed their ability to bring independent and objective judgement to Board deliberations and proposals.
- (ix) Assessed the suitability for the re-election of the Directors who will be retiring at the forthcoming Annual General Meeting of the Company and recommended the same to the Board for approval;
- (x) Reviewed the meeting attendance of the Board and Board Committees in FYE 2020;
- (xi) Evaluated the suitability of the candidate for appointment to the Board and recommended his appointment as Director to the Board for consideration; and
- (xii) Reviewed the length of service of each Independent Non-Executive Director pursuant to Practice 4.2 of the Code and to assess the independence of the INEDs.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

13. Board Committees *cont'd*

- **NC** *cont'd*

b) Time Commitment by Directors

The NC has been tasked to review the meeting attendance of the Board and Board Committees.

The meeting attendance of the Board and Board Committees during FYE 2020 is as follows:-

Board of Directors' Meeting

Name of Directors	Number of Board of Directors' Meetings Attended/Held (during FYE 2020)	%
Datuk Cheng Lai Hock (Chairman) (Resigned w.e.f. 30 April 2020)	6/6	100.00
Loh Boon Ginn	8/8	100.00
Loh Shy Ming	8/8	100.00
Loh Boon Zheng	8/8	100.00
Loh Shy Tyug	8/8	100.00
Ooi Bee Chin	8/8	100.00
Dato' Ir. Loh Kim Mon (Resigned w.e.f. 26 June 2020)	6/6	100.00
Ooi Soo Kok (Resigned w.e.f. 26 June 2020)	6/6	100.00

NC Meeting

Name of Directors	Number of NC Meeting Attended/Held (during FYE 2020)	%
Ooi Soo Kok (Resigned w.e.f. 26 June 2020)	1/1	100.00
Datuk Cheng Lai Hock (Resigned w.e.f. 30 April 2020)	1/1	100.00
Loh Shy Ming	1/1	100.00
Loh Boon Zheng	1/1	100.00
Ooi Bee Chin	1/1	100.00

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

13. Board Committees *cont'd*

- **NC** *cont'd*

b) Time Commitment by Directors *cont'd*

RC Meeting

Name of Directors	Number of RC Meeting Attended/Held (during FYE 2020)	%
Datuk Cheng Lai Hock (Resigned w.e.f. 30 April 2020)	1/1	100.00
Ooi Soo Kok (Resigned w.e.f. 26 June 2020)	1/1	100.00
Loh Shy Ming	1/1	100.00
Loh Boon Zheng	1/1	100.00
Ooi Bee Chin	1/1	100.00

RMC Meeting

Name of Directors	Number of RMC Meeting Attended/Held (during FYE 2020)	%
Dato' Ir. Loh Kim Mon (Chairman) (Resigned w.e.f. 26 June 2020)	5/5	100.00
Datuk Cheng Lai Hock (Resigned w.e.f. 30 April 2020)	5/5	100.00
Loh Boon Ginn (Resigned w.e.f. 22 September 2020)	5/5	100.00
Loh Boon Zheng	5/5	100.00
Loh Shy Tyug	5/5	100.00
Ooi Bee Chin	5/5	100.00
Ooi Soo Kok (Resigned w.e.f. 26 June 2020)	5/5	100.00

The attendance of AC Meetings held during FYE 2020 is stated in the AC Report in this Annual Report.

The NC meets at least once in each financial year and additional meetings may be arranged at any time when necessary.

Upon review, the NC noted the Directors, to the best of their ability, have devoted sufficient time and effort to attend Board and/or Board Committee Meetings for the FYE 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

13. Board Committees *cont'd*

- **NC** *cont'd*

c) Continuing Education and Training of Directors

In order for the Group to remain competitive, the Board ensures that the Directors continuously enhance their skills and expand their knowledge to meet the challenges of the Board.

The Board has cultivated the following best practices:-

- All newly appointed Directors are required to attend the Mandatory Accreditation Programme as prescribed by the Listing Requirements within the stipulated timeframe;
- All Directors are encouraged to attend talks, training programmes and seminars to update their knowledge on the latest regulatory and business environment;
- The Directors may be requested to attend additional training courses according to their individual needs as a Director or member of Board Committees on which they serve; and
- The Directors are briefed by the Company Secretaries on the letters issued by Bursa Securities at every Board Meeting.

All members of the Board have attended the Mandatory Accreditation Programme prescribed by Bursa Securities.

Based on the training needs identified by the NC for the Directors for FYE 2020, the Directors had participated in the following training programmes:-

Dates	Description of Training Programmes
Mr. Loh Boon Ginn	
27 June 2019	Cyber Security in the Boardroom Accelerating from Accepting to Action
Ms. Loh Shy Ming	
14 March 2019	Bursa Malaysia's Ring the Bell for Gender Equality 2019
17 July 2019	Seminar: Avoiding Competition Law Violations Formulating an Effective Compliance Policy
18 November 2019	Malaysia 2020 Budget Seminar

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

13. Board Committees *cont'd*

- **NC** *cont'd*

c) Continuing Education and Training of Directors *cont'd*

Dates	Description of Training Programmes
Mr. Loh Boon Zheng	
17 April 2019	Comprehensive Tax Computation for Companies
4 October 2019	Approaches to Company Valuation
21 October 2019	Accounting for Deferred Taxation (Basic & Intermediate)
22 October 2020	Accounting for Deferred Taxation (Advance)
8 November 2019	Company Secretarial Practice – Practice Notes, Practice Directive and Guidelines
10 November 2019	Budget 2020 Tax & Business Conference
18 November 2019	Malaysia 2020 Budget Seminar
5 December 2019	Latest Developments on Tax Incentives in Malaysia
Ms. Loh Shy Tyug	
14 March 2019	Bursa Malaysia's Ring the Bell for Gender Equality 2019
17 July 2019	Seminar: Avoiding Competition Law Violations Formulating an Effective Compliance Policy
15 August 2019	Seminar: Demystifying the Diversity Conundrum the Road to Business Excellence
Ms. Ooi Bee Chin	
9 January 2020	Professional Certificate Social Media Marketing
Datuk Cheng Lai Hock (Resigned w.e.f. 30 April 2020)	
3 April 2019	Malaysian Tax Conference 2019
24 October 2019	Seminar Percukaian Kebangsaan 2019
Dato' Ir. Loh Kim Mon (Resigned w.e.f. 26 June 2020)	
2 May 2019	IEM Technical Talk
1 & 2 October 2019	The Cooler Earth Sustainability Summit

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

13. Board Committees *cont'd*

- **NC** *cont'd*

c) Continuing Education and Training of Directors *cont'd*

Dates	Description of Training Programmes
Mr. Ooi Soo Kok (Resigned w.e.f. 26 June 2020)	
25 March 2019	LHDNM- MEF Seminar 2019: Voluntary Disclosure (What Taxpayers Should Know)
24 June 2019	MPIA Solar National Roadshow 2019
11 September 2019	MFRS 15: Mastering Revenue Recognition from Contracts with Customers (ISQC1)
24 October 2019	National Tax Seminar 2019 (Budget)
4 & 5 November 2019	MFRS & MPERS Financial Reporting : The Tax Impact (ISQC1)
17 November 2019	Dialog Pasca- Belanjawan 2020 Perkembangan Terkini Perlaburan Berkaitan Logistik, Industri dan Perlancongan di Negeri Kedah

In addition, the Company Secretaries and External Auditors update the Board on a regular basis the respective changes and amendments to regulatory requirements and laws and accounting standards to help Directors keep abreast of such developments.

Upon review, the NC concluded that the Directors' trainings during FYE 2020 were adequate.

2021 Training Needs

The NC has encouraged the Directors to attend more than one (1) continuing education programme in year 2020, whereby it should be in relation to the Listing Requirements, Companies Act 2016 or corporate governance related topics.

- **RC**

The membership of the RC and summary of the works carried out by the RC to discharge their duties during the FYE 2020 are stated in **Principle A, Section II Paragraph (17)** of this Statement.

- **AC**

The membership, a summary of the activities of the AC and Internal Audit Function and Activities in respect of the FYE 2020 are stated in the AC Report of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

13. Board Committees *cont'd*

- **RMC**

The membership of the RMC and their principal duties and responsibilities are stated in the Statement on Risk Management and Internal Control of this Annual Report.

Intended Outcome 5.0

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

14. Annual Assessment on Effectiveness of Board and Individual Directors

In compliance with Practice 5.1 of the MCCG, the Board has delegated to the NC to carry out annual assessment on effectiveness of the Board, its Committees and each individual Director.

In FYE 2020, the Board, through the NC, has conducted the following annual assessments to determine the effectiveness of the Board, its Committees and each individual Director in respect of the FYE 2020:-

- (i) Directors' self and peer's performance evaluation
- (ii) Evaluation on the effectiveness of the Board and Committees

15. Annual Assessment on Independence of Directors

The Board, through the NC, carried out an annual assessment of the independence of the INEDs based on the definition in Rule 1.01 of the Listing Requirements and whether the INEDs are able to provide objective and independent views on various issues dealt with at Board and Board Committee level during FYE 2020.

The NC has received assurance from the following INEDs vide their Letters of Declaration, confirming their independence and have undertaken to inform the Company immediately should there be any change which could interfere with the exercise of their independent judgement or ability to act in the best interest of the Company:-

- Ms. Ooi Bee Chin
- Mr. Loh Boon Zheng

The Board is satisfied with the level of independence demonstrated by the INEDs and their ability to act in the best interest of the Company which is to provide objective and independent views on various issues dealt with at the Board and Board Committee level. The current composition of Independent Directors fairly reflects the interest of minority shareholders in the Company through the Board representation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

15. Annual Assessment on Independence of Directors *cont'd*

Intended Outcome 6.0

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

16. Remuneration Committee

The members of the RC comprises majority of INEDs and the composition of the RC is as follows:-

Name	Designation	Directorate
Datuk Cheng Lai Hock (Resigned w.e.f. 30 April 2020)	Chairman	INED
Loh Shy Ming	Member	NINED
Loh Boon Zheng	Member	INED
Ooi Bee Chin	Member	INED
Ooi Soo Kok (Resigned w.e.f. 26 June 2020)	Member	INED

The RC is governed by its TOR of RC which outlines its remit, duties and responsibilities and the same is available for viewing under the "Investor Relations" section of the Company's corporate website at www.scestatebuilder.com.my.

Summary of Works

The following works were undertaken by the RC during the financial year under review:-

- (i) Reviewed and confirmed the Minutes of the RC Meetings;
- (ii) Deliberated on the remuneration packages of the Managing Director for FYE 2020 and recommended the same to the Board for approval;
- (iii) Reviewed the Directors' fees payable to the Directors of the Company and the Group for the FYE 2020 and recommended the same for the Board for consideration;
- (iv) Reviewed the benefits payable to the Directors of the Company and its subsidiaries for the period from 30 July 2019 to the 15th AGM of the Company and recommended the estimated quantum to the Board for consideration; and
- (v) Reviewed the meeting allowances of the Directors of the Company for the FYE 2020 and recommended the same for the Board for approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

17. Directors' Remuneration Policy

In compliance with Practice 6.1 of the MCCG, the Board has adopted a Directors' Remuneration Policy which sets out the criteria to be used in recommending a remuneration package that commensurate with the responsibilities of Executive Directors and Management Team.

The Directors' Remuneration Policy will be reviewed on biennially and as when required basis and the last review was in March 2018.

A copy of the updated Directors' Remuneration Policy is available for viewing under the "Investor Relation" section of the Company's corporate website at www.scestatebuilder.com.my.

It is the existing practice of the Company that all the Directors to abstain from deliberation and voting on fixing their own remuneration package or Directors' fees.

Intended Outcome 7.0

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

18. Remuneration of Directors

For the FYE 2020, the aggregate of remuneration received and receivable by the Executive Director and Non-Executive Directors of the Company and the Group categorised into appropriate components are as follows:-

Received from the Company

Name of Director	Salaries RM	Fees RM	Benefits- in-kind RM	Others RM	Total RM
Executive Director					
Loh Boon Ginn	-	-	-	16,000	16,000
Non-Executive Directors					
Ooi Bee Chin	-	26,926	-	14,000	40,926
Loh Boon Zheng	-	26,926	-	16,000	42,926
Loh Shy Tyug	-	26,926	-	14,000	40,926
Loh Shy Ming	-	26,926	-	16,000	42,926
Datuk Cheng Lai Hock (Resigned w.e.f 30 April 2020)	-	29,852	-	14,000	43,852
Dato' Ir. Loh Kim Mon (Resigned w.e.f 26 June 2020)	-	25,200	-	14,000	39,200
Mr. Ooi Soo Kok (Resigned w.e.f 26 June 2020)	-	33,600	-	14,000	47,600
Total	-	196,356	-	118,000	314,356

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

18. Remuneration of Directors *cont'd*

Received on Group Basis

Name of Director	Salaries RM	Fees RM	Benefits- in-kind RM	Others RM	Total RM
Loh Boon Ginn	606,286	-	180,000	-	786,286
Loh Shy Ming	-	-	-	-	-
Total	606,286	-	180,000	-	786,286

Note: Salaries includes bonus and defined contribution plans

19. Remuneration of Top Five (5) Management Team

The Management Team only consists of two (2) management personnel including the Managing Director of the Company (of which his detailed remuneration has been disclosed under Practice 7.1 of the CG Report).

The range of the remuneration of the top two (2) Management Team, by band of RM50,000/- is as follows:-

Range of remuneration	Number of Top Two (2) Management Team
RM400,001 – RM450,000	1
RM750,001 – RM800,000	1
Total	2

Whilst for the remaining management team, the Board is of that view that such disclosure by named basis would have adverse effect on the Company's talent retention in the competitive industry. All management team are remunerated based on their scope of duty and responsibilities, the Group's and individual performance and other criteria as guided by the Directors' Remuneration Policy.

The RC is of the view that the level of remuneration package of the top two (2) management team in respect of FYE 2020 is fair and reasonable to retain and reward the talents.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

Intended Outcome 8.0

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

20. Separation of the positions of the chair of the AC and Board

Since the departure of former AC Chairman, Mr. Ooi Soo Kok on 26 June 2020, the Company had applied for an extension of time to appoint AC Chairman to comply with Rule 15.19 of the ACE LR and Bursa Securities has granted its approval via its letter dated 10 November 2020 for an extension of time to appoint AC Chairman until 25 December 2020. The Company is actively seeking for suitable candidate to be appointed as INED and AC Chairman.

21. No appointment of former key audit partners as member of AC

In compliance with Practice 8.2 of the MCCG, the AC has instituted a policy by way of inclusion in the TOR of the AC that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC. The TOR of the AC has been updated accordingly in order for the AC to formalise such policy.

For FYE 2020, there were no Board members who were former key audit partners of the Group.

As a matter of practice, the AC has recommended to the NC not to consider any former key audit partner as a potential candidate for Board directorship/AC member to affirm the AC's stand on such policy.

22. Assessment on external auditors

The AC had formalised policies and procedures to assess the suitability, objectivity and independence of external auditors annually. The outcome of the assessment would form a basis for the AC in making recommendation to the Board on the re-appointment of the external auditors for the ensuing year at the AGM.

During FYE 2020, the AC has carried out the annual assessment and noted that for the FYE 2019, Messrs. Ong & Wong, the external auditors of the Company had confirmed in writing that the engagement quality control reviewer and members of the engagement team in the course of their audits were and had been independent for the purpose of the audit in accordance with the terms of relevant professional and regulatory requirements.

Upon completion of its assessment, the AC was satisfied with Messrs. Ong & Wong's technical competency i.e. suitability and independence during the financial year under review and recommended to the Board the re-appointment of Messrs. Ong & Wong as external auditors for the FYE 2020. The Board has in turn, has recommended the same for shareholders' approval at the forthcoming AGM of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

I. AUDIT COMMITTEE *cont'd*

23. Skillsets of AC

The AC conducts self and peer evaluation annually to assess the performance and skillsets of the individual AC members and their peers.

During FYE 2020, the AC members had completed the assessment on individual basis and the results were compiled by the company secretaries and tabled for the AC's review.

Based on the results of the assessment, the AC members are financially literate and understand the Group's business. The AC as a whole, has necessary skills and knowledge to discharge their duties.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Intended Outcome 9.0

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

23. Risk Management and Internal Control Framework

In compliance with Practice 9.1 of the MCCG, the Board has established a framework for risk management and internal control. Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework have been disclosed in the **Statement of Risk Management and Internal Control** of this Annual Report.

During FYE 2020, the risk management and internal control functions were assumed and overseen by the RMC and the AC respectively.

Risk Management

The Risk Officer is responsible for implementing processes in identifying, evaluating, monitoring and reporting of risks and internal controls which arise from daily business activities of the Group. The risk profile covering risk assessment, classification and risk ranking followed by action plans taken to mitigate the risks identified are then presented to the RMC for review on a quarterly basis. The Risk Officer together with the management ensure timely resolution of outstanding issues and implementation of action plans that are to be carried out and completed within the reasonable timeframe to mitigate the risks level.

Risk Management Committee

The Board has formed a RMC to oversee the company's risk management framework and policies, which was previously assumed by the AC with the assist from the Risk Officer and the management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK *cont'd*

23. Risk Management and Internal Control Framework *cont'd*

Risk Management Committee cont'd

In adopting the Step-Up Practice 9.3 of the MCCG, the composition of RMC comprises a majority of Independent Directors, to oversee the company's risk management framework and policies.

The memberships of the RMC are stated in the Statement on Risk Management and Internal Control of this Annual Report.

Internal Controls

The internal controls are tested for effectiveness and efficiency two (2) cycles per financial year by an independent outsourced internal audit function following risk-based approaches. The report of the internal audit is tabled for the AC's review and deliberations, and the audit findings will then be communicated to the Board.

For the FYE 2020, the Board opined that the risk management and internal controls of the Group were effective and adequate.

24. Key Features of Risk Management and Internal Control Framework

The Statement on Risk Management and Internal Control as set out in this Annual Report provides an overview of the state and features of risk management framework and internal control processes within the Group.

Intended Outcome 10.0

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

25. Internal Audit Function

The Group's internal audit has been outsourced to an independent service provider i.e. Vaersa Advisory Sdn. Bhd. ("**Vaersa**") which had replaced RCA Corporate Services Sdn. Bhd.. with effect from 31 July 2020 to carry out the internal audit function. The outsourced internal auditors report directly to the AC and provide the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function.

The internal audit function is independent and performs audit assignments with impartiality, proficiency and due professional care.

The internal audit review of the Group's operations encompasses an independent assessment of the Company's compliance with its internal controls and recommendations are made for further improvement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK *cont'd*

25. Internal Audit Function *cont'd*

During FYE 2020, the AC had reviewed and assessed the adequacy of the scope, functions, competency and resources of the outsourced internal auditors and that they have the necessary authority to carry out their work.

Further details of the Internal Audit Function have been disclosed under the AC Report of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

Intended Outcome 11.0

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

26. Continuous Communication between the Company and Stakeholders

The Board has developed internal corporate disclosure practices to ensure effective communications to the investing public of which only the designated authorised spokesmen will disseminate information regarding the business, operations and financial performance of the Group to the stakeholders, to ensure the consistency and accuracy of the information.

The Board has designated a limited number of spokespersons who responsible for communication with investment community, regulators and media.

Primary Spokesmen:-

- (i) Chairman of the Board and Managing Director; or failing which,
- (ii) Corporate General Manager.

The Board also has a Shareholder Communication Policy in place to ensure that shareholders, are provided with ready, equal and timely access to understandable material information about the Group in order to enable shareholders to exercise their rights in an informed manner and to engage actively with the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS *cont'd*

II. CONDUCT OF GENERAL MEETINGS

Intended Outcome 12.0

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

27. Engagement of the Board with the Shareholders

The Annual General Meeting is used as the main forum of dialogue for shareholders to raise any issues pertaining to the Company. As a good corporate governance practice, the Notice of the Sixteenth AGM is issued at least 28 days prior to the meeting.

All the members of the Board and Chairman of the Board Committees will be present at the AGM to address the shareholders' enquiry and concerns.

The explanatory notes to the Notice of AGM also provide detailed explanation for better understanding on each resolution proposed to enable shareholders to make informed and proper decisions in exercising their voting rights.

In line with Paragraph 8.31A of the ACE LR on the requirement for poll voting for any resolution set out in the notice of general meetings, at the Fifteenth AGM held last year, poll voting was used to facilitate the voting process for resolutions tabled. An independent scrutineer was also appointed to scrutinise the polling process.

KEY FOCUS AREAS AND FUTURE PRIORITIES

Looking ahead to FYE 2021 and 2022, the Board and its respective Board Committees will:-

- Focus on major strategic issues to enhance growth and profitability;
- Continue to review the balance, experience and skills of the Board; and
- Monitor and strengthen the risk management framework and internal control.

CONCLUSION

The Board is satisfied that the Company complies substantially with the practices of the MCCG during the FYE 2020 and up to LPD.

This CG Overview Statement and the CG Report are made in accordance with the resolution passed by the Directors on 23 November 2020.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in accordance with Rule 9.25 of the ACE LR as set out in Appendix 9C thereto:-

1. UTILISATION OF PROCEEDS

On 2 October 2020, the Company announced a Proposed Private Placement of 88,309,090 new ordinary shares and the listing of and quotation for the new placement shares had been approved by Bursa Securities on 21 October 2020.

On 4 November 2020, the Company announced the issue price for the Proposed Private Placement is fixed at RM0.404 per Placement Share.

Based on the issue price of RM0.0404 per placement share, the Proposed Private Placement is expected to raise gross proceeds of up to approximately RM3.567 million and the proceeds are intended to be utilised by the Group for financing the working capital and estimated expenses.

On 13 November 2020, the Company announced that 75,000,000 placement shares were listed and quoted on the ACE Market of Bursa Securities with effect from 9.00 a.m. on 13 November 2020, which marks the completion of the Proposed Private Placement.

2. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

During the financial year under review, the Group has not entered into any recurrent related party transactions of a revenue or trading nature.

3. AUDIT AND NON-AUDIT SERVICES

For the FYE 2020, Messrs. Ong & Wong, the external auditors have rendered certain audit and non-audit services to the Group, a breakdown of which is listed as below for information:-

	Company (RM)	Group (RM)
Audit services rendered		
Statutory audit in respect of the FYE 2020	40,000	62,000
Non-audit services rendered		
Review of the Statement on Risk Management and Internal Control for Annual Report 2020	3,000	3,000
Total	43,000	65,000

4. MATERIAL CONTRACTS

There was no material contract entered into by the Group involving the interests of the Directors, Chief Executive who is not a Director or major shareholder, either still subsisting at the FYE 2020 or, if not then subsisting, entered into since the end of the previous financial year.

AUDIT COMMITTEE REPORT

The Board presents the Audit Committee Report to provide insights on the discharge of the Audit Committee's functions during the FYE 2020, in compliance with Rule 15.15(1) of the ACE LR as well as the MCGG.

COMPOSITION

The Audit Committee comprises three (3) members, majority of whom are INEDs. The INEDs satisfied the test of independence under the ACE LR and also met the requirements of the MCGG. In accordance with Rule 15.09(2) of the ACE LR, no alternate Director is appointed as a member of the Audit Committee.

The current composition of the Audit Committee is as follows:

Name	Designation	Directorship
Ooi Bee Chin	Member	INED
Loh Boon Zheng	Member	INED
Loh Shy Ming	Member	NINED

Mr. Loh Boon Zheng is the member of the Malaysian Institute of Accountants. In this respect, the Company complies with Rule 15.09(1)(c) of the ACE LR.

The former Chairman of the Audit Committee, Mr. Ooi Soo Kok had resigned on 26 June 2020. Based on Rule 15.19 of the ACE LR, the Company is required to fill the vacancy within three (3) months from the cessation date of Audit Committee Chairman, i.e. on or before 25 September 2020. In view that the Company is not able to identify a suitable Audit Committee Chairman within the stipulated deadline, the Company had on 23 September 2020 submitted an application to Bursa Securities for an extension of time to comply with Rule 15.19 of the ACE LR for the appointment of Audit Committee Chairman.

Bursa Securities has granted the Company an extension of time for the appointment of Audit Committee Chairman from 26 September 2020 until 25 December 2020 to comply with Rule 15.10 of the ACE LR.

Assessment on the Term of Office and Performance of the Audit Committee

The Nomination Committee had on 25 March 2020, reviewed the term of office and performance of the Audit Committee to determine whether its members have carried out their duties in accordance with the TOR of Audit Committee for the FYE 2020.

Upon review, the Nomination Committee was satisfied with the overall performance of the Audit Committee and its individual members for FYE 2020. The Nomination Committee had reported its satisfaction to the Board of Directors for notation.

Formal assessment on the External Auditors

In compliance with Practice 8.3 of the MCGG, the Audit Committee has established policies and procedures to assess the suitability, objectivity and independence of the external auditors on annual basis, prior to making their recommendation to the Board of Directors whether to seek shareholders' approval at the forthcoming AGM for the re-appointment of external auditors for the ensuing year.

Upon completion of its assessment, the Audit Committee was satisfied with the services rendered by Messrs. Ong & Wong and their technical competency i.e. effectiveness, suitability and independence since the date of appointment and recommended to the Board the re-appointment of Messrs. Ong & Wong as external auditors for the FYE 2021. The Board has in turn, recommended the same for shareholders' approval at the forthcoming AGM of the Company.

AUDIT COMMITTEE REPORT

cont'd

MEETINGS AND ATTENDANCES

The Audit Committee meets at least four (4) times annually. During the FYE 2020, the Audit Committee held a total of six (6) meetings and the details of attendance of the members during the financial year were as follows:-

Members	Total no. of meetings attended	Percentage of Attendance (%)
Ms. Loh Shy Ming	6/6	100.00
Mr. Loh Boon Zheng	6/6	100.00
Ms. Ooi Bee Chin	6/6	100.00
Mr. Ooi Soo Kok (Chairman) <i>(Resigned w.e.f. 26 June 2020)</i>	6/6	100.00
Datuk Cheng Lai Hock <i>(Resigned w.e.f. 30 April 2020)</i>	5/5	100.00

For the FYE 2020, the Audit Committee Meetings were held as follows:-

No.	Audit Committee Meeting Date	Private session with the External Auditors without Executive Directors and Management
(1)	25 March 2019	√
(2)	8 May 2019	√
(3)	19 June 2019	-
(4)	18 September 2019	-
(5)	18 December 2019	-
(6)	25 March 2020	-

The lead audit partner of the external auditors responsible for the Group attended two (2) Audit Committee Meetings held for the FYE 2020.

The external auditors were encouraged to raise with the Audit Committee any matters they considered important to bring to the Audit Committee's attention. For the FYE 2020, two (2) private sessions were held between the Audit Committee and the previous external auditors i.e. Messrs. Ong & Wong, without the presence of the Executive Board member and Management personnel.

The Audit Committee also sought information on the communication flow between the external auditors and the Management which is necessary to allow unrestricted access to information for the external auditors to effectively perform their duties.

Notices of the Audit Committee Meetings were sent to the Audit Committee members at least seven (7) days in advance. Upon that, the Company Secretaries will then compile the relevant meeting papers for dissemination to the Audit Committee by email and/or by hand at least three (3) business days prior to the meeting date.

AUDIT COMMITTEE REPORT

cont'd

MEETINGS AND ATTENDANCES *cont'd*

All deliberations during the Audit Committee Meetings were duly minuted. Minutes of the Audit Committee Meetings were tabled for confirmation at every succeeding Audit Committee Meeting.

The Chairman of the Audit Committee or in his/her absence, the Chairperson presented the Audit Committee's recommendations together with the respective rationale to the Board for approval of the annual audited financial statements and the unaudited quarterly financial results. As and when necessary, the Chairman of the Audit Committee or in his/her absence, the Chairperson would convey to the Board, matters of significant concerns raised by the internal or external auditors.

TOR

The TOR of the Audit Committee was last reviewed by the Audit Committee and adopted by the Board of Directors on 30 April 2018, which is in line with the ACE LR and MCCG.

A copy of the latest TOR of the Audit Committee is available for viewing under "Investor Relations" section of the Company's website at www.scestatebuilder.com.my.

SUMMARY OF WORKS

During the FYE 2020, the summary of works undertaken by the Audit Committee comprised the following:-

1. Overview of Financial Performance and Reporting

- Reviewed the unaudited quarterly financial results for the quarters ended 31 January 2019, 30 April 2019, 31 July 2019, 31 October 2019, 31 January 2020, 30 April 2020 and 31 July 2020 and recommended the same to the Board of Directors for approval.
- Reviewed the annual budget of the Group for FYE 2020 and deliberated on the assumptions made in preparing the annual budget, and recommended the same to the Board of Directors for approval and adoption.
- Reviewed the financial performance and financial highlights of the Group on quarterly basis.
- Reviewed the identified significant matters pursuant to Rule 15.12(1)(g)(ii) of the ACE LR which took effect on 1 July 2016.
- Reviewed the draft audited financial statements for the financial period from 1 February 2019 until 31 July 2020 due to the change of financial year end from 31 January to 31 July annually and recommended the same to the Board of Directors for approval.
- Reviewed the Group's compliance with the accounting standards and relevant regulatory requirements.
- Reviewed the budget variance report of the Group.

AUDIT COMMITTEE REPORT

cont'd

SUMMARY OF WORKS *cont'd*

2. Oversight of External Auditors

- Received the Audit Review Memorandum prepared by the external auditors for FYE 2020, covering significant audit findings and status of audit for the Group.
- Met two (2) times with the external auditors without the presence of the Executive Director and Management.
- Reviewed the effectiveness, suitability and independence of the external auditors vide a formalised “Assessment on External Auditors” and upon reviewed and being satisfied with the results of the said assessment, the same has been recommended to the Board of Directors for approval.
- Discussed and reviewed with the external auditors, the applicability and the impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board, and the scope of work and audit plan for the FYE 2020, including any significant issues and concerns arising from the audit.
- Reviewed the audit fees for FYE 2020 prior to the Board of Directors’ approval.

3. Oversight of Internal Audit Function

- Reviewed the risk-based Internal Audit Plan for the Group for FYE 2020 and approved for adoption of the same by the Group throughout FYE 2020.
- Reviewed the Internal Audit Reports for FYE 2020 and assessed the internal auditors’ findings and the Management’s responses and made the necessary recommendations to the Board of Directors for approval.
- Reviewed the progress updates on the follow-up review of the previous Internal Audit Reports.
- Reviewed the adequacy and performance of the internal audit function and its comprehensive coverage of the Group’s activities for the FYE 2020.
- Reviewed and assessed the adequacy of the scope, functions, competency and resources of the outsourced internal auditors for the FYE 2020 and that they have the necessary authority to carry out their work.

4. Oversight of Internal Control Matters

- Reviewed and confirmed the minutes of the Audit Committee Meetings.
- Reviewed the disclosures in Corporate Governance Overview Statement, Audit Committee Report and Statement on Risk Management and Internal Control to be included in the Annual Report 2020.

5. Review of Related Party Transactions

- Reviewed the related party transactions and conflict of interest situation that arise within the Group on quarterly basis, including any transaction, procedure or course of conduct that raises questions on Management’s integrity.

The Board is satisfied that the Audit Committee has carried out their responsibilities and duties in accordance with the Audit Committee’s TOR.

AUDIT COMMITTEE REPORT

cont'd

INTERNAL AUDIT FUNCTION

(1) Appointment

The Group has appointed an outsourced internal audit service provider, Vaersa Advisory Sdn. Bhd. (“**Vaersa**”) to replace RCA Corporate Services Sdn. Bhd. (“**RCA**”) with effect from 31 July 2020 to carry out the internal audit function.

The purpose of the internal audit function is to provide the Board, through the Audit Committee, reasonable assurance of the effectiveness of the system of internal control in the Group.

The internal audit function is independent and performs audit assignments with impartiality, proficiency and due professional care.

The profile of Vaersa that conducted the internal audit for the Group is set out as follows:-

Date of Appointment	:	31 July 2020
Principal Engagement Lead	:	Mr. Clement Cheong, MBA <i>Director, Corporate Governance & Risk Management</i>
Qualifications	:	<ul style="list-style-type: none"> ■ Member of the Malaysian Institute of Accountants ■ Member of the Malaysian Institute of Certified Public Accountants ■ Master of Business Administration, University of Bath ■ Member of Institute of Bankers, Malaysia ■ Charter Member, Certified Risk Professional
Experiences	:	<p>Mr. Clement Cheong has over fifteen (15) years of professional experience in providing internal audit, risk management advisory as well as financial management advisory services.</p> <p>He began his accountancy training with one of the big four accounting practice and then moved on to the banking and finance sector. He had held various key positions in the banking industry, serving as the Chief Internal Auditor of three major public listed financial institutions. He had also served as the Chief Financial Officer of a major public listed banking group. He was also involved in the setting up of the Integrated Risk Management division and had overseen Remedial Management for a major bank.</p>
Number of resources	:	The engagement team consisted of four (4) personnel, including the principal engagement lead, while the fieldwork for the audited areas were conducted by three (3) personnel.

For the FYE 2020, both RCA and the Vaersa’s engagement team personnel have affirmed to the Audit Committee that in relation to the Company/Group, they were free from any relationships or conflicts of interest, which could impair their objectivity and independency.

AUDIT COMMITTEE REPORT

cont'd

INTERNAL AUDIT FUNCTION *cont'd*

(2) Summary of Works of the Internal Audit Function for FYE 2020

During the FYE 2020, the summary of works undertaken by the internal auditors comprised the following:-

- Reviewed compliance with policies, procedures and standards, relevant external rules and regulations;
- Assessed the adequacy and effectiveness of the Group's system of internal control and recommended appropriate actions to be taken where necessary;
- The internal audits performed met the objective of highlighting to the Audit Committee the audit findings which required follow-up actions by the Management, any outstanding audit issues which required corrective actions to be taken to ensure an adequate and effective internal control system within the Group, as well as any weaknesses in the Group's internal control system;
- Ensured that those weaknesses were appropriately addressed and that recommendations from the internal audit reports and corrective actions on reported weaknesses were taken appropriately within the required timeframe by the Management; and
- Presentation of audit findings and corrective actions to be taken by Management in the quarterly Audit Committee Meetings.

For the FYE 2020, the following areas of the Group had been successfully audited by the internal auditors in accordance with the risk-based audit plan adopted:-

Audited Entity	Audit Area/ Function	Tabling of Internal Audit Report
SCBUILD/0109	Review of Quarterly Result Disclosure of SC Estate Builder Berhad	May 2019
SCBUILD/0109 Group	Internal Audit Review of the project specific risk for the Group's existing project	December 2019

(3) Total costs incurred for FYE 2020

The total cost incurred for the outsourced internal audit function of the Group for the FYE 2020 is amounted to RM12,000/- (FYE 2019: RM15,100/-).

This Audit Committee Report is approved by the Board of Directors on 9 November 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“**the Board**”) is pleased to present the Statement on Risk Management and Internal Control (“**SORMIC**”) which is made pursuant to Rule 15.26(b) of the ACE LR and in accordance with Part II of Principle B, Intended Outcome 9.0, Practices 9.1 and 9.2 and Guidance 9.1 and 9.2 relating to risk management and internal controls framework provided in the MCCG as well as the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The following statements outline the scope and nature of internal control system of the Group during the FYE 2020.

RESPONSIBILITY OF THE BOARD

The Board acknowledges its overall responsibility for safeguarding the shareholders’ investment and assets of the Group by implementing and maintaining a sound and effective risk management framework and internal control system.

The Board endeavours to fulfil its objectives vide an effective and efficient governance, risk management, financial, organisational, operational and compliance control. It is committed to provide a system that gives reasonable, though not absolute assurance against the occurrence of any material misstatements or losses, infringement against the laws or regulations or fraud.

For the FYE 2020, the Board having assessed and reviewed the effectiveness, integrity and adequacy of the risk management framework and the internal control system of the Group, had implemented several improvements to the risk management framework and the internal control system of the Group.

KEY FEATURES OF THE GROUP’S RISK MANAGEMENT FRAMEWORK

The key features of the risk management framework of the Group established to facilitate proper conduct of the Group’s businesses are outlined as follows:-

A. CONTROL STRUCTURE

Risk Management Committee (“RMC”)

The Board has adopted the Step-Up Practice 9.3 of the MCCG, of which the Board establishes a RMC, which comprises a majority of Independent Directors, to oversee the Company’s risk management framework and policies.

The composition of the RMC is as follows:-

Name	Designation	Directorate/ Position
Loh Boon Zheng	Member	INED
Ooi Bee Chin	Member	INED
Loh Shy Tyug	Member	NINED

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT FRAMEWORK *cont'd*

A. CONTROL STRUCTURE *cont'd*

Risk Management Committee ("RMC") *cont'd*

The principal objective of the formation of the RMC is to assist the Board in reviewing and recommending the risk management policies and strategies for the Company. In addition, the RMC shall assist the Board to fulfil its corporate governance, risk management, and statutory responsibilities in order to manage the overall risk exposure.

During the FYE 2020, the RMC held five (5) meetings in March 2019, June 2019, September 2019, December 2019 and March 2020 respectively.

Risk Officer

Mr. Yin Siew Uei, the Corporate General Manager is the Risk Officer appointed by the RMC to assist the RMC and the Board in the risk management operation of the Group. The Risk Officer reports directly to the RMC.

The detailed duties and responsibilities of the Risk Officer were approved by the RMC.

B. RISK MANAGEMENT FRAMEWORK

Enterprise Risk Management ("ERM") Framework

During the financial year under review, the risk officer was responsible to oversee and conduct updates on the ERM review on the following areas:-

1. Principal risks; and
2. Risk management and mitigation procedures established on the business operation of the Group.

The Board believes that risk management is essential for continued profitability and enhancement of shareholders' value. The Board acknowledges the importance of the risk management system in identifying the principal risks exposed by the Group and ways of managing them at an acceptable level and that subsequently contribute to achieving the corporate goals of the Group.

C. RISK MANAGEMENT ACTIVITIES DURING FYE 2020

During the FYE 2020, the summary of activities carried out in respect of risk management is as follows:-

- Assessed risk matters, monitored implementation of mitigation procedures of the Group to ensure relevance to the Group.
- Reviewed the Management's update on review of ERM and reviewed the broad categories of risks and related sub-risks, and underlying issues of concerns of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

KEY FEATURES OF THE INTERNAL CONTROL SYSTEM

The Group's internal control system consists of the following key processes:-

A. AUTHORITY AND RESPONSIBILITY

Certain responsibilities are delegated to the following Board Committees through clearly defined TOR which are reviewed periodically and/or when the need arises:-

- Audit Committee;
- Nomination Committee;
- Remuneration Committee; and
- Risk Management Committee.

B. INTERNAL AUDIT

Qualified and Independent Internal Auditors

The Group's internal audit has been outsourced to an independent service provider i.e. Vaersa Advisory Sdn. Bhd. which has replaced RCA Corporate Services Sdn. Bhd. with effect from 31 July 2020 to carry out the internal audit function. Prior to their appointment, the Audit Committee has considered the following criteria:-

- Length of establishment;
- Core specialty area;
- Industry reputation;
- International affiliation;
- Qualification and experience of engagement partner and team; and
- Existing client base.

Risk-Based Internal Audits

For the FYE 2020, RCA has prepared a risk-based internal audit plan based on their review of the financial report of the Group and taking into consideration the impact of the different areas of the Group based on materiality of the numbers reported.

Through RCA, the effectiveness and efficiency of the Group's risk management and internal control system were examined and evaluated in an independent capacity. RCA has assessed the Group's compliance with policies and procedures as well as relevant laws and regulations. RCA then provided reports on issues relating to internal controls and the associated risks together with recommendations for appropriate actions to the Audit Committee.

Summary of Works Undertaken by the Internal Auditors

For the FYE 2020, RCA had:-

- Carried out their activities in accordance with the scope of work and/or audit plan for FYE 2020.
- Presented their findings with the Audit Committee and recommended corrective actions for the Management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

KEY FEATURES OF THE INTERNAL CONTROL SYSTEM *cont'd*

B. INTERNAL AUDIT *cont'd*

Adequacy of Scope, Functions, Competency and Resources of the Outsourced Internal Audit Functions

In the first quarter of FYE 2020, the Audit Committee had vide its assessment, assessed the adequacy of scope, functions, competency and resources of the outsourced internal audit function and that it has the necessary authority to carry out its work and the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function for the financial year under review.

Based on the collated results of the above said assessment, the Audit Committee was of the view that the internal audit has added value to the Group by providing further assurance relating to risk management and fraud control and assessed the internal auditors' performance as "Adequate".

C. MONITORING AND REPORTING

The Corporate General Manager in charge of the Group's financial affairs is required to give assurance to the Audit Committee that adequate processes and controls are in place in the preparation of each quarterly financial statements, including consolidated condensed financial statements, and that appropriate accounting policies are adopted and applied consistently to give a true and fair view of the state of affairs of the Group and to ensure compliance with the Financial Reporting Standards.

Upon review, the Audit Committee shall inform the Board on the assurance it received from the Corporate General Manager as well as the conclusion it made on the adequacy of processes and controls in place for effective financial reporting and disclosures to be made by the Company.

D. STAFF COMPETENCY

It is part of the Company's policies to ensure provision of constant training and development programmes to ensure that the employees are kept up-to-date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the ACE LR, the external auditors have reviewed this statement for inclusion in the 2020 Annual Report, in accordance with the Malaysian Approved Standard on Assurance Engagements, International Standard on Audit Engagement 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guides 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants.

Based on their review, the external auditors reported to the Board that nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is the statement factually inaccurate.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS *cont'd*

AAPG 3 does not require the external auditors to, and they did not, consider whether this statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems including the assessment and opinion by the Board of Directors and Management thereon. They are also not required to consider whether the process described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

CONCLUSION

The Board has received assurance from the Corporate General Manager and the Managing Director and Chairman of the Board that the function of the Company's risk management and internal control system for the financial year under review, and up to the date of approval of this statement, has been sound and sufficient, in all material aspects, based on the risk management model and internal control system adopted by the Group, safeguard the shareholders' investments, the interests of customers, regulators, employees and other stakeholders, and the Group's assets.

The Board members acknowledge that they are ultimately responsible for ensuring the proper implementation of appropriate internal control system even though this responsibility has been delegated to the Management.

This SORMIC was approved by the Board on 9 November 2020.

STATEMENT ON DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

In accordance with the Act, the ACE LR and the applicable approved accounting standards, the Directors are required to prepare annual financial statements that give a true and fair view of the financial position of the Group and of the Company as at 31 July 2020, and the financial performance and cash flows of the Group and of the Company for that financial year ended.

The Directors have reviewed the accounting policies to ensure that they are consistently applied throughout the financial year and are of the view that relevant approved accounting standards have been followed in the preparation of these financial statements. In cases where judgements and estimations were made, they were based on reasonableness and prudence. The Directors have also assessed the Group's and the Company's ability to continue as going concern, and confirmed that the annual financial statements are prepared using the going concern basis of accounting.

The Directors have relied on the system of internal controls to ensure that the information generated for the preparation of the financial statements from the underlying accounting records are accurate and reliable.

The Directors are responsible for ensuring that the Company maintains accounting records which disclose with reasonable accuracy of the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the provisions of the Act.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company, and to prevent and detect frauds and any other irregularities.

This statement on Directors' responsibility for preparing the financial statements is approved by the Board of Directors on 9 November 2020.

FINANCIAL

STATEMENTS

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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as set out in Note 5 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

CHANGE IN FINANCIAL YEAR END

During the financial period, the Company changed its financial year end from 31 January to 31 July. As a result, these financial statements are for the financial period from 1 February 2019 to 31 July 2020.

FINANCIAL RESULTS

	Group RM	Company RM
(Loss) / profit for the financial period attributable to:		
Owners of the Company	(749,452)	114,054

DIVIDEND

No dividend has been paid or declared since the end of the previous financial year. The directors do not recommend that a final dividend to be paid in respect of the current financial period.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial period.

SHARE OPTIONS

No option has been granted by the Company to any party during the financial period to take up unissued shares of the Company.

No share has been issued during the financial period by virtue of the exercise of any option to take up unissued shares of the Company. At the end of the financial period, there was no unissued share of the Company under option.

DIRECTORS' REPORT

cont'd

WARRANTS 2014/2019

On 14 November 2014, the Company listed and quoted 266,304,708 Warrants 2014/2019 pursuant to the Rights Issue with Warrants exercise on the basis of two (2) Warrants 2014/2019 for every three (3) Rights Shares subscribed.

The Warrants 2014/2019 are constituted by the Deed Poll dated 26 September 2014 ("Deed Poll 2014/2019").

Salient features of the Warrants 2014/2019 are as follows: -

- (a) Each Warrant 2014/2019 entitles the registered holder thereof ("Warrant holder(s) 2014/2019") to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.05 during the 5-year period expiring on 6 November 2019 ("Exercise Period"), subject to the adjustments as set out in the Deed Poll 2014/2019;
- (b) At the expiry of the Exercise Period, any Warrants 2014/2019 which have not been exercised shall automatically lapse and cease to be valid for any purposes; and
- (c) Warrant holders 2014/2019 must exercise the Warrants 2014/2019 in accordance with the procedures set out in the Deed Poll 2014/2019 and shares allotted and issued upon such exercise shall rank *pari passu* in all respects with the then existing shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

During the financial year, 13,300 Warrants 2014/2019 were exercised and converted into 13,300 new ordinary shares of the Company.

As Warrants 2014/2019 had expired on 6 November 2019, there were no outstanding Warrants 2014/2019 as at 31 July 2020.

DIRECTORS

The directors in office since the beginning of the current financial period to date of this report are: -

Loh Boon Ginn *
Loh Shy Ming (f) *
Loh Boon Zheng
Loh Shy Tyug (f)
Ooi Bee Chin (f)
Datuk Cheng Lai Hock *(resigned on 30.04.2020)*
Dato' Ir. Loh Kim Mon *(resigned on 26.06.2020)*
Ooi Soo Kok *(resigned on 26.06.2020)*

* *Director of the Company and its subsidiaries*

The retirement and re-election of the directors are in accordance with the Company's Articles of Association.

DIRECTORS' REPORT

cont'd

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in Note 22 to the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial period was the Company a party to any arrangement whose object was to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, particulars of interests of directors who held office at the end of the financial period in the shares in the Company and its related companies during the financial period are as follows: -

	←----- Number of Ordinary Shares -----→			
	As at 01.02.2019	Bought	Sold	As at 31.07.2020
<u>Indirect interests</u>				
Loh Boon Ginn *	95,314,952	-	-	95,314,952
Loh Shy Ming (f) *	95,314,952	-	-	95,314,952
Loh Boon Zheng #	122,593,648	-	122,593,648	-
Loh Shy Tyug #	-	122,593,648	-	122,593,648

* Deemed interest by virtue of substantial shareholdings in SC Estate World Sdn. Bhd.

Deemed interest by virtue of substantial shareholdings in Takzim Empayar Sdn. Bhd.

By virtue of their interests in the shares of the Company, Mr. Loh Boon Ginn, Ms. Loh Shy Ming and Mr. Loh Shy Tyug are deemed to have interests in the shares of all the subsidiaries during the financial period to the extent that the Company has an interest.

The other directors holding office at the end of the financial period have no interest in shares in the Company or its related corporations during the financial period.

INDEMNITY AND INSURANCE COSTS

During the financial period, there is no indemnity given to or insurance effected for directors, officers and auditors of the Group and of the Company.

DIRECTORS' REPORT

cont'd

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps: -

- (a) to ascertain that proper action had been taken in relation to the writing off bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances: -

- (a) which would render the amount written off as bad debts or the amount provided for as doubtful debts in the financial statements of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial period which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company that has arisen since the end of the financial period.

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

In the opinion of the directors: -

- (a) the results of the operations of the Group and of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which would likely affect substantially the results of the operations of the Group and of the Company for the financial period in which this report is made.

DIRECTORS' REPORT

cont'd

AUDITORS

The details of the auditors' remuneration for the financial period are disclosed in Note 18 to the financial statements.

The auditors, Messrs Ong & Wong, Chartered Accountants, have expressed their willingness to continue in office.

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

LOH BOON GINN
Director

LOH SHY MING
Director

Kuala Lumpur,
Date: 9 November 2020

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the directors, the financial statements set out on pages 77 to 122 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2020 and of their financial performance and cash flows for the financial period ended on that date.

Signed in Kuala Lumpur on 9 November 2020.

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

LOH BOON GINN

LOH SHY MING

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, Yin Siew Uei (MIA 21291), being the officer primarily responsible for the financial management of SC Estate Builder Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief the financial statements of the Group and of the Company set out on pages 77 to 122 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared in Kuala Lumpur on 9 November 2020.

Before me

YIN SIEW UEI (MIA 21291)

Commissioner for Oaths
KHOR YUN LING
B524

INDEPENDENT AUDITORS' REPORT

To the Members of SC Estate Builder Berhad
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SC Estate Builder Berhad, which comprise the statements of financial position as at 31 July 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period from 1 February 2019 to 31 July 2020, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 77 to 122.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 July 2020, and of their financial performance and their cash flows for the financial period from 1 February 2019 to 31 July 2020 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

a) Revenue recognition of construction contract

Revenue from construction contracts are disclosed in Note 17 to the financial statements. A significant proportion of the Group's revenues and profits are derived from long term construction contracts which span over more than one accounting period.

Revenue is recognised progressively over time based on stage of completion method. The stage of completion is determined by the proportion that contract costs incurred for work performed to date relative to the estimated total construction costs.

We have identified this as a key audit matter because it required our assessment of the evaluation of the contracts with customers performed by the management and involvement of management's judgement in allocation of transaction price to each performance obligation and the timing of revenue recognition.

INDEPENDENT AUDITORS' REPORT

To the Members of SC Estate Builder Berhad

(Incorporated in Malaysia)

cont'd

Our audit responses:

- Obtained an understanding of the Group's processes, systems and controls implemented for revenue cycle;
- Checked the architect certificate against stage of completion of certain contracts to ascertain the reasonableness of the revenue recognised in the profit or loss;
- Assessed the assumptions in deriving at the estimates contract cost;
- Agreed a sample of costs incurred to date to invoice and/or progress claim, checked that they were allocated to the appropriate contract, and met the definition of contract costs; and
- Assessed the adequacy and reasonableness of the disclosures in the financial statements.

b) Trade receivables

As at 31 July 2020, the carrying amount of trade receivables if the Group was RM14,074,027. Trade receivables are subject to credit risk due to probability of default, thus the management needs to exercise significant judgement in order to ascertain the probability of default by trade receivables and recoverability. The assessment of trade receivables includes analysing historical bad debts, customer concentration, customer creditworthiness, current or future economic trend, customers payment terms, credit term and appropriate forward-looking information.

Our audit responses:

- obtained an understanding of the Group's control over the trade receivables collection process and made enquiries regarding the action plans to recover the overdue amount;
- reviewed the ageing analysis of trade receivables and test the reliability thereof;
- reviewed subsequent collection and past payment trend from trade receivables; and
- evaluated the reasonableness and adequacy of the impairment losses provided by the management.

Information Other Than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT

To the Members of SC Estate Builder Berhad
(Incorporated in Malaysia)
cont'd

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

INDEPENDENT AUDITORS' REPORT

To the Members of SC Estate Builder Berhad

(Incorporated in Malaysia)

cont'd

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ONG & WONG

AF: 0241

Chartered Accountants

ONG KOON LIANG

2909/02/21 (J)

Chartered Accountant

Kuala Lumpur,

Date: 9 November 2020

STATEMENTS OF FINANCIAL POSITION

As at 31 July 2020

	Note	Group		Company	
		31.07.2020 RM	31.01.2019 RM	31.07.2020 RM	31.01.2019 RM
NON-CURRENT ASSETS					
Property, plant and equipment	4	22,852,080	365,485	81,565	103,833
Investment in subsidiaries	5	-	-	2,000,003	105
Right-of-use asset	6	170,295	-	-	-
		<u>23,022,375</u>	<u>365,485</u>	<u>2,081,568</u>	<u>103,938</u>
CURRENT ASSETS					
Trade receivables	7	14,074,027	23,839,136	-	-
Other receivables, deposits and prepayments	8	3,833,274	14,063,781	1,000	1,185,465
Amount due from subsidiaries	9	-	-	22,982,996	23,895,051
Tax recoverable		-	56,530	-	-
Cash and bank balances	10	171,127	1,229,714	85,959	192,025
		<u>18,078,428</u>	<u>39,189,161</u>	<u>23,069,955</u>	<u>25,272,541</u>
CURRENT LIABILITIES					
Trade payables		3,885,305	1,350,265	-	-
Other payables and accruals	11	830,434	410,091	720,680	349,887
Contract liabilities	12	20,179	9,062	-	-
Lease liability	13	138,346	-	-	-
Amount due to a director	9	72,529	1,116,713	10,868	961,336
Provision for taxation		1,205,887	1,894,563	240,000	-
		<u>6,152,680</u>	<u>4,780,694</u>	<u>971,548</u>	<u>1,311,223</u>
NET CURRENT ASSETS		<u>11,925,748</u>	<u>34,408,467</u>	<u>22,098,407</u>	<u>23,961,318</u>
		<u>34,948,123</u>	<u>34,773,952</u>	<u>24,179,975</u>	<u>24,065,256</u>
Financed by:					
SHARE CAPITAL	14	31,276,406	31,275,741	31,276,406	31,275,741
WARRANT RESERVE	15	-	518,064	-	518,064
RETAINED EARNINGS/ (ACCUMULATED LOSSES)		<u>2,739,026</u>	<u>2,970,414</u>	<u>(7,096,431)</u>	<u>(7,728,549)</u>
		<u>34,015,432</u>	<u>34,764,219</u>	<u>24,179,975</u>	<u>24,065,256</u>
NON-CURRENT LIABILITIES					
Lease liability	13	46,728	-	-	-
Other creditor	11	883,057	-	-	-
Deferred tax liabilities	16	2,906	9,733	-	-
		<u>932,691</u>	<u>9,733</u>	<u>-</u>	<u>-</u>
		<u>34,948,123</u>	<u>34,773,952</u>	<u>24,179,975</u>	<u>24,065,256</u>

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial period ended 31 July 2020

	Note	Group		Company	
		01.02.2019 to 31.07.2020 RM	01.02.2018 to 31.01.2019 RM	01.02.2019 to 31.07.2020 RM	01.02.2018 to 31.01.2019 RM
CONTINUING OPERATIONS:-					
REVENUE	17	7,189,677	13,633,541	1,000,000	-
COST OF SALES		(4,035,658)	(8,696,336)	-	-
GROSS PROFIT		3,154,019	4,937,205	1,000,000	-
OTHER INCOME		9,631	1,028,860	3,969	51,565
OPERATING AND ADMINISTRATION EXPENSES		(3,566,490)	(3,467,825)	(649,915)	(2,000,148)
(LOSS)/PROFIT FROM OPERATIONS		(402,840)	2,498,240	354,054	(1,948,583)
FINANCE COSTS		(33,862)	-	-	-
(LOSS)/PROFIT BEFORE TAXATION	18	(436,702)	2,498,240	354,054	(1,948,583)
INCOME TAX EXPENSE	19	(312,750)	(841,177)	(240,000)	-
(LOSS)/PROFIT AFTER TAX FROM CONTINUING OPERATIONS		(749,452)	1,657,063	114,054	(1,948,583)
DISCONTINUED OPERATIONS:					
LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS		-	(283,824)	-	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(749,452)	1,373,239	114,054	(1,948,583)
(LOSS)/PROFIT ATTRIBUTABLE TO:-					
Owners of the Company					
- Continuing operations		(749,452)	1,657,063	114,054	(1,948,583)
- Discontinued operations		-	(283,824)	-	-
		(749,452)	1,373,239	114,054	(1,948,583)
TOTAL COMPREHENSIVE (LOSS)/ INCOME ATTRIBUTABLE TO:					
Owners of the Company					
- Continuing operations		(749,452)	1,657,063	114,054	(1,948,583)
- Discontinued operations		-	(283,824)	-	-
		(749,452)	1,373,239	114,054	(1,948,583)
(LOSS)/EARNINGS PER SHARE					
(Sen)	20				
Basic					
- Continuing operations		(0.08)	0.19		
- Discontinued operations		-	(0.03)		
Diluted					
- Continuing operations		(0.08)	0.14		
- Discontinued operations		N/A	N/A		

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

STATEMENTS OF CHANGES IN EQUITY

For the financial period ended 31 July 2020

Group	←----- Non-distributable ----->			----- Distributable ----->		Total RM
	Share Capital RM	Share Premium RM	Warrant Reserve RM	Merger Deficit RM	Retained Earnings RM	
Balance at 1 February 2018	22,460,448	8,815,293	518,064	(2,575,050)	4,172,225	33,390,980
Transition to no par value regime	8,815,293	(8,815,293)	-	-	-	-
Disposal of subsidiary	-	-	-	2,575,050	(2,575,050)	-
Profit/(loss) after tax/total comprehensive income/ (loss) for the financial year						
- continuing operations	-	-	-	-	1,657,063	1,657,063
- discontinued operations	-	-	-	-	(283,824)	(283,824)
	-	-	-	-	1,373,239	1,373,239
Balance at 31 January 2019	31,275,741	-	518,064	-	2,970,414	34,764,219
Balance at 1 February 2019	31,275,741	-	518,064	-	2,970,414	34,764,219
<i>Transaction with Owners:-</i>						
Issuance of shares pursuant to the exercise of warrants (Note 14)	665	-	-	-	-	665
Expiry of warrants	-	-	(518,064)	-	518,064	-
	665	-	(518,064)	-	518,064	665
Loss after tax/total comprehensive income/ (loss) for the financial period						
- continuing operations	-	-	-	-	(749,452)	(749,452)
- discontinued operations	-	-	-	-	-	-
	-	-	-	-	(749,452)	(749,452)
Balance at 31 July 2020	31,276,406	-	-	-	2,739,026	34,015,432

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

STATEMENTS OF CHANGES IN EQUITY

For the financial period ended 31 July 2020
cont'd

Company	←----- Non-distributable ----->			Distributable	Total RM
	Share Capital RM	Share Premium RM	Warrants Reserve RM	Accumulated Losses RM	
Balance at 1 February 2018	22,460,448	8,815,293	518,064	(5,779,966)	26,013,839
Transition to no par value regime	8,815,293	(8,815,293)	-	-	-
Loss after tax/total comprehensive loss for the financial year	-	-	-	(1,948,583)	(1,948,583)
At 31 January 2018	31,275,741	-	518,064	(7,728,549)	24,065,256
At 1 February 2019	31,275,741	-	518,064	(7,728,549)	24,065,256
<i>Transactions with owners:-</i>					
Issuance of shares pursuant to the exercise of warrants (Note 14)	665	-	-	-	665
Expiry of warrants	-	-	(518,064)	518,064	-
	665	-	(518,064)	518,064	665
Profit after tax/total comprehensive profit for the financial period	-	-	-	114,054	114,054
Balance at 31 July 2020	31,276,406	-	-	(7,096,431)	24,179,975

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

STATEMENTS OF CASH FLOWS

For the financial period ended 31 July 2020

	Group		Company	
	01.02.2019 to 31.07.2020 RM	01.02.2018 to 31.01.2019 RM	01.02.2019 to 31.07.2020 RM	01.02.2018 to 31.01.2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before tax				
- continuing operations	(436,702)	2,498,240	354,054	(1,948,583)
- discontinued operations	-	(283,824)	-	-
<i>Adjustments for:</i>				
Depreciation of property, plant and equipment	133,794	337,727	22,268	14,845
Depreciation of right-of-use asset	318,439	-	-	-
Gain on disposal of subsidiaries	-	(1,024,917)	-	(50,000)
Impairment loss allowance on trade receivables	677,739	-	677,739	-
Impairment loss allowance on other receivables	-	750,000	-	750,000
Interest expense	77	-	-	-
Interest income	(9,631)	(3,477)	(3,969)	(1,565)
Operating profit/(loss) before working capital changes	683,716	2,273,749	1,050,092	(1,235,303)
Decrease/(increase) in receivables	19,328,990	(4,798,798)	1,431,309	(17,537)
Increase/(decrease) in payables	3,838,441	1,843,022	370,793	(367,393)
Cash used in operations	23,851,147	(682,027)	2,852,194	(1,620,233)
Interest income	9,631	3,477	3,969	1,565
Interest expense	33,862	-	-	-
Tax refunded	55,928	-	-	-
Tax paid	(1,007,650)	(170,734)	-	-
Net cash generated from/(used in) operating activities	22,942,918	(849,284)	2,856,163	(1,618,668)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in subsidiaries	-	-	(2,012,427)	-
Net cash inflow from disposal of subsidiaries	-	46,069	-	-
Proceeds from disposal of subsidiaries	-	-	-	50,000
Purchase of property, plant and equipment	(22,620,389)	(198,493)	-	-
Reclassification of investment in subsidiaries	-	-	-	12,530
Net cash (used in)/generated from investing activities	(22,620,389)	(152,424)	(2,012,427)	62,530

STATEMENTS OF CASH FLOWS

For the financial period ended 31 July 2020
cont'd

	Group		Company	
	01.02.2019 to 31.07.2020 RM	01.02.2018 to 31.01.2019 RM	01.02.2019 to 31.07.2020 RM	01.02.2018 to 31.01.2019 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of share capital	665	-	665	-
Repayment of lease liability	(337,601)	-	-	-
(Repayment to)/ advances from a director	(1,044,180)	1,041,852	(950,467)	954,467
Advances to subsidiaries	-	-	-	(193,605)
Net cash (used in)/generated from financing activities	(1,381,116)	1,041,852	(949,802)	760,862
Net (decrease)/increase in cash and cash equivalents	(1,058,587)	40,144	(106,066)	(795,276)
Cash and cash equivalents at the beginning of the financial period/year	1,229,714	1,189,570	192,025	987,301
Cash and cash equivalents at end of the financial period/year	171,127	1,229,714	85,959	192,025
CASH AND CASH EQUIVALENTS COMPRISE:-				
Cash and bank balances	171,127	1,229,714	85,959	192,025

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

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The address of the registered office of the Company is Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

The address of the principal place of business of the Company is E-9-08, Block E, Level 9, Capital 5, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan.

The financial year end of the Company was changed from 31 January to 31 July during the financial period. Accordingly, the comparative financial statements of the Company for the financial period ended 31 July covers a eighteen-month period compared to a twelve-month period for the previous financial year, and therefore the comparative amounts are not in respect of comparable periods for the income statements, statements of comprehensive income, changes in equity, cash flows and the related notes.

The consolidated financial statements of the Company as at and for the financial period ended 31 July 2020 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”).

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as set out in *Note 5*. There were no significant changes in the nature of these activities during the financial year.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(a) Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Companies Act 2016 (“CA 2016”) in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020

cont'd

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *cont'd*

(a) Statement of Compliance *cont'd*

MFRSs, Amendments to MFRSs and Issue Committees (“IC”) Interpretation that have been issued but are not yet effective

The Group and the Company have not adopted the following MFRSs, Amendments to MFRSs and IC Interpretation that have been issued but not yet effective: -

MFRSs/Amendments to MFRSs/IC Interpretation	Effective for annual periods beginning on or after
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101: Definition of Material	1 January 2020
Amendments to MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual improvements to MFRS 2018 – 2020	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Company plans to apply the abovementioned accounting standards, interpretations and amendments from the annual period beginning on 1 August 2020 for those accounting standards, interpretations and amendments, that are effective for annual periods beginning on or after 1 January 2020, if applicable.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 3.

(c) Functional and Presentation Currencies

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020
cont'd

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *cont'd*

(d) Use of Estimates and Judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than: -

1) *Construction contracts*

The Group measures the performance of construction work done by comparing the actual costs incurred with the estimated total costs required to complete the construction. Significant judgements are required to estimate the total contract costs to complete. In making these estimates, management relied on professionals' estimates and also on past experience of completed projects. A change in the estimates will directly affect the revenue to be recognised.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

Arising from the adoption of MFRS 16, Leases, there are changes to the accounting policies applied to lease contracts entered into by the Company as compared to those applied in previous financial statements. The impact arising from the changes is disclosed in Note 27.

(a) Basis Of Consolidation

(i) *Subsidiaries*

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Basis Of Consolidation *cont'd*

(i) Subsidiaries *cont'd*

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as: -

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

(iii) Transactions eliminated on consolidation

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

(b) Property, Plant And Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(b) Property, Plant And Equipment *cont'd*

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

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” and “other expenses” respectively in profit or loss.

(ii) **Subsequent costs**

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day- to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) **Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a reducing balance basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows: -

	%
Computers and software	10 - 33.33
Furniture and fittings	10
Motor vehicles	12.5 - 20
Office equipment	10 - 33.33
Plant and machinery	10 - 20
Renovation	10
Research and development equipment	10

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Contract Asset/Contract Liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, Financial Instruments (see Note 3(f)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(d) Cash And Cash Equivalents

Cash and cash equivalents consists of cash on hand, balances with banks, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented by cash and bank balances.

(e) Financial Instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Group and the Company have elected not to restate the comparatives.

(i) *Recognition and initial measurement*

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) *Financial instrument categories and subsequent measurement*

Financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(e) Financial Instruments *cont'd*

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

Financial assets cont'd

- *Amortised cost*

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 3(f)(i)) where the effective interest rate is applied to the amortised cost.

- *Fair value through other comprehensive income*

Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

All financial assets, except for those measured at fair value through profit or loss were subject to impairment assessment (see Note 3(f)(i)).

Financial Liabilities

The categories of financial liabilities at initial recognition are as follows: -

- *Amortised cost*

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(e) Financial Instruments *cont'd*

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(f) Impairment

(i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Group and the Company elected not to restate the comparatives.

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balances for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(f) Impairment *cont'd*

(i) **Financial assets** *cont'd*

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a simplified approach with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are 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.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company 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. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

(ii) **Other assets**

The carrying amounts of other assets (except for inventories, contract assets, lease receivables, deferred tax asset, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(g) Leases

The Company has applied MFRS 16 using the modified retrospective approach.

i. Definition of a lease

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

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

At inception of a contract, the Company assesses whether a 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.

ii. Recognition and initial measurement

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar term, security and conditions.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(g) Leases *cont'd*

ii. *Recognition and initial measurement cont'd*

As a lessee cont'd

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

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

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

iii. *Subsequent measurement*

As a lessee

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

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

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(h) Equity Instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) *Issue expenses*

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(h) Equity Instruments *cont'd*

(ii) Ordinary shares

Ordinary shares are classified as equity.

(i) Foreign Currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(j) Employee Benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(k) Revenue and Other Income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met: -

- i) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
- ii) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- iii) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(l) Income Tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

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3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(l) Income Tax *cont'd*

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(m) Earnings Per Ordinary Share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

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

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

(n) Operating Segments

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

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3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(o) Fair Value Measurement

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

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

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

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4. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Company	Computer RM	Furniture and fittings RM	Office equipment RM	Plant and machinery RM	Renovation RM	Total RM
<i>Cost</i>						
At 1 February 2018	6,443	83,678	5,800	4,799	41,930	142,650
Additions	-	-	-	-	-	-
At 31 January 2018/ 1 February 2019	6,443	83,678	5,800	4,799	41,930	142,650
Additions	-	-	-	-	-	-
At 31 July 2020	6,443	83,678	5,800	4,799	41,930	142,650
<i>Accumulated depreciation</i>						
At 1 February 2018	833	14,161	1,160	480	7,338	23,972
Charge for the financial year	644	8,368	1,160	480	4,193	14,845
At 31 January 2018/ 1 February 2019	1,477	22,529	2,320	960	11,531	38,817
Charge for the financial period	966	12,552	1,740	720	6,290	22,268
At 31 July 2020	2,443	35,081	4,060	1,680	17,821	61,085
<i>Net carrying amount</i>						
At 31 July 2020	4,000	48,597	1,740	3,119	24,109	81,565
At 31 January 2019	4,966	61,149	3,480	3,839	30,399	103,833

5. INVESTMENT IN SUBSIDIARIES

	Company	
	31.07.2020 RM	31.01.2019 RM
Cost		
<i>Unquoted shares in Malaysia</i>		
At 1 February	2,575,155	20,075,155
Addition	1,999,898	-
Disposal	-	(17,500,000)
At 31 January	4,575,053	2,575,155
<i>Quasi loans</i>		
At 1 February	-	2,245,281
Reclassification	-	(12,530)
Disposal of subsidiaries	-	(2,232,751)
At 31 January	-	-
	4,575,053	2,575,155

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020
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5. INVESTMENT IN SUBSIDIARIES *cont'd*

	Company	
	31.07.2020	31.01.2019
	RM	RM
Accumulated impairment losses		
<i>Unquoted shares in Malaysia</i>		
At 1 February	(2,575,052)	(20,075,052)
Disposal of subsidiaries	-	17,500,000
At 31 January	(2,575,052)	(2,575,052)
<i>Quasi loans</i>		
At 1 February	2	(2,232,749)
Disposal of subsidiaries	-	2,232,751
At 31 January	2	2
	(2,575,050)	(2,575,050)
Net Carrying amount	2,000,003	105

Details of the subsidiaries are as follows: -

Name of subsidiaries	Country of incorporation	Effective equity interest		Principal activities
		2020 %	2019 %	
SC Estate Construction Sdn. Bhd.	Malaysia	100	100	Construction and project management.
SC Estate Industries Sdn. Bhd.	Malaysia	100	100	Trading in building materials.
SC Estate IBS Sdn. Bhd.	Malaysia	100	100	Dormant.
SC Estate Energy Sdn. Bhd.	Malaysia	100	-	Dormant.

Quasi loans represent advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiary companies. The quasi loans are stated at cost less accumulated impairment losses, if any.

The Company assessed the recoverable amount of investment on subsidiary companies and determined that an impairment loss should be recognised if the recoverable amount is lower than the carrying amount. The recoverable amount of the respective subsidiary company, being the independent Cash-generating unit ("CGU"), is determined using the fair value less costs to sell approach, and is derived from the net assets position of the respective subsidiary companies as at end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020
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6. RIGHT-OF-USE ASSET

	Group 31.07.2020 RM	Company 31.01.2019 RM
Cost		
Building		
At 1 February (before restatement)	-	-
Initial application of MFRS 16	-	-
Addition	488,734	-
At 31 July (after restatement)/31 January	<u>488,734</u>	-
Accumulated depreciation		
At 1 February (before restatement)	-	-
Initial application of MFRS 16	-	-
At 31 July (after restatement)/31 January	-	-
Addition	-	-
Depreciation for the financial period	318,439	-
At 31 July (after restatement)/31 January	<u>318,439</u>	-
Carrying amount		
As at 31 July	<u>170,295</u>	-

The Company leases office premises on 2-year contract with an extension option.

7. TRADE RECEIVABLES

	Group 31.07.2020 RM	Company 31.01.2019 RM
Trade Receivables	14,751,766	23,839,136
Less: Accumulated impairment losses	(677,739)	-
	<u>14,074,027</u>	<u>23,839,136</u>

Movements of the accumulated impairment losses (individually impaired) are as follows:

	Group 31.07.2020 RM	Company 31.01.2019 RM
At the beginning of the financial period / year	-	-
Addition	677,739	-
At the end of the financial period / year	<u>677,739</u>	-

NOTES TO THE FINANCIAL STATEMENTS

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8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	31.07.2020	31.01.2019	31.07.2020	31.01.2019
	RM	RM	RM	RM
Other receivables	3,811,024	5,757,079	-	1,158,538
Less: Accumulated impairment losses	-	(750,000)	-	-
	3,811,024	5,007,079	-	1,158,538
Deposits	22,250	9,029,775	1,000	-
Prepayments	-	26,927	-	26,927
	3,833,274	14,063,781	1,000	1,185,465

Movements of the accumulated impairment losses (individually impaired) are as follows:

	Group	Company
	31.07.2020	31.01.2019
	RM	RM
At the beginning of the financial period / year	750,000	-
Less: Written off	-750,000	-
Addition	-	750,000
At the end of the financial period / year	-	750,000

9. AMOUNT DUE FROM / (TO) SUBSIDIARIES / A DIRECTOR

These amounts are unsecured, interest-free and receivable / (repayable) on demand.

10. CASH AND BANK BALANCES

	Group		Company	
	31.07.2020	31.01.2019	31.07.2020	31.01.2019
	RM	RM	RM	RM
Cash on hand	54,867	58,559	43,584	58,557
Cash at bank	116,260	1,171,155	42,375	133,468
	171,127	1,229,714	85,959	192,025

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020
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11. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	31.07.2020	31.01.2019	31.07.2020	31.01.2019
	RM	RM	RM	RM
<u>Current liabilities</u>				
Other payables	283,702	109,863	263,250	76,105
Accruals	546,732	300,228	457,430	273,782
	830,434	410,091	720,680	349,887
<u>Non-current liabilities</u>				
Other creditor	883,057	-	-	-
	1,713,491	410,091	720,680	349,887

12. CONTRACT LIABILITIES

	Group	
	31.07.2020	31.01.2019
	RM	RM
At 1 February	(9,062)	29,818
Revenue recognised in profit or loss during the financial period / year	9,762,590	6,959,420
	9,753,528	6,989,238
Billings to customers during the financial period / year	(9,773,707)	(6,998,300)
At 31 July / 31 January	(20,179)	(9,062)

13. LEASE LIABILITY

	31.07.2020
	RM
Future minimum lease payments	
- Within 1 year	148,400
- Between 2 to 5 years	49,200
	197,600
Add: Future finance charge	(12,526)
Present value of lease liability	185,074

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020

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13. LEASE LIABILITY *cont'd*

	31.07.2020
	RM
Present value of lease liability	
- Within 1 year	138,346
- Between 2 to 5 years	46,728
	<u>185,074</u>
Balance at 1 February 2019	488,734
Lease payments	(337,600)
	<u>151,134</u>
Finance charge	33,940
Balance at 31 July 2020	<u>185,074</u>

14. SHARE CAPITAL

	Group and Company			
	31.07.2020	31.01.2019	31.07.2020	31.01.2019
	Number of ordinary shares		RM	RM
Ordinary shares with no par value				
Issued and fully paid:-				
At 1 February	883,077,609	883,077,609	31,275,741	22,460,448
Issuance of shares pursuant to the exercise of warrants	13,300	-	665	-
Transition to no par value regime	-	-	-	8,815,293
At 31 July	<u>883,090,909</u>	<u>883,077,609</u>	<u>31,276,406</u>	<u>31,275,741</u>

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020
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15. WARRANT RESERVE

Warrants reserve arose from the issuance of 266,304,708 (2018: 266,304,708) Warrants 2014/2019 at a fair valuation of RM0.00194538 per Warrant.

Salient features of the Warrants are as follows: -

- (a) Each Warrant 2014/2019 entitles the registered holder thereof ("Warrant holder(s) 2014/2019") to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.05 during the 5-year period expiring on 6 November 2019 ("Exercise Period"), subject to the adjustments as set out in the Deed Poll 2014/2019;
- (b) At the expiry of the Exercise Period, any Warrants 2014/2019 which have not been exercised shall automatically lapse and cease to be valid for any purposes; and
- (c) Warrant holders 2014/2019 must exercise the Warrants 2014/2019 in accordance with the procedures set out in the Deed Poll 2014/2019 and shares allotted and issued upon such exercise shall rank pari passu in all respects with the then existing shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

16. DEFERRED TAX LIABILITIES

	Group	
	31.07.2020 RM	31.01.2019 RM
Property, plant and equipment:-		
At 1 February	9,733	-
Transferred to income statement (<i>Note 15</i>)	(6,827)	9,733
At 31 January	2,906	9,733

17. REVENUE

	Group		Company	
	01.02.2019 to 31.07.2020 RM	01.02.2018 to 31.01.2019 RM	01.02.2019 to 31.07.2020 RM	01.02.2018 to 31.01.2019 RM
Continuing operations:-				
Contract revenue	7,075,242	12,498,469	1,000,000	-
Sale of goods	114,435	1,135,072	-	-
	7,189,677	13,633,541	1,000,000	-
Timing of revenue recognition:-				
- at a point in time	114,435	1,135,072	-	-
- over time	7,075,242	12,498,469	1,000,000	-
	7,189,677	13,633,541	1,000,000	-

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020

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18. (LOSS) / PROFIT BEFORE TAX

	Group		Company	
	01.02.2019 to 31.07.2020 RM	01.02.2018 to 31.01.2019 RM	01.02.2019 to 31.07.2020 RM	01.02.2018 to 31.01.2019 RM
This is stated after charging				
Auditors' remuneration				
- Current year's provision	62,000	62,000	40,000	40,000
- Under / (over) provision in prior year	-	(957)	-	(957)
- Non audit services	3,000	3,000	3,000	3,000
Depreciation of property, plant and equipment	133,794	337,727	22,267	14,845
Depreciation of right-of-use asset	318,439	-	-	-
Impairment loss allowance on trade receivables	677,739	-	677,739	-
Impairment loss allowance on other receivables	-	750,000	-	750,000
Rental	18,610	117,850	-	-
Staff costs (Note 18)	1,570,946	1,146,540	314,356	223,683
and crediting:-				
Gain on disposal of subsidiaries	-	1,024,917	-	50,000
Interest income	9,631	3,477	3,969	1,565

19. INCOME TAX EXPENSE

	Group		Company	
	01.02.2019 to 31.07.2020 RM	01.02.2018 to 31.01.2019 RM	01.02.2019 to 31.07.2020 RM	01.02.2018 to 31.01.2019 RM
Current tax expense:-				
Current year's provision	305,923	876,638	-	-
Over provision in prior year	-	(35,461)	-	-
	305,923	841,177	-	-
Deferred tax expense:-				
Under recognition in prior years (Note 12)	6,827	-	-	-
	6,827	-	-	-
	312,750	841,177	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020
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19. INCOME TAX EXPENSE *cont'd*

A reconciliation of tax expense applicable to (loss) / profit before tax at the statutory income tax rate to tax expense at the effective income tax rate is as follows: -

	Group		Company	
	01.02.2019 to 31.07.2020 RM	01.02.2018 to 31.01.2019 RM	01.02.2019 to 31.07.2020 RM	01.02.2018 to 31.01.2019 RM
(Loss) / Profit before taxation				
- continuing operations	(436,702)	2,498,240	-	(1,948,583)
- discontinued operations	-	(283,824)	-	-
	(436,702)	2,214,416	-	(1,948,583)
Tax at Malaysian statutory tax rate at 24% (2019: 24%)	(104,808)	531,460	-	(467,660)
Expenses not deductible for tax purposes	410,731	473,463	-	467,660
Non-taxable income	-	(245,980)	-	-
Deferred tax assets not recognised during the financial year	-	117,692	-	-
(Over) / under provision of current taxation in prior years	-	(35,461)	-	-
Under recognition of deferred taxation in prior years	6,827	-	-	-
	312,750	841,174	-	-

20. (LOSS) / EARNINGS PER SHARE

Basic (loss) / earnings per share

The calculation of basic (loss) / earnings per share at 31 July 2020 was based on the (loss) / profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows: -

	Group	
	2020 RM	2019 RM
(Loss) / profit attributable to owners of the Company:-		
- Continuing operations	(749,452)	1,657,063
- Discontinued operations	-	(283,824)
	(749,452)	1,373,239

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020

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20. (LOSS) / EARNINGS PER SHARE *cont'd*

Basic (loss) / earnings per share *cont'd*

	Group	
	2020	2019
	RM	RM
Weighted average number of ordinary shares:-		
Issued ordinary shares at 1 February	883,077,609	883,077,609
Effect of ordinary shares issued pursuant to the exercise of warrants	6,492	-
Weighted average number of ordinary shares at 31 July / 31 January	883,084,101	883,077,609
	Sen	Sen
Basic (loss) / earnings per share:-		
- Continuing operations	(0.08)	0.19
- Discontinued operations	-	(0.03)

Diluted earnings per share

The calculation of diluted earnings per ordinary share at 31 July 2020 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows: -

	Group	
	2020	2019
	RM	RM
(Loss) / profit attributable to owners of the Company:-		
- Continuing operations	(749,452)	1,657,063
- Discontinued operations	-	(283,824)
	(749,452)	1,373,239
Weighted average number of ordinary shares in issue		
in the calculation of basic (loss) / earnings per share	883,084,101	883,077,609
Effect of exercise of warrants	-	266,304,708
Weighted average number of ordinary shares at 31 July / 31 January	883,084,101	1,149,382,317
	Sen	Sen
Diluted (loss) / earnings per share:-		
- Continuing operations	(0.08)	0.14
- Discontinued operations	N/A	N/A

NOTES TO THE FINANCIAL STATEMENTS

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21. ACQUISITION OF SUBSIDIARY

On 12 September 2019, the Company acquired 100% equity interest in SC Estate Energy Sdn. Bhd., a company incorporated in Malaysia, for a total consideration of RM 1.

The net assets acquired in the transaction, goodwill and cash flow arising therefrom, are as follows:

Identifiable assets acquired and liabilities assumed

	Group 31.07.2020 RM
Cash on hand	1
Total identifiable net assets	1

Net cash outflow arising from acquisition of a subsidiary

	Group 31.07.2020 RM
Purchase consideration	1
Cash and cash equivalents acquired	(1)
	-

Goodwill

	Group 31.07.2020 RM
Total consideration transferred	1
Fair value of identifiable net assets	(1)
Goodwill	-

NOTES TO THE FINANCIAL STATEMENTS

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22. STAFF COSTS

	Group		Company	
	01.02.2019 to 31.07.2020 RM	01.02.2018 to 31.01.2019 RM	01.02.2019 to 31.07.2020 RM	01.02.2018 to 31.01.2019 RM
Directors' emoluments:-				
Fees	196,356	132,083	196,356	132,082
Remuneration and allowances	626,331	420,820	118,000	82,000
Defined contribution plans	97,955	65,303	-	-
	<u>920,642</u>	<u>618,206</u>	<u>314,356</u>	<u>214,082</u>
Other staff costs:-				
Salaries and wages	484,676	396,432	-	9,600
Defined contribution plans	90,721	73,284	-	-
Other staff related expenses	74,907	58,618	-	-
	<u>650,304</u>	<u>528,334</u>	<u>-</u>	<u>9,600</u>
	<u>1,570,946</u>	<u>1,146,540</u>	<u>314,356</u>	<u>223,682</u>

23. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Directors as the chief operating decision makers in order to allocate resources to segments and to assess performance of the Group. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into main business segments as follows: -

(a) Construction

Project management.

(b) Manufacturing

Design, manufacturing and distribution of precision system, expanded metal and turbine ventilator.

(c) Trading

Trading of building materials and other related products.

Other segments comprise companies providing management services and dormant companies.

The Executive Directors assess the performances of the operating segments based on operating profits or losses which is measured differently from those disclosed in the consolidated financial statements.

The Executive Directors are of the opinion that all inter segment transactions are entered into in the normal course of business and have been established based on negotiated and mutually agreed terms.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020
cont'd

23. OPERATING SEGMENTS

(a) Business segments

Group 2020	Construction RM	Trading RM	Others RM	Consolidated adjustments RM	Eliminations RM	Total RM
Revenue						
External revenue	7,075,241	114,434	-	-	-	7,189,675
Inter-segment revenue	-	-	1,000,000	-	(1,000,000)	-
External revenue	7,075,241	114,434	1,000,000	-	(1,000,000)	7,189,675
Results						
Segment results	(447,031)	(302,170)	336,730	-	-	(412,471)
Interest income	1,490	4,172	3,969	-	-	9,631
Interest expenses	(14,943)	(18,919)	-	-	-	(33,862)
(Loss) / profit before taxation	(460,484)	(316,917)	340,699	-	-	(436,702)
Income tax expense	(79,577)	6,827	(240,000)	-	-	(312,750)
(Loss) / profit after taxation	(540,061)	(310,090)	100,699	-	-	(749,452)
Assets						
Segment assets	33,206,461	7,804,201	25,151,527	(25,061,386)	-	41,100,803
Liabilities						
Segment liabilities	25,694,431	7,210,215	1,904,370	-	(27,298,333)	7,510,683
Other information						
Depreciation of right-of-use asset	185,180	133,259	-	-	-	318,439
Depreciation of property, plant and equipment	50,216	83,578	-	-	-	133,794

NOTES TO THE FINANCIAL STATEMENTS

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23. OPERATING SEGMENTS *cont'd*

(a) Business segments *cont'd*

Group	Continuing operations			Discontinued operations			Grand total	
	Construction	Trading	Others	Eliminations	Total	Others		Eliminations
31.01.2019	RM	RM	RM	RM	RM	RM	RM	RM
Revenue								
External revenue	12,498,569	1,135,072	-	-	13,633,641	-	-	12,498,569
Results								
Segment results	3,645,488	(168,947)	(980,676)	-	2,495,865	(283,824)	-	(283,824)
Interest income	-	810	1,565	-	2,375	-	-	2,375
Profit / (loss) before taxation	3,645,488	(168,137)	(979,111)	-	2,498,240	(283,824)	-	(283,824)
Income tax expense	(841,031)	(146)	-	-	(841,177)	-	-	(841,177)
Profit / (loss) after taxation	2,804,457	(168,283)	(979,111)	-	1,657,063	(283,824)	-	(283,824)
Assets								
Segment assets	28,232,359	8,408,407	25,376,481	(22,462,601)	39,554,646	1,847,883	-	1,847,883
Liabilities								
Segment liabilities	21,180,167	8,504,329	1,325,571	(26,219,640)	4,790,427	2,822,800	-	2,822,800
Other information								
Capital expenditures	7,913	-	-	-	7,913	190,580	-	190,580
Depreciation of property, plant and equipment	32,710	40,636	14,845	-	88,191	249,536	-	249,536
Gain on disposal of subsidiary	-	-	(1,024,917)	-	(1,024,917)	-	-	(1,024,917)

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020
cont'd

23. OPERATING SEGMENTS *cont'd*

(b) Major Customers

The Group has two (2019:1) major customers that contributed approximately RM7,139,883 (2019:RM12,498,469), representing 99% (2019:92%) of the Group's total revenue.

24. FINANCIAL INSTRUMENTS

(a) Categories of Financial Instruments

The table below provides an analysis of financial instruments as at 31 July 2020 categorised as follows: -

	Group		Company	
	Carrying amount RM	Amortised cost RM	Carrying amount RM	Amortised cost RM
Financial assets:-				
Trade receivables	14,074,027	14,074,027	-	-
Other receivables and deposits	3,833,274	3,833,274	1,000	1,000
Amount due from subsidiaries	-	-	22,982,996	22,982,996
Cash and bank balances	171,127	171,127	85,959	85,959
	<u>18,078,428</u>	<u>18,078,428</u>	<u>23,069,955</u>	<u>23,069,955</u>
Financial liabilities:-				
Trade payables	3,885,305	3,885,305	-	-
Other payables and accruals	1,713,491	1,713,491	720,680	720,680
Amount due to contract Lease liability	185,074	185,074	-	-
Amount due to a director	72,529	72,529	10,868	10,868
	<u>5,856,399</u>	<u>5,856,399</u>	<u>731,548</u>	<u>731,548</u>

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020

cont'd

24. FINANCIAL INSTRUMENTS *cont'd*

(a) Categories of Financial Instruments *cont'd*

The table below provides an analysis of financial instruments as at 31 January 2019 categorised as follows: -

	Group		Company	
	Carrying amount RM	Loan and receivables/ (financial liabilities measured at amortised cost) RM	Carrying amount RM	Loan and receivables/ (financial liabilities measured at amortised cost) RM
Financial assets:-				
Trade receivables	23,839,136	23,839,136	-	-
Other receivables and deposits	14,036,854	14,036,854	1,158,538	1,158,538
Amount due from subsidiaries	-	-	23,895,051	23,895,051
Cash and bank balances	1,229,714	1,229,714	192,025	192,025
	39,105,704	39,105,704	25,245,614	25,245,614
Financial liabilities:-				
Trade payables	1,350,265	1,350,265	-	-
Other payables and accruals	410,091	410,091	349,887	349,887
Amount due to a director	1,116,713	1,116,713	961,336	961,336
	2,877,069	2,877,069	1,311,223	1,311,223

(b) Financial Risk Management

The Group has exposure to the following risks from its financial instruments: -

- Credit risk
- Liquidity risk
- Market risk

(c) Credit Risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from trade receivables, other receivables and deposits. The Company's exposure to credit risk arises principally from other receivables and advances to subsidiaries. There are no significant changes as compared to prior periods.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020
cont'd

24. FINANCIAL INSTRUMENTS *cont'd*

(c) Credit Risk *cont'd*

(i) Trade receivables and amount due from contract customers

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

A significant portion of these trade receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables.

The gross carrying amounts of credit impaired trade receivables and amount due from contract customers are written off (either partially or full) when 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. Nevertheless, trade receivables and amount due from contract customers that are written off could still be subject to enforcement activities.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

Concentration of credit risk

As at the end of the reporting period, 2 (2019: 2) major customers accounted for 100% (2019: 100%) of the outstanding trade receivables.

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances.

As there are only a few customers, the Group assessed the risk of loss of the customer individually based on its financial information and past trend of payments. All of these customers have low risk of default.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 July 2020 which are grouped together as they are expected to have similar risk nature.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020

cont'd

24. FINANCIAL INSTRUMENTS *cont'd*

(c) Credit Risk *cont'd*

(i) Trade receivables and amount due from contract customers *cont'd*

Recognition and measurement of impairment loss cont'd

	Group 31.07.2020 RM
Not past due	176,676
Past due but not impaired	
- less than 3 months	1,504,228
- more than 3 months	13,070,862
	14,575,090
<i>Net balance</i>	14,751,766
Impaired	(677,739)
<i>Gross carrying amount</i>	<u>14,074,027</u>

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement

The aging of trade receivables and amount due from contract customers as at 31 January 2019 was as follows: -

	Group 31.01.2019 RM
Not past due	490,468
Past due but not impaired	
- less than 3 months	7,192,171
- more than 3 months	16,156,497
	23,348,668
<i>Net balance</i>	23,839,136
Impaired	-
<i>Gross carrying amount</i>	<u>23,839,136</u>

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020
cont'd

24. FINANCIAL INSTRUMENTS *cont'd*

(c) Credit Risk *cont'd*

(i) Trade receivables and amount due from contract customers *cont'd*

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement cont'd

The movements in the allowance for impairment losses of trade receivables during the financial year were: -

	Group	
	2020	2019
	RM	RM
At 1 February	-	-
Additions	677,739	-
At 31 July / 31 January	677,739	-

(ii) Cash and bank balances

The cash and cash equivalents are held with banks. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

(iii) Other receivables

Credit risk on other receivables is mainly arising from amount due from third parties and deposits paid for joint development.

As at the end of the reporting period, the maximum exposure to credit risk is represented by its carrying amount in the statement of financial position.

As at the end of the reporting period, the Company did not recognise any allowance for impairment losses as the probability of default of these deposits is low.

(iv) Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020

cont'd

24. FINANCIAL INSTRUMENTS *cont'd*

(c) Credit Risk *cont'd*

(iv) *Inter-company loans and advances cont'd*

Recognition and measurement of impairment loss

Generally, the Company considers advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances when they are payable, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's advance to be credit impaired when:

- The subsidiary is unlikely to repay its advance to the Company in full;
- The subsidiary's advance is overdue for more than 365 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these advances individually using internal information available.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

(d) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020
cont'd

24. FINANCIAL INSTRUMENTS *cont'd*

(d) Liquidity Risk *cont'd*

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments.

	Effective rate %	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	1 - 2 years RM
2020					
Group					
Non derivative financial liabilities:-					
Trade payables	-	3,885,305	3,885,305	3,885,305	-
Other payables and accruals	-	1,713,491	830,434	830,434	883,057
Contract liabilities	-	20,179	20,179	20,179	-
Amount due to a director	-	72,529	72,529	72,529	-
Lease liability	5.29	185,074	197,600	148,400	49,200
		<u>5,876,578</u>	<u>5,006,047</u>	<u>4,956,847</u>	<u>932,257</u>
			Carrying amount RM	Contractual cash flows RM	Within 1 year RM
2019					
Group					
Non derivative financial liabilities:-					
Trade payables		1,350,265	1,350,265	1,350,265	
Other payables and accruals		410,091	410,091	410,091	
Contract liabilities		9,062	9,062	9,062	
Amount due to a director		1,116,713	1,116,713	1,116,713	
		<u>2,886,131</u>	<u>2,886,131</u>	<u>2,886,131</u>	

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020

cont'd

24. FINANCIAL INSTRUMENTS *cont'd*

(d) Liquidity Risk *cont'd*

Maturity analysis cont'd

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM
2020			
Company			
Non derivative financial liabilities:-			
Other payables and accruals	720,680	720,680	720,680
Amount due to a director	10,868	10,868	10,868
	731,548	731,548	731,548
	Carrying amount RM	Contractual cash flows RM	Within 1 year RM
2019			
Company			
Non derivative financial liabilities:-			
Other payables and accruals	349,887	349,887	349,887
Amount due to a director	961,336	961,336	961,336
	1,311,223	1,311,223	1,311,223

(e) Fair Value Information

The carrying amounts of cash and cash equivalents, short term receivables and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

25. CAPITAL MANAGEMENT

The Group defines capital as equity and debt of the Group. The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

There was no change in the Group's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020
cont'd

26. RELATED PARTIES

(a) Identity of Related Parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group.

The Group has related party relationship with its subsidiaries and key management personnel.

(b) Significant Related Party Transactions

Related party transactions have been entered into in the normal course of business under negotiated and mutually agreed terms. The significant related party transactions of the Group and the Company are shown below.

	Group		Company	
	31.07.2020	31.01.2019	31.07.2020	31.01.2019
	RM	RM	RM	RM
Entities controlled by key management personnel:-				
Sales	-	-	1,000,000	-
Key management personnel:-				
<i>Directors</i>				
Fee	-	132,083	-	132,083
Remuneration and allowances	524,331	420,820	16,000	82,000
Defined contribution plans	97,955	65,303	-	-
	622,286	618,206	16,000	214,083

27. SIGNIFICANT CHANGES IN ACCOUNTING POLICIS

During the financial year, the Group adopted MFRS 16, Leases. The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 February 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of the initial application. Accordingly, comparatives are not restated.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2020

cont'd

27. SIGNIFICANT CHANGES IN ACCOUNTING POLICIS *cont'd*

The effect of adopting MFRS 16 to the statements of financial position of the Group as at 1 February 2019 is as follows:

	Impact of change in accounting policies		
	As previously reported	MFRS 16 adjustments	After adjustments
	RM	RM	RM
Group			
<i>1 February 2019</i>			
Non current assets			
Right-of-use assets	-	488,734	488,734
Impact to non-current asset	-	488,734	488,734
Non current liabilities			
Lease liabilities	-	(185,074)	(185,074)
Impact to current liabilities	-	(185,074)	(185,074)
Current liabilities			
Lease liabilities	-	(303,660)	(303,660)
Impact to current liabilities	-	(303,660)	(303,660)

Leases previously accounted for as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases. The finance lease liabilities have been reclassified to lease liabilities. The requirements of MFRS 16 were applied to these leases from 1 February 2019.

As a Lessee

Where the Group are a lessee, the Group applied the requirements of MFRS 16 retrospectively.

At 1 February 2019, lease liabilities were measured at the present value of the remaining lease payment, discounted at the Group's incremental borrowing rate as at 1 February 2019. The weighted-average rate applied is 5.29%. Right-of-use assets are measured at either:

- their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at 1 February 2019; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

28. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 9 November 2020 by the Board of Directors.

LIST OF PROPERTIES

No.	Location	Address	Description/ Existing Use	Tenure	Land Area (Square Meter)	Carrying Amount (RM)	Date of Acquisition
1.	Kedah	Lot Nos. 815 to 835 Section 47 [Title Nos. GM 17637 to GM 17657] respectively, all within town of Alor Setar, District of Kota Setar, State of Kedah	Residential land	Freehold	2,238 square meters	3,650,000	24 July 2020
2.	Melaka	Lot No. 10511, PN 23168, Mukim of Batu Berendam, District of Melaka Tengah, Melaka	Commercial land	Leasehold	8,137 square meters	1,664,000	24 July 2020
3.	Kedah	P.T. No. 819 [Title No. HSD 14970], Town of Alor Setar, District of Kota Setar, State of Kedah	Commercial land	Freehold	7,345 square meters	17,300,000	30 July 2020

STATISTICS OF SHAREHOLDINGS

As at 6 November 2020

Total number of issued shares	:	883,090,909 ordinary shares
Class of shares	:	Ordinary Shares
Voting rights	:	One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS as per the Record of Depositors

Size of Holdings	No. of Holders	%	No. of Ordinary Shares	%
1 - 99	15	0.53	691	0.00
100 - 1,000	517	18.40	128,012	0.01
1,001 - 10,000	375	13.35	2,593,703	0.29
10,001 - 100,000	1,197	42.59	63,494,349	7.19
100,001 - less than 5% of issued shares	703	25.02	527,499,054	59.73
5% and above of issued shares	3	0.11	289,375,100	32.77
Total:	2,810	100.00	883,090,909	100.00

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS based on the Register of Substantial Shareholders as at 6 November 2020

No.	Name	No. of Ordinary Shares			
		Direct Interest	%	Indirect Interest	%
1.	SC Estate World Sdn. Bhd.	93,314,952	10.57	-	-
2.	Loh Boon Ginn	-	-	93,314,952 ⁽¹⁾	10.57
3.	Loh Shy Ming	-	-	93,314,952 ⁽¹⁾	10.57
4.	Takzim Empayar Sdn. Bhd.	122,593,648	13.88	-	-
5.	Loh Shy Tyug	-	-	122,593,648 ⁽²⁾	13.88
6.	Loh Shy Huey	-	-	122,593,648 ⁽²⁾	13.88

Remarks:

- (1) Deemed interested by virtue of their interest in SC Estate World Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.
- (2) Deemed interested by virtue of their interest in Takzim Empayar Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

STATISTICS OF SHAREHOLDINGS

As at 6 November 2020
cont'd

DIRECTORS' SHAREHOLDINGS

based on the Register of Directors' Shareholdings as at 6 November 2020

Name of Directors	No. of Ordinary Shares			
	Direct Interest	%	Indirect Interest	%
Loh Boon Ginn	-	-	93,314,952 ⁽¹⁾	10.57
Loh Shy Ming	-	-	93,314,952 ⁽¹⁾	10.57
Loh Boon Zheng	-	-	-	-
Loh Shy Tyug	-	-	122,593,648 ⁽²⁾	13.88
Ooi Bee Chin	-	-	-	-

Remark:

- (1) Deemed interested by virtue of their interest in SC Estate World Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.
- (2) Deemed interested by virtue of his interest in Takzim Empayar Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

TOP 30 SECURITIES ACCOUNT HOLDERS (ORDINARY SHARES) as per Record of Depositors as at 6 November 2020

No.	Name	No. of Ordinary Shares	%
1.	RHB Nominees (Tempatan) Sdn. Bhd. - OSK Capital Sdn. Bhd. for Takzim Empayar Sdn. Bhd.	122,593,648	13.88
2.	RHB Nominees (Tempatan) Sdn. Bhd. - OSK Capital Sdn. Bhd. for SC Estate World Sdn. Bhd.	93,314,952	10.57
3.	Maybank Securities Nominees (Asing) Sdn. Bhd. - Exempt AN for Maybank Kim Eng Securities Pte Ltd (A/C 648849)	73,466,500	8.32
4.	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Koh Boon Poh	40,000,000	4.53
5.	Syarikat Kayu Wangi Berhad	36,158,400	4.09
6.	Malacca Equity Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tan Chai Leng	27,507,869	3.11
7.	Kenanga Nominees (Tempatan) Sdn. Bhd. - Gan Boon Guat (EM1-P88)	20,000,000	2.26
8.	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Gan Boon Guat (028)	20,000,000	2.26
9.	Ngoo Ah Choo @ Ngoo Kay Choo	9,122,400	1.03
10.	Progerex Sdn. Bhd.	8,000,000	0.91
11.	Siti Junainah Binti Dewa	6,960,000	0.79
12.	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Ng Ah Chye	6,310,000	0.71

STATISTICS OF SHAREHOLDINGS

As at 6 November 2020

cont'd

TOP 30 SECURITIES ACCOUNT HOLDERS (ORDINARY SHARES) *cont'd* as per Record of Depositors as at 6 November 2020

No.	Name	No. of Ordinary Shares	%
13.	Koh Weng Foo	5,000,000	0.57
14.	Lam Ah Choi	3,501,000	0.40
15.	Kong Kok Keong	3,500,000	0.40
16.	Lee Kok Hoong	3,460,000	0.39
17.	Chong Hon Kee	3,300,000	0.37
18.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>- Pledged securities account for Lim Ai Siok (Kuching-CL)</i>	3,200,000	0.36
19.	Teh Teong Poh	3,180,000	0.36
20.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>- Pledged securities account for Liew Yoon Peck</i>	3,174,200	0.36
21.	Chap Kar Kar	3,159,000	0.36
22.	Low Queen Lan @ Lau Queen Lan	3,100,000	0.35
23.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>- Pledged securities account for Teoh Wah Ing</i>	3,000,000	0.34
24.	Lee Tiong Aun @ Li Zhongan	3,000,000	0.34
25.	Siti Junainah Binti Dewa	3,000,000	0.34
26.	Darryl, Francis Donovan	2,750,000	0.31
27.	How Bee Lay	2,701,200	0.31
28.	Wong Chan Kong	2,648,000	0.30
29.	SJ Sec Nominees (Tempatan) Sdn Bhd <i>- Pledged securities account for Chan Huan Joo (SMT)</i>	2,600,000	0.29
30.	Tye Boon Fei	2,600,000	0.29
	Total:	520,307,169	58.90

SC ESTATE BUILDER BERHAD

[Registration No. 200401017162 (655665-T)]
(Incorporated in Malaysia)

Number of shares held	
CDS account no.	

*I/We,
(full name as per NRIC/ Passport/ Certificate of Incorporation in capital letters)

*Company/NRIC/Passport No. of
(full address)

..... being a member of **SC ESTATE BUILDER BERHAD**

hereby appoint NRIC No./Passport No.
(full name as per NRIC/Passport in capital letters)

* and/or failing him/her, NRIC No./Passport No. or failing
(full name as per NRIC/Passport in capital letters)

him/her, the Chairman of the Meeting as *my/our proxy, to vote for *me/us on *my/our behalf at the Sixteenth Annual General Meeting (“**16th AGM**”) of the Company to be held at Topas, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang Subang, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 30 December 2020 at 11:00 a.m. and at any adjournment thereof, on the following resolutions referred to in the Notice of 16th AGM:-

*My/Our proxy(ies) *is/are to vote as indicated below:-

Ordinary Business		For	Against
Ordinary Resolution 1	To approve the Directors’ fees payable for the financial year ending 31 July 2021.		
Ordinary Resolution 2	To approve the benefits payable to the Directors from 31 December 2020 to the Seventeenth Annual General Meeting of the Company in year 2021.		
Ordinary Resolution 3	To re-elect Ms. Loh Shy Tyug as Director (Clause 123).		
Ordinary Resolution 4	To re-elect Ms. Ooi Bee Chin as Director (Clause 123).		
Ordinary Resolution 5	To re-appoint Messrs. Ong & Wong as Auditors of the Company and to authorise the Directors to determine their remuneration.		
Special Business			
Ordinary Resolution 6	Authority to issue shares pursuant to the Companies Act 2016		
Ordinary Resolution 7	Authority to undertake rights issue on a pro rata basis pursuant to an enhanced rights issue framework		

(Please indicate with “X” in the appropriate box against each Resolution how you wish your vote to be cast. If no specific direction as to how the proxy shall vote, the proxy shall vote as he/she thinks fit or, at his/her discretion, abstain from voting.)

* Delete if not applicable

Signed this _____ day of _____, 2020

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Signature(s)/Common Seal of Member(s)

Notes:-

- In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 December 2020 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.
- A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same general meeting. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy and a proxy appointed to attend and vote at a general meeting shall have the same rights as the member to speak at the meeting.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if such appointer is a corporation, under its common seal or under the hand of an officer or attorney duly authorised. The Directors may, but shall not be bound to require evidence of the authority of any such attorney or officer.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds to which shares in the Company standing to the credit of the said account.
- Where a member is an exempt authorised nominee which holds deposited securities in the Company for multiple beneficial owners in one (1) securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Share Registrar’s office of the Company at ShareWorks Sdn. Bhd., No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

Fold this flap for sealing

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AFFIX STAMP

SC ESTATE BUILDER BERHAD

[Registration No. 200401017162 (655665-T)]

SHARE REGISTRAR

ShareWorks Sdn. Bhd.
No. 2-1, Jalan Sri Hartamas 8,
Sri Hartamas,
50480 Kuala Lumpur,
Wilayah Persekutuan

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