SYCAL VENTURES BERHAD

Company No. 200101011895 (547651-U)
Incorporated In Malaysia

Annual Report 2019

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 19th Annual General Meeting of the Company will be held at Hotel Pullman Kuala Lumpur Bangsar, Studio III, Level 3, Jalan Pantai Baru, 58000 Kuala Lumpur on 6th August 2020 at 10.00 a.m. to transact the following businesses:-

AGENDA

AS ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the year ended 31 December 2019 and the Reports of the Directors and Auditors thereon.	(Please refer to Explanatory Note 1 on Ordinary Business)
2.	To re-elect the following Directors who retire by rotation pursuant to Article 79 of the Company's Articles of Association:-	
	2.1 Dato' Seow Yong Chin	Resolution 1
	2.2 Mr Chin Kok Wah	Resolution 2
	2.3 Dato' Magaret Ting Thien Hung	Resolution 3
3.	To approve the payment of Directors' fees for the financial year ended 31 December 2019.	Resolution 4
4.	To re-appoint Messrs. RSM Malaysia as Auditors of the Company for the financial year ending 31 December 2020 and to authorise the Directors to fix the Auditors' remuneration.	Resolution 5

AS SPECIAL BUSINESS

5.	To consider and if though fit, to pass the following Ordinary Resolution:- "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next Annual General Meeting is required to be held in accordance to the provisions of the Companies Act 2016, whichever is the earlier."	Resolution 6
6.	To transact any other business of which due notice shall have been given.	

By Order of the Board

Koh Kim Koon
Company Secretary

Kuala Lumpur
30th June 2020

Notes to Shareholders:-

1. Only depositors whose names appear on the Record of Depositor as at 29th July 2020 shall be entitled to attend, speak and vote at this meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares 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.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorized.
7. The instrument appointing a proxy must be deposited at the Company's Registered Office at Lot 4.03A, 4th Floor, Plaza Prima, 4½ Miles, Jalan Kelang Lama, 58200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.

A. <u>Explanatory Notes on Ordinary Business</u>

1. Item 1 of the Agenda is meant for discussion only as the provision of Section 340(1) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, it will not be put forward for voting.
2. Details of the Directors standing for re-appointment/re-election under Ordinary Resolutions 1 to 3 are stated in the Profile of Directors on pages 4 to 6 of this Annual Report. Their securities holdings in the Company are stated on page 111 of this Annual Report.

B. <u>Explanatory Note on Special Business</u>

<u>Resolution pursuant to the Authority to Allot and Issue Shares</u>

The proposed Ordinary Resolution 6 if passed, will allow the Directors of the Company to issue and allot shares in the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company in order to avoid any delay and costs involved in convening a general meeting to approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

This mandate will provide flexibility to the Company for the allotment of shares for the purpose of funding working capital, future expansion, investment/acquisition(s) or such other purposes as the Directors consider would be in the interest of the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Sri Haji Abd Rahim Bin Haji Abdul
(Chairman / Non-Executive Director)

Dato' Seow Yong Chin
(*Managing Director)*

Syed Zain Al-Kudcy Bin Dato' Syed Mahmood
(Executive Director)

Chin Kok Wah
(Executive Director)

Tan Sri Dato' Seri Dr Ting Chew Peh
(Senior Independent Non-Executive Director)

Dato' Magaret Ting Thien Hung
(Independent Non-Executive Director)

Tee Lay Peng
(Independent Non-Executive Director)

COMPANY SECRETARY

Koh Kim Koon (MIA7790)

AUDITORS

Messrs RSM Malaysia (AF0768)
Chartered Accountants
5th Floor, Penthouse, Wisma RKT,
Block A, No. 2, Jalan Raja Abdullah,
Off Jalan Sultan Ismail,
50300 Kuala Lumpur
Tel: 603-2610 2888
Fax: 603-2698 6600

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium, Jalan Damanlela Pusat
Bandar Damansara, Damansara Heights
50490 Kuala Lumpur
Tel: 603-20849000
Fax: 603-20949940 / 603-20950292
E-mail: info@sshsb.com.my

REGISTERED OFFICE

Lot 4.03A, 4th Floor, Plaza Prima
4 ½ Miles, Jalan Kelang Lama
58200 Kuala Lumpur
Tel: 603-7983 9099
Fax: 603-7981 7443
Website : www.sycalberhad.com

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : SYCAL   Stock Code : 9717

PROFILE OF DIRECTORS

Dato' Sri Haji Abd Rahim Bin Haji Abdul *(Male, 71 years of age – Malaysian)*
Chairman / Non-Executive Director
Appointed on 15 March 2006

Dato' Sri Haji Abd Rahim graduated from University of Malaya with a Bachelor of Arts (Honours) Degree in 1972. He obtained his Master of Public Administration from Pennsylvania State University, U.S.A. in 1983 and LLB (Hons) from University of London in 1993. He started his career in the Malaysian Civil Service on 2 March 1973 when he was appointed as Assistant Secretary in the Federal Treasury, a post he held for 14 years. Thereafter, he held various posts in various departments, namely Ministry of Youth and Sports, Prime Minister's Department, National Registration Department, Institute of Islamic Understanding Malaysia and the State Financial Officer of Perlis and Pahang respectively before being appointed as the State Secretary of Pahang on 16 October 2001 until 1 October 2004. His last post was as Deputy Secretary General of Treasury, Ministry of Finance till his retirement on 2 September 2005. He serves as Non-Executive Director of YTL Cement Berhad since April 2004. He is also a director of ASM Investment Service Berhad and Sycal Berhad, a wholly-owned subsidiary of the Company. He is also the chairman/directors of several other private companies.

Dato' Seow Yong Chin *(Male, 61 years of age – Malaysian)*
Group Managing Director / Member of Remuneration Committee
Appointed on 30 November 2005

He has extensive experience in the building, construction and civil engineering industry after having been directly involved in this sector for more than 25 years. He has been actively involved in implementing and managing construction projects undertaken by Sycal Group. He is a director of Sycal Berhad, a wholly-owned subsidiary of the Company, and also director of certain subsidiaries of the Company and several other private limited companies.

Syed Zain Al-Kudcy Bin Dato' Syed Mahmood *(Male, 65 years of age – Malaysian)*
Executive Director
Appointed on 30 November 2005

He is an engineer by profession and is a registered professional engineer with the Board of Engineers, Malaysia. He graduated from the Oxford College of Further Education with Ordinary National Diploma in Engineering in 1974 and holds a Bachelor of Science degree in Civil Engineering from University of Aston in Birmingham, England, in 1977. He is a corporate member of the Institute of Engineers (Malaysia) and Institute of Highway Engineers (United Kingdom). He commenced his career in August 1977 as Road Maintenance Engineer with Jabatan Kerja Raya ("JKR"), Perak and was involved in the implementation of Kampsax Highway Maintenance Programme. From January 1981 to October 1982, he served as District Engineer with JKR, Johor and subsequently served as Executive Director in a civil and building construction company, Tripart Sdn Bhd from November 1982 to 1989. Prior to joining Sycal Berhad in 1994, he was with Percon Corporation Sdn Bhd and was involved in a number of notable projects such as the construction of the 5-Star Istana Hotel in Kuala Lumpur, as well as the Malaysian Embassy in Jakarta. He is director of Sycal Berhad, a wholly-owned subsidiary of the Company, and also director of certain subsidiaries of the Company and several other private limited companies.

Chin Kok Wah *(Male, 61 years of age – Malaysia)*
Executive Director
Appointed on 30 November 2005

He obtained a Certificate in Architectural Draughstmanship from Institut Teknologi Malaysia, Ipoh in 1981. He started his career in 1980 by managing his family's construction business and in 1982 as a clerk of works with Seri Jurutera Perunding Sdn Bhd, a civil and structural consultant company. From 1983 to 1985, he served as site agent with Bandar Baru Bersatu Sdn Bhd and subsequently served for 1½ years with Malaysian Construction Concept Sdn Bhd, a construction company as Site Supervisor. Prior to assuming his current position as Project Director, he was the Project Manager for 2 years and subsequently, the General Manager for 5 years at Sycal Berhad. He is currently responsible for project coordination and is in charge of works progress and staffing. He is also director of Sycal Berhad, a wholly-owned subsidiary of the Company, and also director of certain subsidiaries of the Company and other private limited companies.

Tan Sri Dato' Seri Dr. Ting Chew Peh *(Male, 77 years of age – Malaysian)*
Independent Non-Executive Director / Member of Audit Committee / Chairman of Remuneration Committee / Member of Nomination Committee
Appointed on 27 June 2014

Tan Sri Dato' Seri Dr. Ting has a Bachelor of Arts Degree from University of Malaya and a Master of Science Degree from University of London. He also holds a Doctorate in Philosophy, which he obtained from University of Warwick. Tan Sri Dato' Seri Dr. Ting started his career as a lecturer in the Faculty of Social Sciences and Humanities at Universiti Kebangsaan Malaysia in 1974 until 1980. He was then appointed as an Associate Professor at the Faculty until 1987. In 1987, Tan Sri Dato' Seri Dr. Ting ventured into politics with his election as a Member of Parliament for the Gopeng constituency, which he held until the 2008 general elections. He previously served as a Parliamentary Secretary of the Ministry of Health (1988 – 1989), Deputy Minister in the Prime Minister's Department (1989 – 1990), Minister of Housing and Local Government (1990 – 1999) and Secretary-General of Malaysia Chinese Association (MCA) (1990 – 2005). Tan Sri Dato' Seri Dr. Ting published two books entitled "Konsep Asas Sosiologi" and "Hubungan Ras dan Etnik". He currently sits on the Boards of Hua Yang Berhad, Johan Holdings Berhad, UTAR Education Foundation and also serves as a Director of several private companies.

Dato' Magaret Ting Thien Hung *(Female, 39 years of age – Malaysian)*
Independent Non-Executive Director / Member of Audit Committee / Member of Nomination Committee
Appointed on 26 September 2018

Dato' Magaret is a member of Malaysian Bar of High Court of Kuala Lumpur and High Court of Sarawak. She holds an Honors Degree in Law (LLB Hons) from University of West of England, Bristol United Kingdom.

Dato' Magaret has more than 16 years or extensive experience in conveyance, litigation and corporate legal matters. In 2006, she established the firm of Messrs Ting & Ting in Klang, Selangor. Dato' Magaret is also a member of Chinese Chamber of Commerce and Industry and holds position as legal advisors to Foochow Association Klang, Foochow Association Subang, Persatuan Pekilang-pekilang Telok Gong and Pertubuhan Tan Selangor.

Tee Lay Peng *(Male, 59 years of age – Malaysian)*
Independent Non-Executive Director / Chairman of Audit Committee / Chairman of Nomination Committee / Member of Remuneration Committee
Appointed on 30 September 2013

Mr. Tee is a member of The Malaysian Institute of Certified Public Accountants since 1987 and a registered member of the Malaysian Institute of Accountants since 1988. Mr. Tee holds a Master of Business Administration from the University of Hull, London, United Kingdom.

He was formerly an Independent Non-Executive Director of DPS Resources Berhad and also the Chairman of its Audit Committee and Risk Management Committee. He was an Independent Non-Executive Director of Ho Wah Genting Berhad from 11 December 2007 to 15 June 2018.

He has more than 25 years of extensive experience in the fields of finance, accounting, auditing and management consultancy. In 1995, he set-up his own consulting firm providing financial and management advisory services. He also holds position as financial controller/corporate advisor in various non-listed companies. In 2010, he was appointed as the corporate advisor of an oil and gas company and subsequently appointed as Chief Executive Officer until 2015. During his tenure, he was tasked with the "turnaround" corporate exercise.

Further Information:-

Family Relationship with any Directors and/or Substantial Shareholders

Name of Director	Family Relationship with any Director and/or Substantial Shareholder
Dato' Sri Haji Abd Rahim Bin Haji Abdul	None
* Dato' Seow Yong Chin	None
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	None
Chin Kok Wah	None
Tan Sri Dato' Seri Dr. Ting Chew Peh	None
Dato' Magaret Ting Thien Hung	None
Tee Lay Peng	None

* Dato' Seow Yong Chin is a substantial shareholder as disclosed in page 113 of this Annual Report.

Conflict of Interest with Company and Convictions for Offences of Directors

None of the Directors has any conflict of interest with the Company, or has been convicted of any offence within the past ten (10) years.

Board of Directors' Meeting

Details of attendance of Board Meetings held during the financial year ended 31 December 2019 are disclosed in page 12 of this Annual Report.

AUDIT COMMITTEE REPORT

The Board of Directors of the Company is pleased to present the report of the Audit Committee ("AC") for the financial year ended 31 December 2019.

OBJECTIVE

The principal objective of the AC is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practice of the Company and its subsidiaries and oversees the compliance with the relevant rules and regulations governing listed companies.

MEMBERS

Tee Lay Peng *(Chairman, Independent Non-Executive Director; Member of Malaysian Institute of Accountants)*
Tan Sri Dato' Seri Dr. Ting Chew Peh *(Senior Independent Non-Executive Director)*
Dato' Magaret Ting Thien Hung *(Independent Non-Executive Director)*

TERMS OF REFERENCE

Composition

The AC shall be appointed by the Board from amongst their members, comprising at least three (3) members, all of whom must be non-executive directors and must not be substantial shareholders, with majority of them being independent directors. No alternate director shall be appointed as a member of the AC.

A member must be free from any relationships that, in the opinion of the Board, may interfere with the exercise of independent judgment in carrying out the functions of the AC.

At least one (1) member of the AC must be a member of Malaysian Institute of Accountants or possesses equivalent qualifications recognised under the Accountants Act, 1967 or fulfils such other requirements as may be prescribed by Bursa Malaysia Securities Berhad from time to time.

The members of the AC shall elect a Chairman from amongst their members who shall be an independent director. The Chairman shall report to the Board on the proceedings conducted at each AC meetings.

In the event of any vacancy in the AC with the result that the number of members is reduced to below 3, the Board of Directors, must within 3 months of that event, appoint such number of new members as may be required to make up minimum number of 3 members.

Meetings

The quorum necessary for the transaction of business shall be constituted by a majority of the members of the AC. A duly convened meeting of the AC at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the AC.

The AC will meet at least 4 times a year, with authority to convene additional meetings as circumstances require. The AC will invite members of management, auditors or others to attend meetings and provide pertinent information as necessary.

The AC shall report to the Board on its activities through presentations during the next Board meeting and/or by submission of the minutes of the AC meetings to the Board.

In attendance at Meetings

Representatives of the internal auditors and external auditors are invited to meetings where relevant matters are discussed. Where necessary, the AC will invite any person to be in attendance to assist in its deliberation. Any other Directors and employees shall attend any particular AC meeting only at the AC's invitation, specific to the relevant meeting.

Authority

The AC is authorized by the Board of Directors to investigate any activity within its terms of reference and shall have unlimited access to both the internal and external auditors, all information and documents relevant to its activities, as well as the employees of the Company. All employees are directed to cooperate with any request made by the AC.

The AC shall have direct access to the external auditors and be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

The AC shall have the authority to obtain independent legal or other professional advice as it considers necessary. The Company shall provide appropriate funding, as determined by the AC, for payment of fees to any advisors engaged by the AC.

It shall also have the power to establish sub-committee(s) to carry out certain investigation on its behalf in such manner as the AC shall deem fit and necessary.

Secretaries to Audit Committee

The Company Secretary shall be the Secretary of the AC responsible for drawing up the agenda in consultation with the Chairman. The agenda together with relevant explanatory papers and documents shall be circulated to AC members prior to each meeting. The Secretary shall be responsible for keeping the minutes of the meeting of the AC, circulating them to AC members and for ensuring compliance with Listing Requirements of Bursa Malaysia Securities Berhad.

Review of the Audit Committee

The Board of Directors of the Company must review the term of office and performance of the AC and each of its members at least once every 3 years to determine whether such AC and members have carried out their duties accordance with their terms of reference.

Scope and Functions

The AC's responsibility is to oversee the financial reporting process and practices of the Company and to assist the Board in fulfilling its responsibilities to the shareholders, potential shareholders and the investment community to ensure the corporate accounting and reporting practices of the Company are in accordance with all applicable requirements.

The AC, to the extent it deems necessary or appropriate, shall:-

- consider and recommend the appointment and re-appointment of the external auditors, the compensation and any questions of resignation or dismissal, if any;
- assess the independence and objectivity of the external auditors annually taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
- discuss with the external auditors on their audit plan including the assistance given by the employees of the Company to the external auditors;
- review and discuss the quarterly financial statements and audited financial statements of the Company with the management and the independent auditors, focusing particularly on:-

  - o any changes in accounting policies and practices;
  - o significant adjustments arising from the audit;
  - o the going concern assumption;
  - o compliance with accounting standards and other legal requirements; and significant and unusual events;
- discuss problems and reservations arising from the audits and any matter the auditors may wish to discuss;
- review the external auditors' management letter and management's response;
- review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- review the internal audit programmes and results of the internal audit processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit;
- monitor the integrity of the financial statements of the Company, including its annual reports, preliminary results announcements and any other formal announcement relating to its financial performance;
- consider any related party transactions that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- review and reassess the adequacy of the AC Charter; and
- consider other topics as defined by the Board.

MEETINGS DURING THE YEAR

The AC met seven (7) times during the financial year ended 31 December 2019. The details of AC's meetings held and attendance of the respective members at the meetings during the financial year are as follows:-

	No. of Meeting Attended
Tan Sri Dato' Seri Dr. Ting Chew Peh	7 / 7
Dato' Magaret Ting Thien Hung	7 / 7
Tee Lay Peng	7 / 7

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee carried out the following activities during the financial year ended 31 December 2019 in discharging its duties and responsibilities as stipulated in its Terms of Reference:-

Financial Reporting

- reviewed unaudited quarterly reports and annual financial statements of the Company and Group and recommended the same to the Board for approval prior to announcement to Bursa Malaysia Securities Berhad. The key areas of focus are as follows:-
  - any change in accounting policies and practices;
  - significant adjustments arising from the audit;
  - going concern assumption;
  - compliance with accounting standards and other legal requirements;
  - significant matters highlighted in the financial statements;
  - significant judgments made by the management; and
  - reviewed and approved the Group's budget for financial year 2019.

External Audit

- reviewed the Audit Plan Memorandum prepared by the External Auditors for financial year ended 31 December 2018 ("FY2018). Audit service team, Audit scope, concept of materiality, areas of audit emphasis, fraud consideration, audit timetable and audit fee were discussed and brought to the attention of the AC.
- reviewed the independence of the External Auditors. For FY2018, the External Auditors had provided confirmation of their independence in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.
- reviewed the performance of the External Auditors and was satisfied with their performance, quality of communication, sufficiency and allocation of resources, competency as well as timelines in completing the audit.
- met with the External Auditors without the presence of the Executive Directors and management to discuss matters affecting the audit and the Committee's duties.
- reviewed and discussed with the external auditors on the results of the audit, its comments and findings and considered management's response to the audit findings.

Internal Audit

- reviewed and approved the Group's Internal Audit Plan.
- reviewed and discussed with the Internal Auditors on the results of the internal audit, its comments/findings and subsequent follow-up reviews.
- reviewed the competency and independence of the Internal Auditor and assessed the adequacy of the internal audits works carried out for the Group to determine the adequacy of the Group's internal audit functions.
- reviewed and discussed the internal auditors' report on Review on Corporate Governance Effectiveness on Sycal Group.

Others

- reviewed related party transactions and conflict of interest situation that may arise within the Group.
- reviewed and recommended to the Board for approval the AC Reports, Statement on Risk Management and Internal Control, Sustainability Statement and Corporate Governance Statement for inclusion in the Annual Report.
- reviewed and recommended to the Board for approval the Corporate Governance Report for FY2018 to be issued together with the Annual Report.
- set-up the AC Special Task Force to assist the AC and the Board to review, monitor and report on any significant matters highlighted by the External Auditors or Internal Auditors. The AC Special Task Force comprises the Group's key management staff and headed by the Audit Committee Chairman. They meet at regular intervals to discuss the significant matters and to recommend appropriate actions to be taken by the management to resolve or mitigate these matters.

INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to an independent internal audit service company. The internal audit function is to ensure a regular review of the adequacy and integrity of the Group's internal control systems. The internal auditors review and assess the Group's system of internal controls and report to the AC functionally. Internal audit reports prepared by the internal auditors would be presented to the AC and forwarded to the management concerned for attention and necessary action. During the financial year under review, the internal auditors had conducted internal audit on the Group's property development and ready-mix concrete activities.

The internal auditors report directly to the AC and have access to the Chairman of the AC. The AC oversees all internal audit functions and is authorized to commission investigations to be conducted by internal auditors as it deems fit.

The total costs incurred for the internal audit function of the Group in year 2019 amounted to RM20,000.

The Board of Directors recognises the importance of maintaining good corporate governance practices within the Group as the Board is committed to creating, protecting and enhancing shareholders value and fulfilling its corporate governance obligations and responsibilities in the best interests of the Group and its stakeholders.

The Board is guided by the principles and recommendations of the Malaysian Code on Corporate Governance ("the CG Code") in implementing its governance system and ensuring compliance with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board is pleased to present below the manner in which the Group has applied the principles of the CG Code and the extent of compliance with the best practices throughout the financial year ended 31 December 2019 and up to the date of this Annual Report:-

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Charter and Board Responsibilities

Emphasizing its commitment to good corporate governance practices of the CG Code, the Board had formalized and adopted a Board Charter that sets out, amongst others, the responsibilities, authorities, procedures, evaluations and structures of the Board and Board Committees, as well as the relationship between the Board with management and the shareholders/stakeholders of the Company.

The roles and functions of the Board, as well as the differing roles of the Chairman and Managing Director, are clearly prescribed in the Board Charter of the Company. The Chairman's main responsibility is to lead and manage the Board in order to ensure its effectiveness. The position of the Managing Director is to ensure the effective implementation of the Group's business plan and policies established by the Board and for corporate governance, besides managing the daily operations of the Group.

The Board has the overall responsibility for corporate governance, strategic direction, formulation of policies, overseeing the resources, investments and businesses of the Group as well as reviewing the adequacy and effectiveness of the internal controls of the Group. All Board members are expected to participate fully in major decisions and key issues involving the Group such as approval of quarterly and annual results, budgets, reviewing the adequacy and integrity of the system of internal control as well as long term strategic planning for the Group.

The Board continues to adhere to the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia.

2. Composition of Board of Directors

The Board currently has seven (7) members, comprising the Chairman, the Managing Director, two (2) Executive Directors and three (3) Independent Non-Executive Directors. With this composition, the Board satisfies the requirement of having at least one third of its members as Independent Directors. All the Independent Directors are independent of the management and are free from any business or other relationship that would materially interfere with the exercise of their independent judgment. The Board is of the view that its current size and composition has the required collective skills for the Board to provide clear and effective leadership for the Group. The Directors, with their different background and specialization, collectively bring with them a wide range of experience and expertise to enable the Board in discharging its duties and responsibilities effectively. The profiles of the Director are presented on pages 4 to 6 of this Annual Report.

The Board recognizes the need for the composition to reflect a range of skill mix, expertise, gender, ethnicity and age diversity. The Board has no specific targets but will select candidate as a Director who will best serve the Company and shall endeavor to support gender diversity in the boardroom as recommended by the CG Code as and when the opportunity arises.

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

3. Company Secretary

The Company Secretary is a member of Malaysian Institute of Accountants and is responsible for ensuring that Board procedures are adhered to and the applicable rules and regulations for the conduct of the affairs of the Board are complied with. The Company Secretary attends all Board meetings and ensures that all Board meetings are properly convened, and the proceedings and resolutions passed are properly recorded in the minutes of meetings.

4. Board Meetings and Supply of Information

A formal time schedule of Board Meetings is determined in advance for every financial year. In addition to quarterly Board Meetings, special Board Meetings are convened on an ad-hoc basis to consider matters that require the Board's urgent decision.

For the financial year ended 31 December 2019, five (5) Board Meetings were held and the attendance of the Directors who held office during the financial year is set out below:

Name of Directors	No. of Meetings Attended
Dato' Sri Haji Abd Rahim Bin Haji Abdul	4 / 5
Dato' Seow Yong Chin	5 / 5
Chin Kok Wah	5 / 5
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	5 / 5
Tan Sri Dato' Seri Dr Ting Chew Peh	5 / 5
Dato' Magaret Ting Thien Hung	5 / 5
Tee Lay Peng	5 / 5

The Directors have full and timely access to information, with notices of the Board Meetings and, where applicable, board papers for each agenda item distributed in advance of each Board Meeting to ensure that Directors have sufficient time to review and consider the items to be discussed at the Board Meeting.

Minutes of every Board Meetings are circulated to each Director for their perusal prior to confirmation of the minutes at the following Board Meeting. In the intervals between Board Meetings, for any matters requiring Board decisions, Board approvals are obtained through circular resolutions.

The Directors have unrestricted access to the advice and services of the Company Secretary, who is a member of the Malaysian Institute of Accountants, and the senior management staff and under appropriate circumstances may seek independent professional advice at the Company's expense, in furtherance of their duties.

5. Appointment to the Board

In order to comply with good practice for the appointment of new directors as well as the proposed re-appointment/re-election of directors through a formal and transparent procedure, the Board has set up a Nomination Committee, which comprises exclusively of Non-Executive Directors, to evaluate any new appointment, proposed re-appointment/re-election of directors before recommending the same to the Board for their approval.

6. Retirement and Re-election of Directors

In accordance with the Company's Articles of Association, all newly appointed directors are subject to retirement and are entitled for re-election at the next Annual General Meeting subsequent to their appointment. At least one-third of the remaining directors (including the Managing Director) are required to submit themselves for re-election by rotation at each annual general meeting. All directors shall retire from office at least once in 3 years but shall be eligible for re-election.

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

The Directors due for re-election by rotation pursuant to Article 79 of the Company's Articles of Association at the forthcoming AGM are Dato' Seow Yong Chin, Dato' Magaret Ting Thien Hung and Mr Chin Kok Wah.

The Board Charter provides that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. Otherwise, the Board must justify and seek shareholders' approval in the event it retains the director as an Independent Director.

None of the Independent Directors have served for a cumulative term of nine (9) years or more for the financial year ended 31 December 2019.

7. Directors' Training

Newly appointed directors will be provided with relevant information pertaining to the Group, including visits to the Group's operating sites and meetings with senior management to facilitate their understanding of the nature of business and strategy of the Group.

Directors are encouraged to attend trainings, seminars and/or conferences to keep abreast with development in the industry and market place. All directors of the Company have completed the Mandatory Accreditation Programme in accordance with the Listing Requirements of the Bursa Malaysia Securities Berhad.

During the financial year ended 31 December 2019 and up to the date of this report, the courses attended by the Directors are:-

Name	Seminar(s)/Training(s) Attended
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	- Managing Your Workforce
Chin Kok Wah	- Managing Your Workforce
Dato' Seow Yong Chin	- Managing Your Workforce
Dato' Magaret Ting Thien Hung	- MICG - Business Transformation Seminar
Tan Sri Dato' Seri Dr Ting Chew Peh	- Audit Committee Institute (ACI) Breakfast Roundtable 2019: Anti-Money Laundering & Cyber Security - Malaysian Code on Corporate Governance – Moving from Aspiration to Actualization - MICG - Business Transformation Seminar - Seminar on Leadership Greatness in Turbulent Times : Building Corporate Longevity - Bursa Thought Leadership : The Convergence of Digitisation and Sustainability - Preparation for Corporate Liability on Corruption
Mr Tee Lay Peng	- MIA International Accountants Conference 2019 - Audit Oversight Board : Conversation with Audit Committees 2019

The Board will continue to identify other training programs that can further enhance their knowledge in the latest development relevant to the Group to enable them to discharge their responsibilities effectively.

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

8. Board Committees

To facilitate the smooth transaction of business within the Company, the Board has formed the following Board committees. All committees are provided with written terms of reference, which state clearly the extent and limits of their responsibility and authority. However, the ultimate responsibility for the final decision on all matters rests with the entire Board.

Audit Committee

The terms of reference of the Audit Committee, composition of its membership and other pertinent information and its activities are highlighted in the Audit Committee Report on pages 7 to 10 of this Annual Report.

Nomination Committee

Members
Tee Lay Peng *(Chairman, Independent Non-Executive Director)*
Dato' Magaret Ting Thien Hung *(Independent Non-Executive Director)*
Tan Sri Dato' Seri Dr. Ting Chew Peh *(Independent Non-Executive Director)*

The Nomination Committee, in its terms of reference, is tasked with the duty of making suitable recommendations to fill vacancies on the Board and its committees. In making these recommendations, the Nomination Committee considers the appropriate size and composition of the Board, required mix of responsibilities, skills and experience, which the directors should bring to the Board. The Nomination Committee will also assist the Board in reviewing on an annual basis the effectiveness of the Board and Board committees (including its size and composition) and of their members. Nonetheless, the approval for appointment of new Board or Committee Members rests with the Board as a whole.

The Board keeps its own performance under review annually through standardized Board Performance Assessment Form and Board Members Assessment Form.

Meetings of the Nomination Committee are held as and when necessary, and at least once a year. The Committee held one (1) meeting which were attended by all its members during the financial year ended 31 December 2019.

During the year under review, the Nomination Committee carried out its duties in accordance with its Terms of Reference which include:-

- reviewed and assessed the effectiveness of the Audit Committee and the Board as a whole;
- reviewed and assessed the mix of skills, experience and competencies of each Director;
- reviewed and assessed the independence of Independent Non-Executive Directors based on criteria set out in the Listing Requirements of Bursa Securities; and
- reviewed and recommended to the Board for its approval the re-election of directors at the forthcoming AGM.

Remuneration Committee

Members
Tan Sri Dato' Seri Dr. Ting Chew Peh *(Chairman, Independent Non-Executive Director)*
Tee Lay Peng *(Independent Non-Executive Director))*
Dato' Seow Yong Chin (*Managing Director)*

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

The Remuneration Committee is responsible, amongst others, to review and recommend to the Board the remuneration framework of the Executive Directors and senior management staff. The determination of remuneration package of Non-Executive Directors is the responsibility of the Board as a whole. Individual directors will abstain from deliberations and voting on decisions in respect of their own remuneration.

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. The Committee held one (1) meeting which was attended by all its members during the financial year ended 31 December 2019.

Directors' Remuneration

The objective of the Company's policy on Directors' remuneration is to attract and retain experienced and capable directors to run the Group successfully. The remuneration package is linked to the corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual concerned.

The Directors' fees paid or payable by the Company, where applicable, will be tabled for approval by the shareholders at the Annual General Meeting based on the recommendation of the Board.

Details of the remuneration of the Directors of the Company from the Group for the financial year ended 31 December 2019, by category and in bands of RM50,000 are shown below:-

Category of Remuneration	**Executive**	**Non-Executive**
Fees (RM)	120,000	60,000
Other than fees (RM)	1,231,200	-
EPF, SOCSO and others (RM)	100,224	-
Total	1,451,424	60,000

Range of Fees/Remuneration (RM)	***Executive***	***Non-Executive***
RM50,000 and below	-	-
RM50,001 – RM100,000	-	*1*
RM300,001 – RM350,000	*2*	-
RM800,001 – RM850,000	*1*	-

The Board has considered the disclosure of the details of the remuneration of each director and is of the view that the transparency and accountability aspects of corporate governance in relation to Directors' remuneration are appropriately served by the above disclosure of analysis by applicable bands of RM50,000, a disclosure required under the Listing Requirements of Bursa Malaysia Securities Berhad.

9. Accountability and Audit

Financial Reporting

The Board aims to present a balanced, clear and understanding assessment of the Group's financial positions and prospects in the annual financial statements and quarterly announcements to the shareholders, investors and the regulatory authorities. The Directors are satisfied with the presentation of the financial statements which have been prepared in accordance with the applicable accounting standards, consistently applied and supported by reasonable and prudent judgments and estimates. The Audit Committee assists the Board in scrutinizing information for disclosure to ensure accuracy, adequacy and completeness.

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

Directors' Responsibility Statement

The Directors are responsible for ensuring that the annual financial statements of the Company and the Group are drawn up in accordance with the requirements of the applicable approved accounting standards in Malaysia, the provisions of the Companies Act 2016 and the Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year, and of the income statement and cash flows of the Company and the Group for the financial year.

In preparing the annual financial statements, the Directors have:-

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured the adoption of applicable approved accounting standards; and
- prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Company and the Group have adequate resources to continue operations for the foreseeable future.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and of the Group, and to prevent and detect fraud and other irregularities.

Assessment of Suitability and Independence of External Auditors

The external auditors of the Company fulfill an essential role in giving assurance to the Company's shareholders on the reliability of the Group's financial statements.

The external auditors have an obligation to bring to the attention of the Board, the Audit Committee and Company's management any significant weaknesses in the Company's system of reporting, internal control and compliance with the applicable approved Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board and regulatory requirements.

The external auditors of the Company are invited to attend all Audit Committee meetings. The Audit Committee also meets with the Group's external auditors at least once a year without the presence of management to discuss and review their audit findings and any other matters they wish to bring to the attention of the Audit Committee.

The external auditors have also confirmed that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

Being satisfied with the external auditors' performance, technical competency and audit independence, the Audit Committee has recommended to the Board and the Board has approved the Audit Committee's recommendation for shareholders' approval to be sought at the forthcoming Annual General Meeting on the re-appointment of the external auditors for the ensuing year.

Related Party Transactions

The Company practices an internal compliance framework in identifying and assessing related party transactions. The Board, through the Audit Committee reviews all related party transactions. A Director who has an interest in a transaction must abstain from deliberation and voting on the relevant resolution in respect of such transaction.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee

The Company's Audit Committee comprises 3 Independent Non-Executive Directors and none of them were former key audit partners. The Chairman of the Audit Committee is not the Chairman of the Board. The Chairman of the Audit Committee is Mr Tee Lay Peng who is a Chartered Accountant of the Malaysian Institute of Accountants.

The terms of reference of the Audit Committee, composition of its membership and other pertinent information and its activities are highlighted in the Audit Committee Report on pages 7 to 10 of this Annual Report.

2. Risk Management and Internal Control

The Board acknowledges its responsibility for the Group's system of risk management and internal control and for reviewing its effectiveness regularly by setting up an internal audit and risk management audit function which provides support to Audit Committee in discharging its duties with respect to the adequacy and integrity of the system of risk management and internal control within the Group.

The Statement on Risk Management and Internal Control which has been reviewed by the External Auditors is set out on pages 19 to 20 of this Annual Report.

3. Relationship with the Auditors

The Company, through the Audit Committee, has established a transparent relationship with the external auditors in seeking professional advice and ensuring compliance with the accounting standards of Malaysia. The role of the Audit Committee in relation to the external auditors is stated on pages 7 to 10 of this Annual Report.

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

1. Dialogue between the Company and Stakeholders

The Board recognizes the importance of accountability to its stakeholders through proper and equal dissemination of information. Such information is disseminated via the Company's annual reports, circular to shareholders, quarterly financial results, announcements made from time to time and notices of general meeting published in at least one national newspaper to provide wider coverage of such notices to encourage stakeholders participation. The stakeholders may obtain the Group latest announcements via Bursa Malaysia Securities Berhad website at www.bursamalaysia.com.

2. The Annual General Meeting ("AGM")

The AGM remains the principal forum for dialogue with shareholders where they may communicate, interact and clarify on the Group businesses. Executive Directors, Audit Committee members, senior management team and the external auditors are available to respond to shareholders' questions during the meeting. Where appropriate, the Chairman will undertake to provide written answer to any significant question that cannot be readily answered on the spot.

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

At each AGM, shareholders are given the opportunity and time to participate in the open question and answer session with regards to the agenda of the general meeting or other concerns over the Group's business as a whole.

For re-election of directors, the Board ensures that full information is disclosed through the Notice of Annual General Meeting regarding directors who are retiring and who are willing to serve if re-elected. Item of special business included in the Notice of the AGM will be accompanied by an explanation of the effects of the proposed resolution.

The Board noted that with the recent amendments of MMLR, all resolutions set out in the notice of any general meeting shall be voted by poll. In line with the requirements, the Board will ensure all resolutions set out in the notice of general meeting will be voted by way of poll. In addition, at least one (1) independent scrutineer will be appointed to validate the votes cast at the general meeting.

COMPLIANCE STATEMENT

Unless indicated otherwise, the Group had complied, throughout the year ended 31 December 2019, with all the best practices of corporate governance set out in the CG Code.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors is committed to maintaining a sound risk management and internal control system in the Group to safeguard shareholders' investment and the Group's assets.

The Board is pleased to provide the following Statement on Risk Management and Internal Control pursuant to paragraph 15.26(b) of the Listing Requirements of Bursa Securities and guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers. This Statement outlines the nature and scope of the risk management and internal controls of the Group during the year and up to the date of this Annual Report.

BOARD RESPONSIBILITY

The Board recognizes the importance of sound internal control and risk management practices to good corporate governance. The Board acknowledges that it is responsible for the Group's system of internal control and risk management, and for reviewing its adequacy and integrity. The review covers financial, operational and compliance controls of the Group. As there are limitations that are inherent in any risk management and internal control system, this risk management and internal control system is designed to manage rather than eliminate the risk of failure to achieve its business objectives. In other words, such system can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group has in place an ongoing process for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of business objectives throughout the year under review up to the date of this Annual Report. This process is regularly reviewed by the Board.

INTERNAL AUDIT FUNCTIONS

The Board has engaged external independent consultants to provide internal audit services to the Group and to provide an independent and objective assurance to the Audit Committee on the adequacy and effectiveness of the risk management and internal control system.

The internal auditors' duty is, amongst others, to review and assess the Group's risk management and internal control system and report to the Audit Committee directly. The internal auditors also participate in the meetings of AC Special Task Force. Reports on internal audit findings and observations together with recommendations for management responses are presented to the Audit Committee where it then report to the Board of Directors. Follow-up visits will be conducted by the internal auditors to report whether corrective actions have been implemented.

Apart from the internal audit functions, periodic surveillance audits were carried out by external ISO consultants in accordance with the requirements for continuation and maintenance of the ISO9001:2015 certification in respect of provision of design and construction of buildings, structure and civil works.

KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board maintains full control and direction over appropriate strategic, financial, organizational and compliance issues. It entrusts the daily running of the business to the Managing Director ("MD") and his management team. The Board members receive timely reports pertaining to the performance of, and information about or affecting the Group through quarterly Board papers, including relevant quantitative and qualitative analyses and trends.

The MD plays a pivotal role in communicating the Board's expectations of the risk management and internal control system to management. This is achieved, on a day-to-day basis, through his active participation in the operations of the business as well as attendance at scheduled management and operational level committee meetings where operational and financial risks, amongst others, are discussed and dealt with. Where appropriate, significant issues are highlighted and discussed at Board level.

The departmental heads are entrusted to provide support and are responsible to ascertain risk management principles and standard operating procedures for all operational risks identified for the Group. Amongst others, the departmental heads are:-

- to identify and evaluate significant business and operational risks applicable to their respective area of business; and
- to evaluate internal management capabilities to manage these risks.

For the financial year ended 31 December 2019, the following activities were conducted as part of the management's review of risk management and internal controls of the Group:-

a) Business plans and budgets were reviewed at various levels of management and approved by the Board of the Company.
b) Quarterly performance reports were prepared by the Group and reviewed against budgets. Significant variances were examined and appropriate management actions were/will be taken where necessary.
c) Regular visits to the operating units and project sites were conducted by members of the management team.
d) Management review meetings were conducted to discuss the findings of the internal audit review and ISO surveillance audits. Weaknesses/shortfalls noted were/will be monitored by the AC Special Task Force to ensure appropriate actions/improvements were taken. Operational and project development matters were also discussed and monitored in the management meetings attended by the Executive Directors, Heads of Departments and Project Managers, as the case maybe.

The Board, throughout the financial year under review, has identified, evaluated and managed the significant risks faced by the Group through the monitoring of the Group's performance and profitability at its Board meetings. The Board is of the view that the current risk management and internal control system in place throughout the Group during the financial year is adequate and effective to safeguard the Group's interest. No significant control failure or weaknesses that would result in material losses and require disclosure in the Group's Annual Report were identified and reported during the financial year under review.

The Board has received assurance from the MD who is also the officer primarily responsible for the Group's financial management, that the risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management model and internal control system adopted by the Group. The Board will continue to evaluate the existing risk management and internal control systems and put in place appropriate action plans, where applicable and necessary, to further enhance the system of internal controls and risk management to meet with the Group's strategic, financial, business and operational requirements regarding the adequacy and effectiveness of the risk management and internal control systems.

The Group had previously established a Risk Management Committee ("RMC") to ensure proper management of risks that may impede the achievement of the Group's goals and objectives. Members of the RMC comprise top level management personnel including the MD, Executive Directors and Heads of Departments. Independent consultant has been engaged to review the functions and scope of the RMC and the AC Special Task Force will continue to monitor the need to expand the scope of the RMC later.

This Statement has been reviewed by the external auditors in compliance with Paragraph 15.23 of the Listing Requirements of Bursa Securities. Their limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3 ("AAPG 3") - Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report . AAPG 3 does not require the external auditor to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group. Based on their review, the external auditors have reported that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the risk management and internal control system of the Group.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors date 26 June 2020.

The Group believes that economic, environmental and social aspects ("EES") and corporate governance is the core of a sustainable business and we are committed to embedding sustainability in our business operations culture and ensuring we practice sustainability at every business aspects.

This Sustainability Statement is issued by the Group in line with Paragraph 6, Practice Note 9 of the Main Market Listing Requirement ("Main LR") on sustainability reporting issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") and have also taken into consideration the Sustainability Reporting Guide – 2nd Edition along with its accompanying toolkits from Bursa Malaysia. This Statement considers the EES implications the Group is exposed to in ensuring its business is carried out in a sustainable and responsible manner.

Sustainability Governance Structure

The Group presently does not have a sustainability governance structure, but we recognize its importance thus the Group proposed to set up the sustainability governance structure to be supported by the Risk Management Committee ("RMC") in the coming financial year. Consultant had been engaged to review and access the Group's organization, operations and structure and thereafter to assist the Group to enhance and/or to set up the risk management and sustainability governance structure.

The existing RMC, a Board Committee which presently comprises Executive Directors and senior management, will have an enhanced role, i.e. to incorporate sustainability considerations in the Group's business and management of EES, in addition to its incumbent oversight responsibilities over the Group's risk management framework and processes.

With assistance from independent consultants, the RMC's responsibilities pertaining to the Group's sustainability framework and processes will include the following:-
(a) establishment of the Group's sustainability framework;
(b) reviewing the adequacy of sustainability initiatives and processes;
(c) ensuring effectiveness of the process in identifying, assessing, managing and reporting Material Sustainability Matters ("MSMs"); and
(d) monitoring and overseeing all sustainable strategies and initiatives of the Group.

Material Sustainability Matters

Set out below is an overview of the MSMs of the Group and how they will be managed according to economic, environmental and social aspects:-

(a) Economic

The Group believes that an economically sustainable business is one that continues to generate profit and use its resources efficiently and responsibly. The Group places great emphasis on the delivery of quality products and services with the aim to create long-term and sustainable business relationships with customers. As part of its efforts towards provision of quality products and services, the Group has obtained the ISO9001:2015 certification in respect of provision of design and construction of buildings, structure and civil works. The Group will continue to commit to promote compliance with laws and regulations, sound ethical business conduct, good corporate governance and combat against all kinds of corruption.

(b) Environmental

The Group promotes sound environmental practices in order to safeguard our natural resources. The Group is committed to optimise the use of resources, minimise waste and ensure that the materials we use and the products produced comply with our own and our stakeholders' standards.

With the objective to minimise the impact of our business processes on the environment, we encourage our employees of all levels to reduce wastage in all business processes and to cut down the usage of papers and paper cartons by recycling them for internal use. Lights, electrical equipment, air-conditioning systems and computers will be switched off whenever they are not in used, and energy saving products such as LED lights and air-conditioner with an inverter were used, to effectively control the consumption of energy including electricity and water.

(c) Social

Employees are an important asset of the Group's businesses and operations and we remain committed to the development, health, safety, well-being and welfare of our people.

Where necessary, technical and managerial upgrading programmes for skilled employees and managerial staff will be organised/arranged to strengthen their core skills and competencies with a view to enhance career development, work quality and job performance.

Stakeholder Engagement

The Group's key stakeholders include the Board of Directors, investors, media, employees, customers, suppliers, and regulators. Understanding our stakeholders' interests and concerns is necessary in guiding the management and reporting of our material EES disclosures.

We consistently engage with our key stakeholder groups through various formal and informal platforms to enhance accountability.

STAKEHOLDERS	KEY FOCUS AREA	METHOD AND FREQUENCY
Board of Directors	• Financials and performance • Operations • Strategic planning • Corporate Governance	• Board of Directors meetings At least quarterly
Shareholders	• Profitability • Dividend	• General Meetings • Annual Reports • Quarterly Financial Reports As announced.
Clients/Customers, Suppliers and Industry Partners	• Product and service quality • Timely delivery of products/ projects • Payment terms and timeliness	• Face-to-face meetings • Events and site visits Continuous or as and when necessary.
Regulators and Government Authorities	• Compliance with laws and regulations • Corporate governance	• Compliance and certification exercises • Direct meetings • Periodic announcements Continuous or as and when necessary..
Employees	• Career development • Health and safety • Employee welfare and • Employee wellness	• Job related trainings and workshops Continuous or as and when necessary.

The Board will consider the need to implement other sustainability practices as appropriate to further create long-term EES value with regard to its businesses.

Moving Forward

The Group will continue to integrate sustainability practices in our day-to-day processes as part of our culture and long-term commitment to sustainability. We believe that in the long run, all these initiatives will translate into higher profitability resulting from improved ability to attract and retain competent employees, customer loyalty and sales, and reduced spending and wastages.

MANAGEMENT DISCUSSION & ANALYSIS

On behalf of the Board of Directors of the Company, I am pleased to present the Annual Report and Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2019 ("FY2019").

FY2019 FINANCIAL HIGHLIGHTS

	FY2019 RM'000	**FY2018 RM'000**	**Changes %**
Group Revenue	53,969	71,079	-24.1%
Gross Profits	10,381	13,496	-23.1%
Profit From Operations	11,618	11,252	+3.3%
Finance Costs	4,775	5,191	-8.0%
Profit after Taxation	5,771	2,772	+108.2%
Gearing Ratio (times)	0.17	0.20	-
Net Tangible Assets Per Share (RM)	0.6684	0.6550	+2.0%

OPERATING ENVIRONMENT IN 2019

The property market in Malaysia continued to be affected by slower domestic economic growth, weak ringgit, low commodities prices and a high stock of unsold completed properties. In spite of the various incentives given by the Government which includes the Home Ownership Campaign ("HOC") with stamp duties exemption and discounts on the list price of selected properties, the downturn in activities in the domestic construction and residential property sector continued to prevail as lending policies were still stringent and consumers' spending remained cautious.

The construction industry continued to face a challenging environment with slowdown in public infrastructure spending as the government reconstructed its fiscal consolidation and the slowdown in the property market as stated above.

According to the report from the Valuation & Property Services Department under the Ministry of Finance, the number of unsold completed residential properties stood at 30,664 units worth RM18.82 billion. Approximately 38% of the unsold stocks is priced above RM500,000 and 48.8% of the unsold units are high-rise units.

OPERATIONAL & FINANCIAL OVERVIEW

Buildings construction and property development remained the core business activities of the Group for FY2019. For FY2019, the Group recorded revenue of RM53.969 million and profit after taxation of RM5.771 million. Group's revenue had decreased as the property development and the ready-mix concrete activities was affected by the sluggish market condition.

The increase in the profit from operations was mainly due to interest income derived from amounts owed by customers and the management had managed to recover part of the debts owed by these customers vide contra of viable properties in 2020. The properties contra will complement the Group's activities in construction and property development.

The slowdown and overhang situation of the property market stated above had affected the planned progress and/or new launches of the Group's projects in Segari-Manjung, Seri Iskandar-Tronoh, and Ipoh Greentown-Ipoh as well as third-party developments in Klebang-Ipoh, Sitiawan-Manjung, Taiping Heights-Taiping and Genting Sempah-Genting. Joint venture arrangements with other developers were being considered for the Seri Iskandar project in Tronoh, Perak to ease the Group's cashflow and to reduce the Group's borrowings. Launches and sales for the Segari-Manjung and Ipoh Greentown-Ipoh projects were re-scheduled with primary objective is to complete the launched phases and hand-over of sold units to purchasers.

The Group's gearing remained low at 0.17 times and net tangible assets per share attributable to equity holders is RM0.6684 per share as at 31 December 2019.

External marketing agents have been engaged to assist in promoting sales of properties in Ipoh and Taiping projects, as well as the completed/held-for-sale properties included in the Group's inventory. In addition, the Group will continue to explore joint venture opportunities with potential partners with the aim to create value for the Group's development projects and to reduce the Group's financial burden on the construction and development of its projects.

ANTICIPATED OR KNOWN RISKS

The Group is subject to risks inherent in the construction and property development industries. Key anticipated or known risks that may have a material effect on the Group's operations are regulatory, operational and market risks.

Regulatory Risks

The construction and property development operations are subject to guidelines, laws and regulations of local authorities, government bodies and ministries.

Changes in relevant laws and regulations may affect the Group's operations. The Group keeps abreast with latest rulings, regulations and guideline changes and continues to ensure compliance to the laws and regulations.

Operational Risks

The Group's operations were exposed to project management and construction related risks such as:-

- delay in completion of contracts or property development projects against the scheduled completion;
- the increase in cost of financing;
- performance of third-party sub-contractors;
- risks of purchasers' or contract clients' default in payments;
- labour and material supply shortages; and
- fluctuations in the prices of building materials and costs of labour charges.

The Group recognised the importance of delivering quality products and services and carefully select and assess every sub-contractor, supplier, consultant and service provider that the Group engaged.

Market Risk

The Group's revenue and profitability were exposed to the risk of uncertainty arising from global and local economic condition and the challenging property market.

Such inherent risks may include:-
- adverse changes in real estate market prices;
- changes in demand for types of residential and commercial properties;
- competition from other property developers; and
- changes in economic, social and political conditions.

Recognising this, the Group have been careful in planning for property launches and selection of contract clients. With the Group's experience in property development, the Group is cautious in planning for phase zoning, license application and sales promotional activities to mitigate the above risks.

STATUS OF CORPORATE PROPOSALS

As announced in December 2019 the Company proposes to undertake the following Proposals:-

(i) proposed renounceable rights issue of up to 6,244,866,420 irredeemable convertible preference shares ("ICPS") on the basis of 15 ICPS for every 1 existing ordinary share in SVB ("SVB Share" or "Share") held on an entitlement date to be determined later at an issue price of RM0.01 per ICPS ("Proposed Rights Issue"); and

(ii) proposed adoption of new Constitution of SVB to conform to the Companies Act 2016 and to facilitate the issuance of the ICPS ("Proposed Adoption of New Constitution").

Shareholders' circular for the Proposals will be prepared and circulated to the shareholders and an Extraordinary General Meeting will be held to seek for shareholders' approvals on the Proposals.

PROSPECTS

Moving into 2020, the Malaysian economy is expected to be weighed down by political uncertainties and the protracted outbreak from COVID-19. The COVID-19 pandemic is expected to have adverse impacts on the domestic and global economic activities due to lockdowns, supply chain disruptions, changes in consumer life style and requirements to comply with operating procedures affecting almost all businesses. Coupled with the weak ringgit and lower commodities prices especially the crude oil prices, the Malaysian economy is expected to weaken further in 2020.

In a situation of high stock of unsold properties and uncertainties in the economic conditions, the operating environment of the construction/residential property sector will continue to be very challenging. The only bright spot for the property sector is the reduction in Overnight Policy Rate ("OPR") by Bank Negara Malaysia from 3.25% in end 2018 to 2.00% as of May 2020. In addition, a total of RM250 billion economic stimulus packages were introduced in February and March 2020 targeted to ease the impact and cushion any economic fallout of the COVID-19 pandemic with focus on individual needs, businesses in general and also public healthcare system to stave off the rise of COVID-19 cases.

To stimulate the property market, the Malaysia's Budget 2020 incorporates some positive measures including a proposed reduction in price threshold for purchase by foreigners of urban high-rise properties to RM600,000 from RM1.0 million previously. Hopefully, the lower cost of financing and the proposed lowering of foreigners' price threshold will spur a demand in purchase of properties during the year and encourage launching of new projects.

As for the Group, we will remain focused as a sustainable contractor cum property player and continue to direct our efforts to improve operational efficiency and adjusting our property launches to offer quality products that are resonant with the changing needs and sentiments of customers.

The Board remains optimistic that the Group's cautiously planned property launches and cashflow management and the completion of the Proposed Rights Issue as stated above are adequate to address the Group's immediate financial requirements and will have a positive impact on the financial performance of the Group moving forward.

APPRECIATION

On behalf of the Board of Directors, I would like to express my sincere appreciation to our shareholders, bankers, clients, business associates, and the government and regulatory authorities for their kind assistance, understanding and continued support.

I wish to convey my utmost appreciation to my fellow Board members for their wise counsel, invaluable insights and good stewardship. Last but not least, I also wish to extend the Board's sincere gratitude to the management and staff of the Group for their tireless dedication in carrying out their responsibilities.

Managing Director
Dato' Seow Yong Chin, DSSA
26 June 2020

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

SYCAL VENTURES BERHAD
Registration No. 200101011895 (547651-U)
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Net profit/(loss) for the financial year	5,771	(267)
Attributable to:		
Owners of the parent	5,824	(267)
Non-controlling interests	(53)	-
	5,771	(267)

In the opinion of the directors, the financial results of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year and the directors do not recommend any dividend for the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

The directors who held office during the financial year until the date of this report are:-

Directors of the Company

Dato' Sri Haji Abd Rahim Bin Haji Abdul
Dato' Seow Yong Chin
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood
Chin Kok Wah
Tan Sri Dato' Seri Dr. Ting Chew Peh
Dato' Magaret Ting Thien Hung
Tee Lay Peng

Directors of subsidiaries

The following is a list of directors of the subsidiaries (excluding directors who are also directors of the Company) in office during the financial year and during the period from the end of the financial year to the date of this report:

Kew Lan Tong
Low Ching Hun
Nancy Ting Gaik Ching
Seow Mee Choo
Teo Kok Keong

During and at the end of the financial year, the Company was not a party to any arrangement whose object is to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

The directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and its related corporations during the financial year ended 31 December 2019 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, were as follows:

	Number of ordinary shares		
	At 1.1.2019	**Acquired/(Disposed)**	**At 31.12.2019**
THE COMPANY			
Direct interest			
Dato' Seow Yong Chin	51,181,980	-	51,181,980
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	543,750	-	543,750
Indirect interest			
Dato' Seow Yong Chin	17,176,632	-	17,176,632*^
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	5,643,750	-	5,643,750*

* Indirect interest by virtue of shares held through Cygal Holdings Sdn. Bhd.
^ Indirect interest by virtue of shares held through SYC Holdings Sdn Bhd.

DIRECTORS (CONTINUED)

By virtue of their interest in the ordinary shares of the Company, Dato' Seow Yong Chin and Syed Zain Al-Kudcy Bin Dato' Syed Mahmood is deemed to have interest in the ordinary shares of the subsidiaries to the extend the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in the ordinary shares of the Company or its related corporations during the financial year.

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

DIRECTORS' REMUNERATION

The directors' remuneration is disclosed in Note 24 to the financial statements.

INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Group and of the Company.

AUDITORS' REMUNERATION

The auditors' remuneration is disclosed in Note 24 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

    (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that there were no known bad debts to be written off and that adequate provision had been made for doubtful debts; and

    (ii) to ensure that the current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (CONTINUED)

(b) At the date of this report, the directors are not aware of any circumstances:

   (i) which would require the write off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

   (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

   (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

   (iv) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the Group's and the Company's financial statements misleading.

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

   (i) any charge on the assets of the Group and of the Company which have arisen since the end of the financial year which secure the liabilities of any other person; or

   (ii) any contingent liability in respect of the Group and of the Company which have arisen since the end of the financial year.

(d) In the opinion of the directors:

   (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and

   (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to substantially affect the financial results of the Group and of the Company for the current financial year.

SIGNIFICANT EVENT

Significant event has been disclosed in Note 36 to the financial statements.

SUBSEQUENT EVENT

Subsequent event has been disclosed in Note 37 to the financial statements.

AUDITORS

The auditors, Messrs RSM Malaysia, have expressed their willingness to continue in office.

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

SYED ZAIN AL-KUDCY BIN DATO' SYED MAHMOOD

DATO' SEOW YONG CHIN

Kuala Lumpur

26 June 2020

SYCAL VENTURES BERHAD
Registration No. 200101011895 (547651-U)
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		GROUP		COMPANY	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	46,936	38,908	-	-
Right-of-use assets	7	10,440	-	-	-
Investment in subsidiaries	8	-	-	161,165	161,165
Inventories	9	70,580	73,970	-	-
Receivables and deposits	10	3,641	5,641	-	-
Deferred tax assets	11	4,696	4,696	-	-
		136,293	123,215	161,165	161,165
Current assets					
Inventories	9	88,142	77,901	-	-
Receivables and deposits	10	251,799	234,087	2,819	2,819
Contract assets	12	14,865	15,604	-	-
Tax recoverable		63	101	-	-
Cash and bank balances		6,581	8,533	3	3
		361,450	336,226	2,822	2,822
TOTAL ASSETS		497,743	459,441	163,987	163,987
EQUITY AND LIABILITIES					
EQUITY					
Share capital	13	120,764	120,764	120,764	120,764
Reserves	14	157,520	151,923	33,640	33,907
Total equity attributable to owners of the parent		278,284	272,687	154,404	154,671
Non-controlling interests		2,991	3,344	-	-
TOTAL EQUITY		281,275	276,031	154,404	154,671

SYCAL VENTURES BERHAD
Registration No. 200101011895 (547651-U)
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (CONTINUED)

		GROUP		COMPANY	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
LIABILITIES					
Non-current liabilities					
Payables and accruals	15	384	384	-	-
Lease liabilities	16	8,944	-	-	-
Bank borrowings	17	40,310	47,704	-	-
Deferred liability	20	2,966	2,966	-	-
Deferred tax liabilities	11	912	1,991	-	-
		53,516	53,045	-	-
Current liabilities					
Payables and accruals	15	96,668	63,882	9,583	9,316
Lease liabilities	16	1,907	-	-	-
Contract liabilities	12	38,005	41,426	-	-
Bank borrowings	17	7,372	6,535	-	-
Provisions	21	1,275	1,621	-	-
Taxation		17,725	16,901	-	-
		162,952	130,365	9,583	9,316
TOTAL LIABILITIES		216,468	183,410	9,583	9,316
TOTAL EQUITY AND LIABILITIES		497,743	459,441	163,987	163,987

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		GROUP		COMPANY	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
REVENUE	22	53,969	71,079	-	-
COST OF SALES	23	(43,588)	(57,583)	-	-
GROSS PROFIT		10,381	13,496	-	-
OTHER OPERATING INCOME		18,720	18,271	-	3
ADMINISTRATIVE EXPENSES		(6,994)	(9,655)	(212)	(130)
OTHER OPERATING EXPENSES		(10,489)	(10,860)	(55)	(268)
PROFIT/(LOSS) FROM OPERATIONS		11,618	11,252	(267)	(395)
FINANCE COSTS		(4,775)	(5,191)	-	-
PROFIT/(LOSS) BEFORE TAXATION	24	6,843	6,061	(267)	(395)
TAXATION	25	(1,072)	(3,289)	-	-
NET PROFIT/(LOSS) FOR THE FINANCIAL YEAR		5,771	2,772	(267)	(395)
OTHER COMPREHENSIVE INCOME/ (EXPENSE), NET OF TAX					
Item that may not be recycled to profit or loss in future:					
Foreign currency translation differences for foreign operation		39	(122)	-	-
TOTAL COMPREHENSIVE INCOME/ (EXPENSE) FOR THE FINANCIAL YEAR		5,810	2,650	(267)	(395)
Profit/(Loss) attributable to:					
Owners of the parent		5,824	2,563	(267)	(395)
Non-controlling interests		(53)	209	-	-
		5,771	2,772	(267)	(395)
Total comprehensive income/(expense) attributable to:					
Owners of the parent		5,863	2,441	(267)	(395)
Non-controlling interests		(53)	209	-	-
		5,810	2,650	(267)	(395)
		Sen	**Sen**		
Earnings per share (sen):-					
- Basic	29	1.40	0.65		

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

SYCAL VENTURES BERHAD
Registration No. 200101011895 (547651-U)
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Attributable to owners of the parent						
	Non-distributable			Distributable			
	Share capital RM'000	Capital reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
GROUP							
Balance as at 1.1.2018	103,495	34,770	(925)	115,637	252,977	4,335	257,312
Net profit for the financial year ended 31.12.2018	-	-	-	2,563	2,563	209	2,772
Other comprehensive expense for the financial year ended 31.12.2018	-	-	(122)	-	(122)	-	(122)
Total comprehensive (expense)/income for the financial year ended 31.12.2018	-	-	(122)	2,563	2,441	209	2,650
Transaction with owners of the parent							
Issue of ordinary shares	17,269	-	-	-	17,269	-	17,269
Dividends paid to non-controlling interests	-	-	-	-	-	(1,200)	(1,200)
Balance as at 31.12.2018/1.1.2019, as previously reported	120,764	34,770	(1,047)	118,200	272,687	3,344	276,031
Effect of adoption MFRS 16	-	-	-	(266)	(266)	-	(266)
Balance as at 1.1.2019, as restated	120,764	34,770	(1,047)	117,934	272,421	3,344	275,765
Net profit/(loss) for the financial year ended 31.12.2019	-	-	-	5,824	5,824	(53)	5,771
Other comprehensive income for the financial year ended 31.12.2019	-	-	39	-	39	-	39
Total comprehensive income/(expense) for the financial year ended 31.12.2019	-	-	39	5,824	5,863	(53)	5,810
Dividends paid to non-controlling interests	-	-	-	-	-	(300)	(300)
Balance as at 31.12.2019	120,764	34,770	(1,008)	123,758	278,284	2,991	281,275

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

SYCAL VENTURES BERHAD
Registration No. 200101011895 (547651-U)
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

	Attributable to owners of the parent			
	Non-distributable		Distributable	
	Share capital	Capital reserve	Accumulated losses	Total
COMPANY	RM'000	RM'000	RM'000	RM'000
Balance as at 1.1.2018	103,495	34,770	(468)	137,797
Issue of shares	17,269	-	-	17,269
Total comprehensive expense for the financial year ended 31.12.2018	-	-	(395)	(395)
Balance as at 31.12.2018/1.1.2019	120,764	34,770	(863)	154,671
Total comprehensive expense for the financial year ended 31.12.2018	-	-	(267)	(267)
Balance as at 31.12.2019	120,764	34,770	(1,130)	154,404

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

SYCAL VENTURES BERHAD
Registration No. 200101011895 (547651-U)
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation	6,843	6,061	(267)	(395)
Adjustments for:				
Allowance for impairment loss on trade receivables	-	1,177	-	-
Allowance for impairment loss on other receivables	-	229	-	-
Bad debts written off	-	62	-	-
Deposits written off	-	890	-	-
Depreciation of property, plant and equipment	2,959	3,001	-	-
Depreciation of right-of-use assets	2,017	-	-	-
Unrealised gain on foreign exchange	-	(117)	-	-
Loss on disposal of property, plant and equipment	-	1	-	-
Interest expense	4,775	5,191	-	-
Interest income	(17,009)	(14,306)	-	-
Inventories written down	4,459	1,522	-	-
Investments written off	-	60	-	-
Reversal of inventories written down	-	(463)	-	-
Reversal of provision for late delivery interest	(31)	(121)	-	-
Reversal of provision for liquidated ascertain damanges	-	(2,700)	-	-
Reversal of provision for short term accumulating compensated absences	(309)	-	-	-
Utilisation of provision for employee benefits	-	(36)	-	-
Operating profit/(loss) before working capital changes	3,704	451	(267)	(395)
Increase in inventories	(12,090)	(2,746)	-	-
Increase in receivables and deposits	(15,711)	(32,167)	-	-
(Increase)/Decrease in contract assets	(3,219)	96,378	-	-
Increase/(Decrease) in payables and accruals	45,676	(8,717)	40	(175)
Increase/(Decrease) in contract liabilities	570	(60,209)	-	-
Cash generated from/(used in) operations	18,930	(7,010)	(227)	(570)
Interest paid	(4,285)	(5,191)	-	-
Interest received	859	14,306	-	-
Tax paid	(1,478)	(220)	-	-
Tax refund	189	-	-	-
Net cash generated from/(used in) operating activities	14,215	1,885	(227)	(570)

SYCAL VENTURES BERHAD
Registration No. 200101011895 (547651-U)
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Upliftment of fixed deposits pledged	-	951	-	-
Interest received	95	-	-	-
Issuance of ordinary shares	-	17,269	-	17,269
Net repayment from/(advances to) subsidiaries	-	-	227	(20,449)
Proceeds from disposal of property, plant and equipment	-	3	-	-
Purchase of property, plant and equipment (Note 27)	(10,050)	(15,310)	-	-
Net cash (used in)/generated from investing activities	(9,955)	2,913	227	(3,180)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid to non-controlling interests	(300)	(1,200)	-	-
(Repayment of)/Proceeds from revolving credit	(1)	3	-	-
Repayment of lease liabilities	(2,304)	-	-	-
Increase in fixed deposits pledged	(1,394)	-	-	-
Advances from directors	3,904	-	-	-
Repayment of hire purchase liabilities	(1,800)	(1,019)	-	-
Repayment of term loans	(5,750)	(3,276)	-	-
Net cash used in financing activities	(7,645)	(5,492)	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,385)	(694)	-	(3,750)
Effect of foreign exchange differences	39	(122)		
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	5,870	6,686	3	3,753
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (NOTE 28)	2,524	5,870	3	3

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

1. PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the applicable approved Malaysian Financial Reporting Standards ("MFRSs") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements requires the directors to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. In addition, the directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5. Although these estimates and assumptions are based on the directors' best knowledge of events and actions, actual results could differ from those estimates.

3.2 Property, plant and equipment

On initial recognition, items of property, plant and equipment are recognised at cost, which includes the purchase price as well as any costs directly attributable in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the cost of dismantling and removing the items and restoring the site on which they are located.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Property, plant and equipment (continued)

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

After initial recognition, items of property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses.

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 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.

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 calculated so as to write off the cost of an asset, less its estimated residual value, over its principal depreciation rate as follows:

Office lots and buildings	2%
Plant and machinery	10% - 12.50%
Motor vehicles	20%
Office equipment, furniture and fittings	7.69% - 20%
Theme park	6.67%

Freehold land is not depreciated. Building work-in-progress are not depreciated until the assets are ready for their intended use.

Useful lives, residual values and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Leases

The Group and the Company have applied MFRS 16 *Leases* using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings at 1 January 2019, if any. Accordingly, the comparative information presented for 2018 has not been restated - i.e. it is presented, as previously reported under MFRS 117 *Leases* and related interpretations.

<u>Current financial year</u>

(i) Definition of a lease

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Leases (continued)

(ii) Recognition and initial measurement

As a lessee

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

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

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

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

The Group and the Company exclude 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 of loss in the period in which the performance or use occurs.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Leases (continued)

(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 end of the lease term. The estimated useful lives of right-of-use asset are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company change 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.

<u>Previous financial year</u>

(iv) Recognition and initial measurement

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Assets and liabilities arising from finance lease contracts are initially recognised in the statement of financial position at their fair value at the inception of the lease or, if lower, at the present value of the minimum future lease rentals.

After initial recognition, the depreciation policy applied is consistent with that for depreciable assets that are owned. As a result, the depreciation recognised is calculated in accordance with the useful life stated for property, plant and equipment (the Group and the Company does not hold leased intangible assets). In cases where there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

The interest element of rental obligations is charged to profit or loss over the period of the lease at a constant rate on the balance of finance lease obligations outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Leases (continued)

Previous financial year (continued)

(iv) Recognition and initial measurement (continued)

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term. Incentives to take out operating leases are credited to the profit or loss on a straight-line basis over the lease term.

Provision is made in the statement of financial position for the present value of the onerous element of operating leases. This typically arises when the Group and the Company ceases to use premises and they are left vacant to the end of the lease or are sublet at rentals, which fall short of the amount payable by the Group and the Company under the lease.

3.4 Basis of consolidation

(i) Subsidiaries

A subsidiary is an entity controlled by the Group, i.e. the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its current ability to direct the entity's relevant activities (power over the investee).

The existence and effect of potential voting rights that the Group has the practical ability to exercise (i.e. substantive rights) are considered when assessing whether the Group controls another entity.

The Group's financial statements incorporate the results, cash flows, assets and liabilities of Sycal Ventures Berhad and all of its directly and indirectly controlled subsidiaries. Subsidiaries are consolidated from the effective date of acquisition, which is the date on which the Group effectively obtains control of the acquired business, until that control ceases.

The non-controlling interests in the net assets and net results of consolidated subsidiaries are shown separately in the consolidated statements of financial position and consolidated statements of profit or loss and consolidated statements of comprehensive income.

Total comprehensive income (i.e. profit or loss and each component of other comprehensive income) is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Basis of consolidation (continued)

(i) Subsidiaries (continued)

Changes in the Group's ownership interest in a subsidiary that do not result in the Group losing control are accounted for as transactions with owners in their capacity as owners (i.e. equity transactions). The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

Upon loss of control of a subsidiary, the Group's profit or loss is calculated as the difference between (i) the fair value of the consideration received and of any investment retained in the former subsidiary and (ii) the previous carrying amount of the assets (including any goodwill) and liabilities of the subsidiary and any non-controlling interests.

Investment 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 investments excludes transaction costs.

(ii) Translation of financial statements of foreign entities

The assets and liabilities of foreign operations are translated into RM using exchange rates at the reporting date. The components of shareholders' equity are stated at historical value.

Average exchange rates for the period are used to translate income and expense items of foreign operations. However, if exchange rates fluctuate significantly, the exchange rates at the dates of the transactions are used.

All resulting exchange differences are recognised in other comprehensive income and accumulated in currency translation reserve, a separate component of equity.

Any goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and, as such, translated at the closing rate.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the parent company are reclassified to profit or loss. The cumulative amount of the exchange differences relating to that foreign operation that had been attributed to the non-controlling interests are derecognised, but without reclassification to profit or loss. The same applies in case of loss of control, joint control or significant influence.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Basis of consolidation (continued)

(ii) Translation of financial statements of foreign entities (continued)

On the partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of exchange differences accumulated in the separate component of equity are re-attributed to non-controlling interests (they are not recognised in profit or loss). For any other partial disposal of foreign entity (i.e. associates or jointly controlled entities without loss of significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(iii) Business combinations

The Group applies the acquisition method to account for all acquired businesses, whereby the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values (with few exceptions as required by MFRS 3 *Business Combinations*).

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group.

Acquisition-related costs (e.g. finder’s fees, consulting fees, administrative costs, etc.) are recognised as expenses in the periods in which the costs are incurred and the services are received.

On acquisition date, goodwill is measured as the excess of the aggregate of consideration transferred, any non-controlling interests in the acquiree, and acquisition-date fair value of the Group's previously held equity interest in the acquiree (if business combination achieved in stages) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after appropriate reassessment, the amount as calculated above is negative, it is recognised immediately in profit or loss as a bargain purchase gain.

At acquisition date, non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership instruments’ proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement is made separately for each business combination. Other components of non-controlling interests are measured at their acquisition-date fair values, unless otherwise required by MFRS.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Basis of consolidation (continued)

(iii) Business combinations (continued)

The acquisition-date fair value of any contingent consideration is recognised as part of the consideration transferred by the Group in exchange for the acquiree. Changes in the fair value of contingent consideration that result from additional information obtained during the measurement period (maximum one year from the acquisition date) about facts and circumstances that existed at the acquisition date are adjusted retrospectively against goodwill. Other changes resulting from events after the acquisition date are adjusted at each reporting date, only when the contingent consideration is classified as an asset or a liability, and the adjustment is recognised in profit or loss.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. If any, changes in the value of the Group's equity interest in the acquiree that have been previously recognised in other comprehensive income are reclassified to profit or loss, if appropriate had that interest been disposed of directly.

(iv) Transactions eliminated on consolidation

All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

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

3.5 Impairment of non-financial assets

The carrying amounts of such assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through profit or loss to its estimated recoverable amount. Recoverable amount is the higher of value in use and the fair value less costs to sell of the individual asset or the cash-generating unit. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Impairment of non-financial assets (continued)

Value in use is the present value of the estimated future cash flows of that unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the unit which impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the unit.

Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

3.6 Inventories

(i) Held-for-sale properties

Held-for-sale properties comprises completed units of land and/or buildings and buildings-in-progress acquired with a view to their subsequent disposals and are stated at the lower of cost and net realisable value.

(ii) Land held for property development

Land held for property development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current assets and is stated at lower of cost and net realisable value.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is reclassified as property development costs (under current assets) at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(iii) Property development costs

Property development costs comprise cost associated with the acquisition of land and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

When the outcome of the development activity can be estimated reliably, property development revenue and expenses are recognised by using the stage of completion method. The stage of completion is measured by reference to the property development costs incurred to date compared to the estimated total costs of the development.

When the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that are probable of recovery.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Inventories (continued)

(iii) Property development costs (continued)

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected foreseeable loss is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset and are stated at the lower of costs and net realisable value.

Where revenue recognised in profit or loss exceeds billings to purchasers, the balance is shown as contract assets (within current assets). Where billings to purchasers exceed revenue recognised in profit or loss, the balance is shown as contract liabilities (within current liabilities).

Property development cost of unsold unit is transferred to completed development unit once the development is completed.

(iv) Unsold completed properties

Unsold completed properties are stated at the lower of cost and net realisable value.

The cost of unsold completed properties held for sale comprise cost associated with the acquisition of land, direct costs and appropriate proportions of common costs and other costs of bringing the inventories to their present location and condition.

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

(v) Finished goods, raw materials and consumable stores

Other inventories are stated at the lower of cost and net realisable value. Cost includes the actual cost of materials and incidentals in bringing the inventories to their present location and condition. The cost of inventories is determined on the first-in-first-out basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments

(i) Initial recognition and measurement

The Group and the Company recognise a financial asset or a financial liability (including derivative instruments) in the statements of financial position when, and only when, an entity in the Group and the Company become a party to the contractual provisions of the instruments.

On initial recognition, all financial assets (including intra-group loans and advances) and financial liabilities (including intra-group payables at below market interest rates) are measured at fair value plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(ii) Derecognition of financial instruments

For derecognition purposes, the Group and the Company first determine whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group and the Company transfer the contractual rights to receive cash flows of the financial asset, including circumstances when the Group and the Company act only as a collecting agent of the transferee, and retain no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Group and the Company consider a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate is different by 10% or more when compared with the carrying amount of the original liability.

(iii) Regular-way purchases and sales of financial assets

The Group and the Company recognise a regular-way purchase or sale of a quoted equity or debt instrument at trade date, which is the date the purchase or sale transaction is entered into, rather than recognising the forward contract between trade date and settlement date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (continued)

(iv) Financial assets

For the purpose of subsequent measurement, the Group and the Company classifies financial assets into three measurement categories, namely: (i) financial asset at amortised cost ("AC"); (ii) financial assets at fair value through other comprehensive income ("FVOCI") and (iii) financial assets at fair value through profit or loss ("FVPL"). The classification is based on the Group's and the Company's business model objective for managing the financial assets and the contractual cash flow characteristics of the financial instruments.

After initial recognition, the Group and the Company measure financial assets, as follow:

(i) Financial assets at AC

A financial asset is measured at amortised cost if: (a) it is held within the Group's and the Company's business objective to hold the asset only to collect contractual cash flows, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

(ii) Financial assets at FVOCI

A financial asset is measured at FVOCI if: (a) it is held within the Groups' and the Company's business objective to hold the asset both to collect contractual cash flows and selling the financial asset, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

(iii) Financial asset at FVPL

A financial asset is measured at FVPL if it is an equity investment, held for trading (including derivative assets) or if it does not meet any of the condition specified for the AC or FVOCI model.

Other that financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 3.7(viii).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (continued)

(v) Financial liabilities

After initial recognition, the Group and the Company measure all financial liabilities at amortised cost using the effective interest method, except for:

(i) Financial liabilities at fair value through profit or loss (including derivatives that are liabilities) are measured at fair value.

(ii) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies. Paragraph 3.2.15 and 3.2.17 of MFRS 9 apply to the measurement of such financial liabilities.

(iii) Financial guarantee contracts issued, and commitments to provide loans at a below-market interest rate given, by the Group and the Company are measured at the higher of: (a) the amount of impairment loss determined and (b) the amount initially recognised less, when appropriate, the cumulative of income recognised in accordance with the principles in MFRS 15 *Revenue from Contracts with Customers*.

(vi) Fair value measurement

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique as described in Note 3.19.

(vii) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets mandatorily measured at FVOCI, interest income (calculated using the effective interest rate method), impairment losses, and exchange gains or loss are recognised in profit or loss. All other gains or losses are recognised in other comprehensive income and retained in a fair value reserve. On derecognition of the financial assets, the cumulative gain or loss recognised in OCI is reclassified to profit or loss as a reclassification adjustment.

For financial assets and financial liabilities carried at amortised cost, interest income and interest expense are recognised in profit or loss using the effective interest method. A gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (continued)

(viii) Impairment of financial assets

The Group and the Company apply the expected credit loss ("ECL") model of MFRS 9 to recognise impairment losses of financial assets measured at amortised cost or at fair value through other comprehensive income. Except for trade receivables, a 12-month ECL is recognised in profit or loss on the date of origination or purchase of the financial assets. At the end of each reporting period, the Group and the Company assess whether there has been a significant increase in credit risk of a financial asset since its initial recognition or at the end of the prior period. Other than for financial assets which are considered to be of low risk grade, a lifetime ECL is recognised if there has been a significant increase in credit risk since initial recognition. For trade receivables, the Group and the Company have availed the exception to the 12-month ECL requirement to recognise only lifetime ECL.

The assessment of whether credit risk has increased significantly is based on quantitative and qualitative information that include financial evaluation of the creditworthiness of the debtors or issuers of the instruments, ageing of receivables, defaults and past due amounts, past experiences with the debtors, current conditions and reasonable forecast of future economic conditions. For operational simplifications: (a) a 12-month ECL is maintained for financial assets which investment grades that are considered as low credit risk, irrespective of whether credit risk has increased significantly or not; and (b) credit risk is considered to have increase significantly if payments are more than 180 days past due if no other borrower-specific information is available without undue cost or effort.

The ECL is measured using an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, discounted for the time value of money and applying reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecast of future economic conditions. The ECL for a financial asset (when assessed individually) or a group of financial assets (when assessed collectively) is measured at the present value of the probability-weighted expected cash shortfalls over life of the financial asset or group of financial assets. When a financial asset is determined as credit-impaired (based on objective evidence of impairment), the lifetime ECL is determined individually.

For trade receivable, the lifetime ECL is determined at the end of each reporting period using a provision matrix. For each significant receivable, individual lifetime ECL is assessed separately. For significant receivables which are not impaired and for all other receivables, they are grouped into risk classes by type of customers and businesses, and the ageing of the receivables. Collective lifetime ECLs are determined using past loss rates, which are updated for effects of current conditions and reasonable forecasts for future economic conditions. In the event that the economic or industry outlook is expected to worsen, the past loss rates are increased to reflect the worsening economic conditions.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Contract assets and contract liabilities

A contract asset is the rights to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier).

Contract liabilities are recognised as revenue when the Group performs the obligations under the contract.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, on demand deposits and any highly liquid debts instruments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

For the statement of cash flows, the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

3.10 Foreign currencies

(a) Foreign currency translation and balances

Transactions in foreign currencies are converted into the relevant functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into the relevant functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise except for financial liability designated as a hedge of the net investments in foreign operations to the extent that the hedge is effective. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as at the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

(b) Foreign operations

Financial statements of foreign operations are translated at the end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Equity

(i) Share capital

Ordinary shares issued that carry no mandatory contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company, is classified as equity instruments.

When ordinary shares and other equity instruments are issued in a public offering or in a rights issue to existing shareholders, they are recorded at the issue price.

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at fair value at a date of the exchange transaction.

Transaction costs of an equity transaction are accounted for as a deduction from retained earnings in equity, net of any related income tax benefit.

(ii) Dividend distribution

The Company established a distribution policy whereby cash dividends can only be paid out of retained earnings. Other distributions, such as stock dividends and distribution in specie, may be paid out of any reserve to the extent that the utilisation is permitted by company laws and regulations.

Distributions to holders of an equity instrument are debited directly in equity, net of any related income tax benefit.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Company approve the proposed final dividend in an annual general meeting of shareholders. For a distribution of non-cash assets to owners, the Company measure the dividend payable at the fair value of the assets to be distributed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Provisions

Where, at reporting date, the Group and the Company have a present obligation (legal or constructive) as a result of a past event and it is probable that the Group and the Company will settle the obligation, a provision is made in the statements of financial position. Provisions are made using best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period they arise.

3.13 Revenue from contracts with customers

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

The following describes the performance obligations in contracts with customers:

(i) Revenue from construction contracts

The Group recognises revenue from construction contracts over the period of the contracts using the output method by reference to the survey of contract work completed to date which is certified by professional consultants.

(ii) Revenue from property development

The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract).

(iii) Project management/consultancy

Revenue from project management/consultancy is recognised as follows:

(i) agreed fixed monthly fee – at the end of the respective months; and

(ii) fee based on certain performance criteria – at the end of the respective reporting periods.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Revenue from contracts with customers (continued)

(iv) Sales of goods and services

Revenue from a sale of goods and services is recognised at a point in time when control of the goods is passed to the customer, which is the point in time when the significant risks and rewards are transferred to the customer and the transaction has met the probability of inflows and measurement reliability requirements of MFRS 15.

The Group measures revenue from a sale of goods and services at the fair value of the consideration received or receivables, which is usually the invoice price, net of returns and allowances, trade discounts and volume rebates given to the customer.

(v) Sale of land and completed properties

Proceeds from sale of land and completed properties are recognised when the Group satisfies the performance obligation by transferring a promised asset to a customer. An asset is transferred when the customer obtains control of that asset.

(vi) Interest income

Interest income is recognised in income statement as it accrues using the effective interest method.

(vii) Rental income

Rental income from operating lease is recognised over the lease term evenly based on the rental chargeable to tenants. Other rental related income is recognised over the period in which the services are being rendered.

3.14 Employee benefits

(i) Short-term benefit

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absence such as paid annual leave are recognised when services are rendered by employees and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the Employees' Provident Fund ("EPF"). The contributions are recognised as a liability after deducting any contribution already paid and as an expense in profit or loss in the period in which the employee render their services. Once the contributions have been paid, the Group and the Company have no further payment obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Borrowing costs

Interest on borrowings to finance the purchase and development of a self-constructed qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) is included in the cost of the asset until such time as the assets are substantially ready for use or sale. Such borrowing costs are capitalised net of any investment income earned on the temporary investment of funds that are surplus pending such expenditure.

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.16 Income taxes

Tax currently payable is calculated using the tax rates in force or substantively enacted at the reporting date. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern that they are taxable or deductible differs between tax law and their accounting treatment.

Using the statements of financial position liability method, deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities in the statements of financial position and the corresponding tax base, with the exception of goodwill not deductible for tax purposes and temporary differences arising on initial recognition of assets and liabilities that do not affect taxable or accounting profit.

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

Deferred tax assets are recognised only to the extent that the Group and the Company consider that it is probable (i.e. more likely than not) that there will be sufficient taxable profits available for the asset to be utilised within the same tax jurisdiction.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Income taxes (continued)

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to the same tax authority and the Group's and the Company's intention is to settle the amounts on a net basis.

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except if it arises from transactions or events that are recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively. Where tax arises from the initial accounting for a business combination, it is included in the accounting for the business combination.

3.17 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.

3.18 Operating segments

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Fair value measurement

Fair value is 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. When measuring the fair value of an asset or a liability, the Group and the Company use market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Group and the Company (working closely with external qualified valuers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

Level 1	fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3	fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Group and the Company at the end of the reporting period during which the change occurred.

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS

4.1 MFRSs, Amendments to MFRSs and Interpretations adopted

For the preparation of the financial statements, the following accounting standards, amendments and interpretations of the MFRS framework issued by the MASB are mandatory for the first time for the financial year beginning on or after 1 January 2019:

- MFRS 16 *Leases*
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 9 *Financial Instruments (2014) – Prepayment Features with Negative Compensation*
- Amendments to MFRS 128 *Investments in Associates and Joint Ventures – Long-term Interest in Associates and Joint Ventures*
- Amendments to MFRS 3 *Business Combinations – Previously Held Interest in a Joint Operation (Annual Improvements 2015-2017 Cycle)*
- Amendments to MFRS 11 *Joint Arrangements – Previously Held Interest in a Joint Operation (Annual Improvements 2015-2017 Cycle)*
- Amendments to MFRS 112 *Income Taxes – Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Annual Improvements 2015-2017 Cycle)*
- Amendments to MFRS 123 *Borrowing Costs – Borrowing Costs Eligible for Capitalisation (Annual Improvements 2015-2017 Cycle)*
- Amendments to MFRS 119 *Employee Benefits – Plan Amendment, Curtailment or Settlement*

The adoption of the above-mentioned accounting standards, amendments and interpretations have no significant impact on the financial statements of the Group and of the Company other than as disclosed in notes to the financial statements.

4.2 New/Revised MFRSs, Amendments to MFRSs and Interpretations not adopted

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the MASB but have not been adopted by the Group and the Company:

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2020

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3 *Business Combination – Definition of a Business*
- Amendments to MFRS 101 *Presentation of Financial Statements* and MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement* and MFRS 7 *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS (CONTINUED)

4.2 New/Revised MFRSs, Amendments to MFRSs and Interpretations not adopted (continued)

Amendments to MFRSs which effective date yet to be confirmed

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

The directors anticipate that the above-mentioned accounting standards, amendments and interpretations will be adopted by the Group and the Company when they become effective.

Amendments to MFRS 4 *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts* and MFRS 17 *Insurance Contracts* have not been taken into consideration because they are not applicable to the Group and the Company.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing its financial statements, the Group and the Company have made significant judgements, estimates and assumptions that impact on the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Group and the Company periodically monitor such estimates and assumptions and makes sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

The judgements made in the process of applying the Group’s and the Company’s accounting policies that have the most significant effect on the amounts recognised in the financial statements, and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Going concern

One of the key determinants of the Group's ability to continue as a going concern is the Group's ability to meet operational and financing needs as and when they fall due and sufficient fund to meet their short term obligations. In assessing the going concern issue, the directors have relied on the management forecasts and calculations which are subjective and are based on estimates of future performance. The directors are of the opinion that the management forecasts and calculations provide a reasonable basis for the belief that the Group will continue as a going concern.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(ii) Construction contracts

Profit from construction contracts is the excess of contract revenue over contract cost.

The Group recognises contract revenue based on the stage of completion method. The stage of completion is measured by reference to the certified work done to date. Significant judgement is required in determining the stage of completion. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. An estimation and judgement is also required in determining the estimated total contract costs. The Group relied on past experience and the work of specialists for such estimation and judgement made.

(iii) Property development

The Group recognises property development revenue and expenses in profit or loss by using the stage of completion method.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluate based on past experience and by relying on the work of specialists.

(iv) Loss allowances of financial assets

The Company recognises impairment losses for trade receivables under the expected credit loss model. Individually significant trade receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Company's financial positions and results.

(v) Impairment of property, plant and equipment and investment in subsidiaries

The Group tests whether property, plant and equipment and investment in subsidiaries have suffered any impairment, in accordance with the accounting policy stated in Note 3.5 above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require use of judgements and estimates.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(vi) Depreciation of property, plant and equipment and right-of-use assets

The cost of an item of property, plant and equipment and right-of-use assets are depreciated on a straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment and right-of-use assets may differ from the estimates applied.

(vii) Income tax and deferred tax estimation

Management judgement is required in determining the provision for income taxes, deferred tax assets and liabilities and the extent to which deferred tax can be recognised. There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate.

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

Recognition of deferred tax assets and liabilities involves making a series of assumptions. As far as deferred tax assets are concerned, their realisation ultimately depends on taxable profits being available in the future. Deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deferred tax asset can be utilised and it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the Group and the Company making assumptions within its overall tax-planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset’s carrying value or settle the liability.

(viii) Measurement of lease liabilities and right-of-use assets

The measurement of a lease liability and the corresponding right-of-use assets includes in-substance fixed payments, variable lease payments linked to an inflation-related index or rate, estimates of lease term, option to purchase, payment under residual value guarantee and penalties for early termination. The actual payments may not coincide with these estimates. The Group reassesses the lease liability for any change in the estimates and a corresponding adjustment is made to the right-of-use assets.

6. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold office lots and buildings RM'000	Building work-in-progress RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Theme park RM'000	Total RM'000
Cost							
As at 1.1.2018	1,264	13,355	11,867	10,435	2,548	3,009	42,478
Additions	-	15,189	-	299	22	-	15,510
Disposals	-	-	-	-	(4)	-	(4)
Written off	-	-	(482)	(327)	(192)	-	(1,001)
As at 31.12.2018/1.1.2019	1,264	28,544	11,385	10,407	2,374	3,009	56,983
Additions		9,339	175	787	686	-	10,987
Disposals	-	-	-	(121)	-	-	(121)
As at 31.12.2019	1,264	37,883	11,560	11,073	3,060	3,009	67,849

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP	Freehold office lots and buildings RM'000	Building work-in-progress RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Theme park RM'000	Total RM'000
Accumulated depreciation							
As at 1.1.2018	569	-	4,931	7,857	912	1,806	16,075
Charge for the financial year	25	-	1,114	1,408	253	201	3,001
Written off	-	-	(482)	(327)	(192)	-	(1,001)
As at 31.12.2018/1.1.2019	594	-	5,563	8,938	973	2,007	18,075
Charge for the financial year	25	-	1,118	1,258	357	201	2,959
Written off	-	-	-	(121)	-	-	(121)
As at 31.12.2019	619	-	6,681	10,075	1,330	2,208	20,913
Net carrying amount							
As at 31.12.2018	670	28,544	5,822	1,469	1,401	1,002	38,908
As at 31.12.2019	645	37,883	4,879	998	1,730	801	46,936

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Carrying amounts of property, plant and equipment acquired under hire purchase are as follows:

	GROUP	
	2019 RM'000	2018 RM'000
Motor vehicles	981	1,291
Plant and machinery	567	681
Equipments	473	541
	2,021	2,513

(b) Other property, plant and equipment of the Group with net carrying amount amounted to RM2.252 million (2018: RM2.879 million) has been charged to a financial institution as security for banking facilities granted as disclosed in Note 17 to the financial statements.

7. RIGHT-OF-USE ASSETS

GROUP	Convention Hall RM'000	Car Park RM'000	Site Land RM'000	Total RM'000
Cost				
As at 1.1.2019, as restated	13,831	283	616	14,730
Additions	-	-	570	570
As at 31.12.2019	13,831	283	1,186	15,300
Accumulated depreciation				
As at 1.1.2019, as restated	2,160	118	565	2,843
Charge for the financial year	1,728	95	194	2,017
As at 31.12.2019	3,888	213	759	4,860
Net carrying amount				
As at 31.12.2019	9,943	70	427	10,440

(a) Short-term leases and low value assets

For short-term leases with lease term of 12 months or less and for leases of low-value assets of less than RM21,000, the Group has availed the exemption in MFRS 16 not to recognise the right-of-use assets and lease liabilities. Instead, payments made for these leases are recognised as expense when incurred (Note 24).

7. RIGHT-OF-USE ASSETS (CONTINUED)

(b) Significant judgements and assumptions in relation to leases

The Group assess at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

8. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2019	2018
	RM'000	RM'000
Unquoted shares, at cost	29,282	29,282
Unquoted shares, at deemed cost*	131,883	131,883
	161,165	161,165

*The Company measures the investment in subsidiary at deemed cost by reference to the carrying amount under the previous Financial Reporting Standards. The fair value at the date of initial application of the MFRS approximates the deemed cost.

Unless indicated otherwise, all the subsidiaries are incorporated in Malaysia and have the same reporting date as the Company. The details of the subsidiaries are as follows:

Name of subsidiary	**Effective equity interest**		**Principal activities**
	2019 %	2018 %	
Sycal Berhad	100	100	Investment holding and contactor for building and civil engineering
United Golden Mile Aviation Ltd *#	71	71	Inactive
Sycal ICC Properties Sdn. Bhd.	100	100	Property development and operator of convention hall facilities
Sycal Properties Sdn. Bhd.	100	100	Property development, property management and consultancy, turnkey contractor

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Effective equity interest 2019 %	Effective equity interest 2018 %	Principal activities
Sycal Resorts Sdn. Bhd.#	100	100	Property development, investment holding and operator of theme park
Subsidiaries of Sycal Berhad			
Sycal Kulai Sdn. Bhd.	100	100	Property development
Sycal Park Sdn. Bhd.	100	100	Property development
Sycal Plant & Machinery Sdn. Bhd.	100	100	Contractor for management and operator of plant and machinery
Cygal Industries Sdn. Bhd.	100	100	Dormant
Cygal Hotel Management Services Sdn. Bhd.	100	100	Dormant
Cygal Entertainment Sdn. Bhd.	82	82	Dormant
Sycal Concrete Sdn. Bhd.	70	70	Manufacturing and trading in ready mix concrete
Sycal Geotechnics Sdn. Bhd.	70	70	Dormant

Non-controlling interests in subsidiaries

Name of subsidiary	Effective equity interest 2019 %	Effective equity interest 2018 %	Principal activities
Cygal Entertainment Sdn. Bhd.	18	18	Dormant
Sycal Concrete Sdn. Bhd.	30	30	Manufacturing and trading in ready mix concrete
Sycal Geotechnics Sdn. Bhd.	30	30	Dormant
United Golden Mile Aviation Ltd*#	29	29	Inactive

* A company incorporated in Hong Kong
# Subsidiary companies audited other than RSM Malaysia

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follow:

	Sycal Concrete Sdn. Bhd.	
	2019	2018
	RM'000	RM'000
Carrying amount of NCI	2,991	3,344
(Loss)/Profit for the financial year attributable to NCI	(53)	209

Summarised financial information before intragroup elimination of Sycal Concrete Sdn. Bhd., a subsidiary company that has a material non-controlling interest is set out below:

	2019	2018
	RM'000	RM'000
As at 31 December		
Non-current assets	2,353	819
Current assets	12,434	16,222
Non-current liabilities	(839)	(250)
Current liabilities	(3,979)	(5,644)
Net assets	9,969	11,147
Year ended 31 December		
Revenue	26,113	33,586
(Loss)/Profit for the financial year	(175)	695
Total comprehensive (expense)/income	(175)	695
Cash flows generated from operating activities	1,546	3,991
Cash flows used in investing activities	(707)	(104)
Cash flows used in financing activities	(1,437)	(4,239)
Net decrease in cash and cash equivalents	(598)	(352)
Dividends paid to NCI	300	1,200

9. INVENTORIES

	Note	GROUP 2019 RM'000	2018 RM'000
Non-current			
At cost			
Land held for property development	(a)	59,029	58,514
At net realisable value			
Land held for property development	(b)	11,551	15,456
		70,580	73,970
Current			
At cost			
Held-for-sale properties		3,315	3,315
Property development cost	(c)	55,382	44,282
Completed units of development properties		16,765	17,029
Building materials		400	441
		75,862	65,067
At net realisable value			
Held-for-sale properties		6,400	6,954
Completed units of development properties		5,880	5,880
		12,280	12,834
		88,142	77,901
		158,722	151,871

(a) Land held for property development

	GROUP 2019 RM'000	2018 RM'000
Cost		
Balance as at 1 January		
- advances	47,149	1,000
- development costs	11,365	310
	58,514	1,310
Transferred from property development costs		
- advances (Note 7(c))	-	46,149
- development costs (Note 7(c))	515	11,055
	515	57,204
Balance as at 31 December	59,029	58,514

These are incurred in connection with the procurement of development rights from landowners in accordance with the terms of the Joint Venture Agreements.

(b) The freehold land has been pledged to financial institutions as security for term loan facility granted to a subsidiary as disclosed in Note 17 to the financial statements.

9. INVENTORIES (CONTINUED)

(c) Property development cost

	GROUP	
	2019	2018
	RM'000	RM'000
Freehold land, at cost		
At 1 January	3,646	27,659
Completed development project	-	(24,013)
At 31 December	3,646	3,646
Leasehold land, at cost		
At 1 January/31 December	2,050	2,050
Development rights, at cost		
At 1 January	7,123	7,823
Completed development project	-	(700)
At 31 December	7,123	7,123
Advances, at cost		
At 1 January	3,080	49,229
Transferred to land held for property development (Note 7 (a))	-	(46,149)
At 31 December	3,080	3,080
Development cost		
At 1 January	34,914	189,231
Incurred during the financial year	15,320	9,639
Transferred to land held for property development (Note 7 (a))	(515)	(11,055)
Completed development project	-	(150,232)
Transferred to completed units of development properties	-	(2,669)
At 31 December	49,719	34,914
	65,618	50,813
Accumulated costs charged to the profit or loss		
At 1 January	(6,531)	(175,877)
Cost charged to profit or loss for the financial year	(3,705)	(5,599)
Completed development project	-	174,945
At 31 December	(10,236)	(6,531)
	55,382	44,282

Included in development costs incurred during the financial year is borrowing costs of NIL (2018: RM0.559 million).

During the financial year, the amount of inventories recognised as an expense in cost of sales was RM 64.420 million (2018: RM53.272 million).

10. RECEIVABLES AND DEPOSITS

	Note	GROUP 2019 RM'000	GROUP 2018 RM'000	COMPANY 2019 RM'000	COMPANY 2018 RM'000
Non-current					
Prepayments		3,641	5,641	-	-
Current					
Trade receivables	(a)	185,046	206,119	-	-
Less: Impairment loss on trade receivables					
As at 1 January		(19,283)	(18,106)	-	-
Impairment during the financial year		-	(1,177)	-	-
As at 31 December		(19,283)	(19,283)	-	-
		165,763	186,836	-	-
Other receivables	(b)	59,237	20,173	-	-
Less: Impairment loss on other receivables					
As at 1 January		(229)	(44)	-	-
Impairment during the financial year		-	(229)	-	-
Written off		-	44	-	-
As at 31 December		(229)	(229)	-	-
		59,008	19,944	-	-
Amount due from related parties	(c)	21,189	20,744	-	-
Amount due from subsidiaries	(d)	-	-	5,424	5,424
Less: Impairment loss on amount due from subsidiaries					
As at 1 January/ 31 December		-	-	(2,605)	(2,605)
		-	-	2,819	2,819
Deposits		2,626	2,420	-	-
Prepayments		3,213	4,143	-	-
		251,799	234,087	2,819	2,819
		255,440	239,728	2,819	2,819

(a) The credit term offered by the Group in respect of trade receivables range from 30 to 120 (2018: 30 to 120) days. Other credit terms are assessed and approved on a case-by-case basis

Included in trade receivables is an amount of RM127.719 million (2018: RM145.492 million) that subject to an interest charge of 8.3% (2018: 8.3%) per annum.

Included in trade receivables is an amount of RM10.810 million (2018: RM10.642 million) representing contract sum retained in relation to contracting work performed.

10. RECEIVABLES AND DEPOSITS (CONTINUED)

(b) Included in other receivables:

	GROUP	
	2019 RM'000	2018 RM'000
Amount paid/payable net of amount received/ receivable on behalf under project management arrangement	19,005	14,477
Amount recoverable in respect of expenses incurred pursuant to former arrangements for the development of a project	2,952	3,007

Included in other receivables is an amount of RM36.518 million (2018: RM18.935 million) that subject to an interest charge of 8.3% (2018: 8.3%) per annum.

(c) The amount due from related parties represents amount due from SYC Capital Sdn. Bhd. ("SYC Capital") in respect of contracting and other related work done on SYC Capital's project. The amount is unsecured and is subject to an interest charge of 8.3% (2018: 8.3%) per annum.

(d) The amount due from subsidiaries are unsecured, interest free and repayable on demand.

As disclosed in Note 36 to the financial statements, the Group entered into a Composite Settlement Scheme with its Composite Debtors to partially settle the outstanding debts owing to the Group with contra payment of land/properties of Klebang Ipoh at a total value of RM98 million. The Composite Settlement Scheme was completed upon the execution of the Power of Attorney by the Group on 9 June 2020.

11. DEFERRED TAX ASSETS/(LIABILITIES)

	GROUP	
	2019 RM'000	2018 RM'000
As at 1 January	2,705	1,529
Amount recognised in profit or loss	1,079	1,176
As at 31 December	3,784	2,705
The amounts, determined after appropriate offsetting, are as follows:		
Deferred tax assets	4,696	4,696
Deferred tax liabilities	(912)	(1,991)
	3,784	2,705

11. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The components of the deferred tax assets and liabilities at the end of the financial year prior to offsetting are as follows:

	GROUP	
	2019	2018
	RM'000	RM'000
Deferred tax assets		
Unabsorbed capital allowances	1,228	868
Unabsorbed tax losses	4,341	4,666
	5,569	5,534
Deferred tax liabilities		
Excess of net book value over tax written down value of property, plant and equipment	(928)	(923)
Temporary differences in respect of inventories	(857)	(1,906)
	(1,785)	(2,829)
	3,784	2,705

12. CONTRACT ASSETS/(LIABILITIES)

		GROUP	
		2019	2018
	Note	RM'000	RM'000
Contract assets			
- construction contracts	(a)	14,865	15,248
- property development	(b)	-	356
		14,865	15,604
Contract liabilities			
- construction contracts	(a)	(34,955)	(36,332)
- property development	(b)	(3,050)	(5,094)
		(38,005)	(41,426)

(a) Contract assets and contract liabilities from construction contracts:

	GROUP	
	2019	2018
	RM'000	RM'000
Contract assets	14,865	15,248
Contract liabilities	(34,955)	(36,332)
	(20,090)	(21,084)

12. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

(a) Contract assets and contract liabilities from construction contracts (continued):

The movement of contract assets/(liabilities) from construction contracts is as follow:

	GROUP	
	2019	2018
	RM	RM
As at 1 January	(21,084)	16,061
Cost incurred and profit accrued during the year	35,079	33,602
Progress billings issued during the year	(34,085)	(70,747)
As at 31 December	(20,090)	(21,084)

The transaction price allocated to the unsatisfied performance obligations as at 31 December 2019 is RM145.028 million (2018: RM196.954 million) and is expected to be recognised from year 2020 to 2021.

(b) Contract assets and contract liabilities from property development:

	GROUP	
	2019	2018
	RM'000	RM'000
Contract assets	-	356
Contract liabilities	(3,050)	(5,094)
	(3,050)	(4,738)

The movement of contract assets/(liabilities) from property development is as follow:

	GROUP	
	2019	2018
	RM'000	RM'000
As at 1 January	(4,738)	(5,714)
Revenue recognised during the year	5,287	6,099
Progress billings during the year	(3,599)	(5,123)
As at 31 December	(3,050)	(4,738)

The transaction price allocated to the unsatisfied performance obligations as at 31 December 2019 is RM9.682 million (2018: RM10.097 million) and is expected to be recognised within one year.

13. SHARE CAPITAL

	GROUP AND COMPANY			
	Number of ordinary shares		Amount	
	2019	2018	2019	2018
	’000	’000	RM’000	RM’000
Issued and fully paid				
As at 1 January	416,325	347,250	120,764	103,495
Issuance of ordinary shares	-	69,075	-	17,269
As at 31 December	416,325	416,325	120,764	120,764

During the financial year ended 31 December 2018, the Company increased its issued and paid-up ordinary share capital from 347,249,560 ordinary shares to 416,324,428 ordinary shares by way of private placement of 69,074,868 new ordinary shares at an issue price of RM0.25 each.

The new ordinary shares issued during the financial year ended 31 December 2018 rank pari-passu in respect with the existing ordinary shares of the Company.

14. RESERVES

		GROUP		COMPANY	
		2019	2018	2019	2018
	Note	RM’000	RM’000	RM’000	RM’000
Non distributable:					
Capital reserve	(a)	34,770	34,770	34,770	34,770
Translation reserve	(b)	(1,008)	(1,047)	-	-
		33,762	33,723	34,770	34,770
Distributable:					
Retained earnings/ (Accumulated losses)		123,758	118,200	(1,130)	(863)
		157,520	151,923	33,640	33,907

(a) Capital reserve

The capital reserve represents the balance of the amount arising from par value reduction after set off against accumulated losses.

(b) Translation reserve

Translation reserve represent exchange differences arising from translation of the financial statement of a subsidiary whose functional currency differs from the Group’s presentation currency.

15. PAYABLES AND ACCRUALS

		GROUP		COMPANY	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Non-current					
Accruals	(a)	384	384	-	-
Current					
Trade payables	(b)	33,409	42,848	-	-
Amount due to related parties	(c)	98	98	-	-
Amount due to subsidiaries	(c)	-	-	9,208	8,981
Other payables	(d)	34,469	15,686	220	171
Accruals		24,160	2,782	155	164
Deposits received		4,532	2,468	-	-
		96,668	63,882	9,583	9,316
		97,052	64,266	9,583	9,316

(a) The non-current accruals of RM0.384 million (2018: RM0.384 million) represent landowner's entitlement payable under Joint Venture Agreement.

(b) The normal trade credit terms granted by trade payables to the Group range from 0 to 120 days (2018: 0 to 120 days).

Include in trade payables is contract sum retained in relation to the contract work performed amounting to RM8.519 million (2018: RM10.035 million).

(c) The amount due to related parties and subsidiaries are unsecured, interest free and repayable on demand.

(d) Included in other payables:

	GROUP	
	2019	2018
	RM'000	RM'000
Amount due to a director, Dato' Seow Yong Chin	4,754	192
Amount due to a former shareholder of a subsidiary	237	237
Amount due to former subsidiary	151	151
Unpaid consideration for acquisition of development land	370	1,120
Amount paid/payable net of amount received/receivable on behalf under project management arrangement	7,586	7,136

The amount due to a director, former shareholder of a subsidiary and former subsidiary are unsecured, interest free and repayable on demand.

16. LEASE LIABILITIES

	GROUP 2019 RM'000
Future minimum lease payment:	
- not later than 1 year	2,275
- later than 1 year and not later than 5 years	8,250
- more than 5 years	1,500
	12,025
Less: Future interest charges	(1,174)
Present value of lease liabilities	10,851
Repayable as follows:	
Current liabilities	
- not later than 1 year	1,907
Non-current liabilities	
- later than 1 year and not later than 5 years	7,467
- more than 5 years	1,477
	8,944
	10,851

The average term for lease liabilities ranges from 3 to 8 years and the effective interest rate on lease liability ranges from 3.45% to 3.70%.

17. BANK BORROWINGS

	GROUP	
	2019 RM'000	2018 RM'000
Current liabilities		
Revolving credit	1,528	1,530
Term loans (Note 18)	4,707	3,572
Hire purchase liabilities (Note 19)	1,137	1,433
	7,372	6,535
Non-current liabilities		
Term loans (Note 18)	39,623	46,507
Hire purchase liabilities (Note 19)	687	1,197
	40,310	47,704
	47,682	54,239
Total borrowings		
Revolving credit	1,528	1,530
Term loans (Note 18)	44,330	50,079
Hire purchase liabilities (Note 19)	1,824	2,630
	47,682	54,239

17. BANK BORROWINGS (CONTINUED)

The above bank borrowings were secured by way of:

(a) Third party first legal charge over a piece of joint-venture development land of a subsidiary as mentioned in Note 9;
(b) Freehold development land of a subsidiary;
(c) Certain property, plant and equipment of the Group as mentioned in Note 6;
(d) Fixed deposits of the Group;
(e) Personal guarantee by a director of the Company; and
(f) Corporate guarantee by the Company.

18. TERM LOANS

	GROUP	
	2019 RM'000	2018 RM'000
Term loan I at an effective interest rate at 1.75% per annum above the bank's base lending rate repayable by 60 equal monthly instalments of RM30,911 each commencing from June 2015	180	518
Term loan II at an effective interest rate at 1.75% per annum above the bank's base lending rate by 60 equal monthly instalments of RM164,341 each commencing from July 2014	-	1,122
Term loan III at an effective interest rate at 2.50% per annum above the bank's base lending rate by 84 equal monthly instalments of RM112,980 each commencing from January 2014	1,494	2,655
Term loan IV at an effective interest rate at 6.60% per annum above the bank's base lending rate by 120 equal monthly instalments of RM565,204 each commencing from October 2014	42,656	45,784
	44,330	50,079
Repayable as follows:		
Current liabilities		
- not later than 1 year	4,707	3,572
Non-current liabilities		
- later than 1 year and not later than 5 years	16,433	11,982
- more than 5 years	23,190	34,525
	39,623	46,507
	44,330	50,079

19. HIRE PURCHASE LIABILITIES

	GROUP	
	2019 RM'000	2018 RM'000
Minimum hire purchase payments:		
- not later than 1 year	1,211	1,557
- later than 1 year and not later than 5 years	713	1,241
	1,924	2,798
Less: Future interest charges	(100)	(168)
Present value of hire purchase liabilities	1,824	2,630
Repayable as follows:		
Current liabilities		
- not later than 1 year	1,137	1,433
Non-current liabilities		
- later than 1 year and not later than 5 years	687	1,197
	1,824	2,630

The average terms for hire purchase ranges from 3 to 7 (2018: 3 to 7) years and the effective interest rates on hire purchase ranges from 3.45% to 7.29% (2018: 4.37% to 8.36%) per annum.

20. DEFERRED LIABILITY

A subsidiary has been granted the right to develop a mixed development project on a piece of land. In return, the subsidiary is required amongst others, to pay certain amount of cash and deliver several units of the property on the project once they are completed.

The deferred liability represents the estimated fair value of the completed units of the property that are required to be delivered by the subsidiary to the landowner in the future.

21. PROVISIONS

GROUP	Anticipated cost in respect of development projects RM'000	Late delivery interest RM'000	Employee benefits – Short term accumulating compensated absences RM'000	Total RM'000
As at 1 January 2018	500	1,969	432	2,901
Reversal during the financial year	-	(668)	-	(668)
Utilisation during the financial year	-	(576)	(36)	(612)
As at 31 December 2018/1 January 2019	500	725	396	1,621
Reversal during the financial year	-	(31)	(309)	(340)
Utilisation during the financial year	-	(6)	-	(6)
As at 31 December 2019	500	688	87	1,275

22. REVENUE

	GROUP 2019 RM'000	GROUP 2018 RM'000
Revenue from contracts with customers		
- contract revenue	17,827	21,175
- consultation and project management fee	1,200	4,912
- property development revenue	6,246	7,945
- sales of goods and services	26,113	33,586
- property management income	2,583	3,461
	53,969	71,079
Timing of revenue recognition:		
- at a point in time	28,696	37,047
- over time	25,273	34,032
	53,969	71,079

23. COST OF SALES

	GROUP 2019 RM'000	GROUP 2018 RM'000
Cost of sale comprise:		
- contract cost	15,252	20,760
- property development expenses	4,418	6,303
- cost of sales and services	21,561	27,001
- property management costs	2,357	3,519
	43,588	57,583

24. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is stated after charging/(crediting):

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Allowance for impairment loss on				
- trade receivables	-	1,177	-	-
- other receivables	-	229	-	-
Auditors' remuneration				
~ statutory audit				
- current financial year	282	282	55	55
- overprovision in prior financial year	(5)	(1)	7	-
- other audit related expenses	-	38	-	12
- other services	-	25	-	2
Bad debts written off	-	62	-	-
Deposits written off	-	890	-	-
Depreciation of property, plant and equipment	2,959	3,001	-	-
Depreciation of right-of-use asset	2,017	-	-	-
Unrealised gain on foreign exchange	-	(117)	-	-
Hire of equipment	120	267	-	-
Interest expenses				
- hire purchase	159	185	-	-
- term loans	3,978	4,787	-	-
- revolving credit	117	108	-	-
- lease liabilities	433	-	-	-
- others				
- current financial year	88	192	-	-
- prior financial year	-	(81)	-	-
Interest income				
- fixed deposits	(115)	(137)	-	-
- receivable from a related party	(1,722)	(1,590)	-	-
- receivable from trade receivables	(15,168)	(12,574)	-	-
- others	(4)	(5)	-	-

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

Profit/(Loss) before taxation is stated after charging/(crediting): (continued)

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Inventories written down	4,459	1,522	-	-
Inventories written off		60	-	-
Loss on disposal of property, plant and equipment	-	1	-	-
Reversal of inventories written down	-	(463)	-	-
Reversal of provision for late delivery interest	(31)	(668)	-	-
Reversal of provision for liquidated ascertain damages	-	(2,700)	-	-
Reversal of short term accumulating compensated absences	(309)	-	-	-
Rental for machineries	(51)	(177)	-	-
Rental for premises	69	293	-	-
Utilisation of short term accumulating compensated absences	-	(36)	-	-
Staff cost (Note 26)	6,095	6,166	-	-
Directors' remuneration				
- Directors of the Company:				
- fees				
- current financial year	180	189	72	81
- prior financial year	-	(17)	-	(17)
- other emoluments				
- current financial year	1,231	1,254	-	13
- prior financial year	-	(92)	-	(12)
- EPF contributions	100	175	-	-
- Directors of the subsidiary companies				
- other emoluments				
- current financial year	385	568	-	-
- prior financial year	-	(24)	-	-
- EPF contributions	59	96	-	-

25. TAXATION

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current financial year				
- income tax	3,597	4,454	-	-
- deferred taxation	(1,118)	(1,125)	-	-
	2,479	3,329	-	-
(Over)/Under provision in prior financial year				
- income tax	(1,446)	11	-	-
- deferred taxation	39	(51)	-	-
	(1,407)	(40)	-	-
	1,072	3,289	-	-

A reconciliation of tax expense on financial results with the applicable statutory income tax rate is as follows:

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before taxation	6,843	6,061	(267)	(395)
Income tax at tax rate of 24%	1,642	1,455	(64)	(95)
Tax effect in respect of:				
Non-allowable expenses	2,013	3,677	64	95
Income not subject to tax	(1,196)	(1,742)	-	-
Deferred tax assets not recognised	16	15	-	-
Utilisation of deferred tax assets previously not recognised	-	(78)	-	-
Differences of tax rates in Hong Kong subsidiary	4	2	-	-
(Over)/Underprovision in prior financial year				
- income tax	(1,446)	11	-	-
- deferred taxation	39	(51)	-	-
Tax expense	1,072	3,289	-	-

25. TAXATION (CONTINUED)

As at 31 December 2019, the Group has the following deferred tax assets which are not recognised in the financial statements because it is not probable that future taxable income will be available to allow the deferred tax assets to be utilised:

	GROUP 2019 RM'000	GROUP 2018 RM'000
Excess of net carrying amount over tax written down value of property, plant and equipment	92	-
Unabsorbed capital allowances	18	13
Unabsorbed tax losses	915	915
	1,025	928

As at 31 December 2019, the Group has unabsorbed capital allowances and unabsorbed tax losses of approximately RM5.192 million and RM21.900 million (2018: RM3.671 million and RM 23.254 million) respectively, which are available to set off against future chargeable income.

With effect from year of assessment (YA) 2019, unabsorbed tax losses can only be carried forward for a maximum period of 7 consecutive YAs to be utilised against income from any business source and will be disregarded in YA 2026.

26. STAFF COSTS

	GROUP 2019 RM'000	GROUP 2018 RM'000
Salaries, wages, allowances and bonuses	5,416	5,491
EPF contributions	479	495
SOCSO contributions	55	58
Others staff related expenses	145	122
	6,095	6,166

27. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group made the following payments to purchase property, plant and equipment:

	GROUP 2019 RM'000	GROUP 2018 RM'000
Lease arrangements	937	200
Cash payments	10,050	15,310
	10,987	15,510

28. CASH AND CASH EQUIVALENTS

		GROUP		COMPANY	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Fixed deposit	(a)	4,729	3,640	-	-
Short term funds	(b)	-	3,000	-	-
Cash and bank balances	(c)	1,852	1,893	3	3
As reported in statements of financial position		6,581	8,533	3	3
Less: Fixed deposit pledged with a licensed bank		(4,057)	(2,663)	-	-
		2,524	5,870	3	3

(a) The effective interest rate of the fixed deposits at the reporting date was 3.35% (2018: 3.10%) per annum.

The maturity of the fixed deposit as at the end of the financial year was 12 months (2018: 12 months).

(b) Short term funds are funds that invest in short term money market instruments offered by financial institutions in Malaysia and are redeemable with a notice period of one to thirty days notice.

(c) Cash and bank balances include monies placed with licensed banks under Housing Development Accounts amounting to RM0.235 million (2018: RM0.231 million) by the subsidiaries. The utilisation of this balance is restricted for the property development activities.

29. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per ordinary share of the Group is calculated based on the profit attributable to owners of the Company divided by the weighted average number of shares in issue.

	2019	2018
	RM'000	RM'000
Profit attributable to owners of the Company	5,824	2,563
Weighted average number of ordinary shares in issue	416,325	395,890
Basic earnings per share (sen)	1.40	0.65

(b) Diluted earnings per share

There was no dilutive potential ordinary shares as at 31 December 2019.

30. SIGNIFICANT RELATED PARTY DISCLOSURES

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 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 party are subject to common control or common significant influence. 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. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group and the Company has related party relationship with its subsidiaries, directors and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transaction of the Group are as follows:

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest income receivable from a related party	(1,722)	(1,590)	-	-

Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including directors of that entity.

The remuneration of key management personnel during the financial year was as follows:

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Executive Director:				
Fees	120	48	72	-
Salaries, wages, allowances and bonuses				
- current financial year	1,231	1,241	-	-
- prior financial year	-	(80)	-	-
EPF contributions	100	175	-	-
	1,451	1,384	72	-
Non-Executive Director:				
Fees				
- current financial year	60	141	-	81
- prior financial year	-	(17)	-	(17)
EPF contributions				
- current financial year	-	13	-	13
- prior financial year	-	(12)	-	(12)
	60	125	-	65
	1,511	1,509	72	65

31. OPERATING SEGMENTS

The Group has 3 reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports on at least a quarterly basis. The following summary describes the operation in each of the Group's reportable segments:

Construction	- civil and building construction works
Property development	- property development, property management and consultancy
Manufacturing and trading	- manufacturing and trading in ready-mix concrete and trading in building materials

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Chief Executive Officer. Hence no disclosure is made on segment liability.

31. OPERATING SEGMENTS (CONTINUED)

	GROUP							
	Construction		Property Development and Management		Manufacturing and Trading		Total	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Segment (loss)/profit	(598)	1,402	1,861	1,918	517	1,428	1,780	4,748

Included in the measure of segment profit/(loss) are:

	Construction 2019 RM'000	Construction 2018 RM'000	Property Development and Management 2019 RM'000	Property Development and Management 2018 RM'000	Manufacturing and Trading 2019 RM'000	Manufacturing and Trading 2018 RM'000	Total 2019 RM'000	Total 2018 RM'000
Gross revenue	34,741	50,874	10,684	16,318	26,113	33,586	71,538	100,778
Less: Inter-segment revenue	(17,569)	(29,699)	-	-	-	-	(17,569)	(29,699)
Revenue from external customers	17,172	21,175	10,684	16,318	26,113	33,586	53,969	71,079
Allowance for impairment loss on								
- trade receivables	-	(1,177)	-	-	-	-	-	(1,177)
- other receivables	-	(229)	-	-	-	-	-	(229)
Bad debts written off	-	(62)	-	-	-	-	-	(62)
Deposits written off	-	(890)	-	-	-	-	-	(890)
Inventories written down	(554)	-	-	(1,522)	-	-	(554)	(1,522)
Reversal of inventories written down	-	463	-	-	-	-	-	463
Reversal of provision for liquidated ascertain damages	-	2,700	-	-	-	-	-	2,700
Reversal of provision for late delivery interest	-	-	31	121	-	-	31	121
Utilisation of short term accumulating compensated absences	274	40	35	(4)	-	-	309	36

31. OPERATING SEGMENTS (CONTINUED)

	GROUP							
	Construction		Property Development and Management		Manufacturing and Trading		Total	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Not included in the measure of segment profit but provided to Chief Executive Officer:								
Depreciation and amortisation	(1,558)	(1,678)	(864)	(812)	(537)	(511)	(2,959)	(3,001)
Finance costs	(542)	(882)	(4,164)	(4,305)	(69)	(4)	(4,775)	(5,191)
Interest income	8,841	8,362	8,151	5,928	17	16	17,009	14,306
Taxation	(1,462)	(1,241)	(446)	(2,600)	(101)	(234)	(2,009)	(4,075)
Segment assets	257,206	238,965	404,063	316,086	14,787	17,041	676,056	582,092
Included in the measure of segment assets are:								
Additions to non-current assets other than financial instruments and deferred tax assets	-	4	9,684	15,202	1,644	304	11,328	15,510

Reconciliations of reportable segments, profit or loss and assets and other material items:

Profit or loss	2019 RM'000	2018 RM'000
Total profit for reportable segments	1,780	4,748
Other non-reportable segments	(306)	(499)
Adjustments and eliminations	(3,906)	(4,302)
Depreciation of property, plant and equipment	(2,959)	(3,001)
Finance costs	(4,775)	(5,191)
Interest income	17,009	14,306
Consolidated profit before taxation	6,843	6,061

31. OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segments, profit or loss and assets and other material items (continued)

31 December 2019	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Interest income RM'000	Segments assets RM'000	Additions to non-current assets RM'000
Total reportable segments	71,538	(2,959)	(4,775)	17,009	676,056	11,328
Other non-reportable segments	-	-	-	-	3,271	-
Components not monitored by chief executive officer	-	-	-	-	4,696	-
Elimination of inter-segment transactions or balances	(17,569)	-	-	-	(186,280)	-
Consolidated total	53,969	(2,959)	(4,775)	17,009	497,743	11,328
31 December 2018						
Total reportable segments	100,778	(3,001)	(5,191)	14,306	582,092	15,510
Other non-reportable segments	-	-	-	-	3,348	-
Components not monitored by chief executive officer	-	-	-	-	4,696	-
Elimination of inter-segment transactions or balances	(29,699)	-	-	-	(130,695)	-
Consolidated total	71,079	(3,001)	(5,191)	14,306	459,441	15,510

Geographical segments

No geographical segment information is presented as the Group operates principally in Malaysia.

Major customers

Revenue from major customers of the Group amounted to RM28.735 million (2018: RM26.268 million) arising from construction, manufacturing and trading segment.

32. FINANCIAL RISK MANAGEMENT

The Group and the Company have exposure to the following risks from its use of financial instruments:

(a) Credit risk
(b) Market risk
(c) Liquidity risk

(a) Credit risk

Credit risk is the risk of a financial loss to the Group 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, contract assets and bank balances. The Company's exposure to credit risk arises principally from bank balances, amount due from subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Allowance for impairment losses are made and interest income is recognised in accordance with the relevant accounting policies or when deemed necessary based on estimates of expected losses that may arise from non-collection of debts from its business. Write off of debts against individual assessment are made only when avenues of recovery have been exhausted and the debts are deemed to be irrecoverable in the foreseeable future.

(i) Trade receivables

The Group's sales to customers are on credit terms of 90 to 120 days. The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount. Based on the credit evaluation, the customers are rated into three risk categories, namely low risk, medium risk and high risk.

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

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group.

When an account is more than 90 days past due, the credit risk is considered to have increased significantly since the initial recognition. The Group identifies as a default account if it is more than 90 days past due and the customer is having significant financial difficulties (analysed by financial measures of reported losses, negative cash flows, and qualitative evaluation of the customer's characteristics). The Group classifies an impaired receivable when a customer is in default, in liquidation or other financial reorganisation.

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(i) Trade receivables (continued)

For each significant receivable that is credit-impaired, individual lifetime ECL is recognised using the probability of default technique. The inputs used are: (i) the percent chance of default, and (ii) the expected cash shortfalls. The lifetime ECL is measured at the probability-weighted expected cash shortfalls by reference to the Company's past experience, current conditions and forecast of future economic benefits.

For significant receivables that are not individually credit-impaired and all other receivables, the Group uses a provision matrix that categories the different risk classes (low risk, medium risk and high risk) and the ageing profiles. The collective lifetime ECLs are measured based on the Group's past lost rate experiences, current conditions and forecast of future economic conditions. The past lost rates are adjusted upward in the measurement in worsening current conditions and forecasts of future macroeconomic conditions.

A receivable is written off only if there is no reasonable expectation of recovery. This is when an account is 90 days past due or the customer is experiencing significant financial difficulties, undertaking financial reorganisation or has gone bankrupt.

Concentration of credit risk

At the end of the reporting period, the Group has significant concentration of credit risk in the form of outstanding balance from amount due from related companies as disclosed in Note 10 to the financial statements and 4 customers (2018: 4 customers) representing 90% (2018: 90%) of the total net trade receivables, in which these balances are monitored closely.

The ageing analysis of trade receivables as at end of the reporting period was:

		GROUP	
	Gross amount RM'000	Individual impairment RM'000	Net amount RM'000
31 December 2019			
Not past due	17,123	-	17,123
Past due 1-30 days	2,182	-	2,182
Past due 31-60 days	1,571	-	1,571
Past due 61-90 days	713	-	713
Past due 91-120 days	383	-	383
Past due more than 120 days	163,074	(19,283)	143,791
	185,046	(19,283)	165,763

32. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(a) Credit risk (continued)

(i) Trade receivables (continued)

	GROUP		
	Gross amount RM'000	Individual impairment RM'000	Net amount RM'000
31 December 2018			
Not past due	46,962	-	46,962
Past due 1-30 days	4,460	-	4,460
Past due 31-60 days	507	-	507
Past due 61-90 days	310	-	310
Past due 91-120 days	676	-	676
Past due more than 120 days	153,204	(19,283)	133,921
	206,119	(19,283)	186,836

(ii) Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

The maximum exposure to credit risk amounted to RM51.609 million (2018: RM51.609 million) and RM133.821 million (2018: RM133.821 million) representing corporate guarantees issued to financial institutions for credit facilities granted to subsidiaries and corporated guarantees issued to third party for supply of goods to the subsidiaries respectively as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(iii) Inter-company balances

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

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.

Loans and advances are only provided to subsidiaries which are wholly owned by the Company.

32. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(a) Credit risk (continued)

(iii) Inter-company balances (continued)

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries. Nevertheless, an appropriate allowance will be made subsequently if the debt-owing company's financial condition is considered not satisfactory, regardless of whether it still carries on business operation, and there is insufficient evidence to indicate that its financial condition would improve in the foreseeable future.

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's and the Company's financial position or cash flows.

(i) Currency risk

The Group has a 71%-owned subsidiary company, United Golden Mile Aviation Ltd., which operates in Hong Kong and whose revenue and expenses are denominated primarily in US Dollars and Hong Kong Dollars.

The exposure to foreign currency risk arises from the Group's foreign entity is not material and hence, sensitivity analysis is not presented.

(ii) Interest rate risk

The Group's exposure to interest rate risk relates primarily to deposits and debt obligations with financial institutions.

The interest rates on the Group's debt obligations are comparable to interest rates of similar instruments in the market and is managed through a fair mix of fixed and floating rate debts. The Group does not generally hedge interest rate risk as it does not invest significantly in activities that require interest rates hedging.

Fixed deposits are placed with licensed banks to satisfy conditions for bank facilities granted to the Group. Excess funds are placed with reputable banks to generate interest income. The Group manages its interest rate risk by monitoring market rates and placing such funds with varying maturity periods.

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

(ii) Interest rate risk (continued)

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	GROUP	
	2019	2018
	RM'000	RM'000
Fixed rate instruments		
Financial assets	190,155	185,171
Financial liabilities	(12,675)	(2,630)
	177,480	182,541
Floating rate instruments		
Financial liabilities	(45,858)	(51,609)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

The exposure of cash flow rate risk arises from floating rate instruments of the Group is not material and hence, sensitivity analysis is not presented.

(c) Liquidity risk

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

The Group and the Company 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.

32. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(c) Liquidity risk (continued)

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

GROUP	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-5 years RM'000	More than 5 years RM'000
31 December 2019						
Lease liabilities	10,851	3.45% to 3.70%	12,050	2,275	8,250	1,500
Borrowings	47,682	3.45% to 9.40%	64,682	9,850	27,356	27,476
Deferred liability	2,966	-	2,966	-	2,966	-
Trade and other payables	92,520	-	92,520	92,136	384	-
	154,019		172,218	104,261	38,956	28,976
31 December 2018						
Borrowings	54,239	4.37% to 9.40%	77,664	10,838	27,182	39,644
Deferred liability	2,966	-	2,966	-	2,966	-
Trade and other payables	61,798	-	61,798	61,414	384	-
	119,003		142,428	72,252	30,532	39,644

32. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(c) Liquidity risk (continued)

COMPANY	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000
31 December 2019				
Other payables	9,583	-	9,583	9,583
31 December 2018				
Other payables	9,316	-	9,316	9,316

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings approximate fair values due to the relatively short-term nature of these financial instruments. As borrowing are obtained from licensed financial institution at the prevailing market rate, the carrying amount of these financial liabilities approximate the fair value.

It was not practicable to estimate the fair value of the Company's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

Policy of transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2019: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Fair value which is determine for disclosure purposes, is calculated based on the present value of future principal and interest cash flow, discounted at the market rate of interest at the reporting period.

Interest rates used to determine fair value.

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	2019	2018
Bank borrowings	3.45% - 9.40%	4.37% - 9.40%

34. CAPITAL MANAGEMENT

The Group's and Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group and the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on the Group and the Company net gearing (times). The Group's and the Company's net gearing (times) is calculated as net debts divided by total equity. Net debt comprises bank borrowings less cash and cash equivalents.

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Lease liabilities	10,851	-	-	-
Bank borrowings	47,682	54,239	-	-
Less: Cash and cash equivalents	(2,524)	(5,870)	(3)	(3)
Net debts	56,009	48,369	(3)	(3)
Total equity	281,275	276,031	154,404	154,671
Debt to equity ratio	0.20	0.18	N/A	N/A

35. SIGNIFICANT CHANGES TO ACCOUNTING POLICIES

During the financial year, the Group adopted MFRS 16.

Definition of a lease

On transition to MFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

Where the Group is a lessee, the Group applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 January 2019.

At 1 January 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. The weighted-average rates applied ranges from 3.45% to 3.70%.

Right-of-use assets are measured at either:

(a) their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate as at 1 January 2019; or

(b) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

(a) applied multiple discount rates to a portfolio of leases with similar characteristics;
(b) applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 January 2019;
(c) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
(d) used hindsight when determining the lease term if the contract contains options to extent or terminate the lease.

36. SIGNIFICANT EVENT

(a) Composite Settlement Scheme

At the end of the financial year, the Group entered into a Composite Settlement Scheme with Harta Mesra Development Sdn. Bhd. and its related parties, namely SYC Capital Sdn. Bhd., Greenridge Commerce Sdn. Bhd., Prima Ace Sdn. Bhd. and Marina Cove Resort Management Sdn. Bhd. (“Composite Debtors”) to partially settle the outstanding debts owing to the Group with contra payment of land/properties at Klebang Ipoh at a total value of RM98,000,000 which owned by Harta Mesra Development Sdn. Bhd. The Composite Settlement Scheme was completed upon the execution of the Power of Attorney by the Group on 9 June 2020.

(b) Material litigation

On 21 June 2016 the Adjudicator awarded Sycal Berhad ("Sycal"), a wholly-owned subsidiary of the Company, a total sum of RM15.6 million, together with interest and costs (Awarded Sum) to be paid by Guangxi Dev & Cap Sdn Bhd ("GDC"), a customer involved in property development, for construction works done and related services rendered.

On 9 March 2017 the High Court dismissed GDC’s application to set aside the Awarded Sum. GDC then filed an appeal to the Court of Appeal. On 2 March 2018 the Court of Appeal set aside the High Court’s decision and the Awarded Sum. Sycal had consulted its legal advisor and has on 28 March 2018 applied for leave from Federal Court to appeal against the Court of Appeal’s decision.

On 20 April 2018, Sycal filed a Notice of Motion for a stay of the Court of Appeal's decision on 2 March 2018. The Court of Appeal allowed Sycal's Stay Application at the Court of Appeal on 25 May 2018, where it is conditioned upon the payment of the judgement sum amounting to RM0.492 million to a joint solicitors' account.

On 21 November 2018, the Federal Court allowed Sycal's leave to appeal to the Federal Court. Sycal is now contemplating further courses of action.

The eventual outcome of the litigation is not expected to have a material and adverse impact as adequate allowance has been made in the financial statements to recognise the possible impairment on this receivable.

(c) Status of Corporate Proposals

As announced by SJ Securities Sdn. Bhd. on behalf of the Company on 6 December 2019, the Company proposes to undertake proposed renounceable rights issue of up to 6,244,866,420 irredeemable convertible preference shares (“ICPS”) on the basis of 15 ICPS for every 1 existing ordinary share in the Company held on an entitlement date to be determined later at an issue price of RM0.01 per ICPS and proposed adoption of new Constitution of SVB to conform to the Companies Act 2016 and to facilitate the issuance of ICPS (“Proposals”). An EGM will be held to seek the shareholders’ approval on the Proposals.

37. SUBSEQUENT EVENT

After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the globe. The Group and the Company is paying close attention to the development of, and the disruption to, business and economic activities caused by the COVID-19 outbreak and evaluate its impact on the financial position, cash flows and operating results of the Group and the Company. Given the dynamic nature of the COVID-19 outbreak, it is not practicable to provide a reasonable estimate of its impact on the Company's financial position, cash flows and operating results at the date of this report.

Since the outbreak of COVID-19, the Government of Malaysia (the "Government") has responded to major public health emergencies and implemented Movement Control Order (the "Order") to curb the spread of COVID-19. Pursuant to the Order, all Government and private premises except those involved with national essential services have to be temporarily closed. As part of our efforts to facilitate the prevention and control of the COVID-19 pandemic and ensure the health and safety of our employees and customers, the Board had decided to temporarily close its offices from 19 March 2020 to 3 May 2020. The Directors are of the view that such measures are merely temporary and will not have any material impact on the operations of the Group and the Company in the long run.

There had been no material changes on the business operation of the Group and the Company since 31 December 2019.

38. OTHER INFORMATION

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

(b) The registered office is situated at:

Lot 4.03A, 4th Floor, Plaza Prima
4 ½ Miles, Jalan Kelang Lama
58200 Kuala Lumpur

(c) The principal place of business is situated at:

Lot 4.21, 4th Floor, Plaza Prima
4 ½ Miles, Jalan Kelang Lama
58200 Kuala Lumpur

(d) The financial statements are expressed in Ringgit Malaysia ("RM"), which is also the Group's and the Company's functional currency.

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

SYCAL VENTURES BERHAD
Registration No. 200101011895 (547651-U)
(Incorporated in Malaysia)

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

We, the undersigned, being two of the directors of **SYCAL VENTURES BERHAD (Registration No. 200101011895 (547651-U))** do hereby state that, in the opinion of the directors, the financial statements set out on pages 32 to 103 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 state of affairs of the Group and of the Company as at 31 December 2019 and of the financial results and cash flows of the Group and of the Company for the financial year ended on that date.

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

SYED ZAIN AL-KUDCY BIN DATO' SYED MAHMOOD

DATO' SEOW YONG CHIN

Kuala Lumpur

26 June 2020

SYCAL VENTURES BERHAD
Registration No. 200101011895 (547651-U)
(Incorporated in Malaysia)

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

I, **DATO' SEOW YONG CHIN**, being the director primarily responsible for the financial management of **SYCAL VENTURES BERHAD (Registration No. 200101011895 (547651-U))** do solemnly and sincerely declare that the financial statements set out on pages 32 to 103 are to the best of my knowledge and belief, 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.

DATO' SEOW YONG CHIN

Subscribed and solemnly declared
by the abovenamed at Kuala Lumpur
in the Federal Territory on 26 June 2020

Before me

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SYCAL VENTURES BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sycal Ventures Berhad, which comprise the statements of financial position as at 31 December 2019 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 32 to 103.

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 December 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company for the financial year ended 31 December 2018 were audited by another firm of chartered accountants whose report dated 23 April 2019, expressed an unqualified opinion.

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' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of held-for-sale properties and completed properties The carrying amount of held-for-sale properties and completed properties stood at RM32.360 million as at 31 December 2019. Held-for sale properties and completed properties are classified as inventories and are carried at the lower of cost or net realisable value. Management's annual assessment of net realisable value of held-for-sale properties and completed properties is significant to our audit because it is based on assumptions that are affected by expected future market and economic conditions.	The details of our work performed are as follows: - We compared the recent transacted prices of comparable held-for-sale and completed properties, after taking into consideration of the discount given, or where applicable, for certain properties, reviewed valuation reports obtained by management to facilitate the assessment. Based on the above procedures performed, we did not identify any material exceptions.
Impairment of trade and other receivables The recoverability of trade and other receivables and allowance for impairment of trade and other receivables are considered to be significant risk due to the pervasive nature of these balances to the financial statements and affect the working capital management of the business.	The details of our work performed are as follows: - We assessed the recoverability of significant outstanding balances exceeding the credit term granted and the adequacy of allowance for impairment of trade and other receivables; and - We assessed the fair value of the properties owned by debtors that will be used to contra the amount owed by them. Based on the above procedures performed, we did not identify any material exceptions.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue and costs recognition on construction contracts and property development Revenue and costs from construction contracts and property development activities are recognised based on the stage of completion of respective contracts. Significant management's judgements and estimates are involved in the estimation of budgeted property development costs (which is used to determine the percentage of completion and gross profit margin of construction contracts and property development activities of the Group). Estimation of budgeted construction contracts and property development costs requires management to exercise significant judgement in considering the completeness and accuracy of forecast costs to complete the contracts, including obligations to contract variations and cost contingencies.	The details of our work performed are as follows: - We evaluated the reliability and reasonableness of the management's key judgements used in the estimation of budgeted costs by evaluating the management's key judgements used in the estimation of the budgeted costs; - We verified the budgeted revenue by examining the signed sales and purchase agreement and intended selling price of the unsold units to the latest transacted selling price; - We performed re-computation on the calculation of percentage of completion to ascertain there is no mathematical error which may render in the over/understatement of profit recognition; - We reviewed the stage of completion of all on-going development projects to determine if there is any exposure to the late ascertained damages and ascertain the adequacy of provision for late ascertained damages, if any; and - We reviewed the recognition of revenue and cost from property development activities whether in accordance with MFRS 15 *Revenue from Contracts with Customers*. Based on the above procedures performed, we did not identify any material exceptions.

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 Audit Committee Report, Corporate Governance Statement, Statement on Risk Management and Internal Control, Sustainability Statement, Management Discussion and Analysis and Directors' Report included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SYCAL VENTURES BERHAD (CONTINUED)

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 or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, is disclosed in Note 8 to the financial statements.

Other Matters

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

RSM Malaysia
AF: 0768
Chartered Accountants

Yong Kam Fei
02562/07/2020 J
Chartered Accountant

Kuala Lumpur

26 June 2020

ADDITIONAL DISCLOSURE REQUIREMENTS

Utilization of Proceeds

There were no proceeds raised by the Company from any corporate proposals during the financial year ended 31 December 2019.

Share Buy-Backs

During the financial year, the Company did not enter into any share buy-backs transactions.

Options, Warrants or Convertible Securities

No options, warrants or convertible securities were exercised by the Company in the financial year.

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

Sanctions or Penalties

There were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

Non-Audit Fees

There was no non-audit fee paid/payable to the external auditors by the Group during the financial year other than as disclosed in the Notes to the Financial Statements.

Variation in Results, Profit Estimates or Projection

The Company did not release any profit estimate, forecast, or projection for the financial year.

Profit Guarantee

During the financial year, there was no profit guarantee given by the Company and its subsidiaries.

Material Contract Involving Directors' and Major Shareholders' Interest

There was no material contract entered into by the Company and its subsidiaries which involved Directors' and/or major shareholders' interests subsisting at the end of the financial year ended 31 December 2019 or entered into since the end of the previous financial year.

Revaluation Policy on Landed Properties

The Company has not adopted a policy of regular revaluation of its landed properties and does not have any revaluation done on the landed properties.

Recurrent Related Party Transactions

There was no recurrent related party transaction during the financial year ended 31 December 2019 other than those disclosed in the financial statements.

Corporate Social Responsibility (CSR)

The Company is aware of its Corporate Social Responsibility and endeavours to operate as a responsible and ethical corporate entity.

The Group also remains committed to ensuring the occupational safety and health of all employees at their workplace through increased awareness, accountability and continual training geared towards the conduct of all activities in an environmentally responsible, safe and healthy manner.

ANALYSIS OF SHAREHOLDINGS AS AT 10 JUNE 2020

1. TYPE OF SECURITIES

Class of Shares : Ordinary shares
Total number of issued shares : 416,324,428
Voting Rights : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Category	No. of Holders	%	No. of Holdings	%
1 - 99	292	9.43	11,609	0.00
100 - 1,000	833	26.90	583,543	0.14
1,001 - 10,000	1,160	37.46	5,262,142	1.26
10,001 - 100,000	673	21.73	24,224,900	5.82
100,001 to 20,816,220	134	4.33	199,591,066	47.94
20,816,221 and above	5	0.16	186,651,168	44.83
Total	**3,097**	**100.00**	**416,324,428**	**100.00**

SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES)

Name of Substantial Shareholders	Direct Holdings		Indirect Holdings (excluding bare trustees)	
	No.	%	No.	%
Hew Kok Long	0	0.00	++ 28,918,824	6.95
Teo Kok Keong	0	0.00	++ 28,918,824	6.95
Mohd Wazir Bin Khalid	0	0.00	+ 22,306,048	5.36
Suzanna Binti Mohd Nor	0	0.00	+ 22,306,048	5.36
Westhill Capital Sdn Bhd	0	0.00	* 28,918,824	6.95
Fantastic Hallmark Sdn Bhd	0	0.00	* 22,306,048	5.36
Dato' Seow Yong Chin	*51,181,980	12.29	# 17,176,632	4.13
Ace Credit (M) Sdn Bhd	* 23,677,300	5.69	0	0.00
West Emerald Isle Sdn Bhd	96,074,868	23.086	0	0.00
Chua Seng Oun	408,300	0.09	@ 96,074,868	23.08
Chua Seng Boon	6,980,000	1.68	@ 96,074,868	23.08

++ *Deemed interest through Westhill Capital Sdn Bhd.*
+ *Deemed interest through Fantastic Hallmark Sdn Bhd.*
* *All held through nominee companies.*
# *Deemed interest through Cygal Holdings Sdn Bhd and SYC Holdings Sdn Bhd.*
@ *Deemed interest through West Emerald Isle Sdn Bhd.*

THIRTY LARGEST SHAREHOLDERS

(without aggregating the securities from different securities accounts belonging to the same Depositor)

	Name	Holdings	%
1	WEST EMERALD ISLE SDN BHD	96,074,868	23.08
2	JF APEX NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR ACE CREDIT (M) SDN BHD (STA1)	23,677,300	5.69
3	KENANGA NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR WESTHILL CAPITAL SDN BHD	22,682,500	5.45
4	KENANGA NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR FANTASTIC HALLMARK SDN BHD	22,242,000	5.34
5	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR SEOW YONG CHIN (MGN-SYC0001M)	21,974,500	5.28
6	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LOH CHEN YOOK (8089132)	16,000,000	3.84
7	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR WASTE ENVIRONMENT SERVICES SDN BHD	14,967,762	3.60
8	TA NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR SEOW YONG CHIN	11,390,446	2.74
9	DOH JEE MING	11,247,000	2.70
10	LEE HONG KING	11,000,000	2.64
11	PUBLIC NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR DOH TEE LEONG (E-TAI/STW)	10,500,000	2.52
12	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR SYC HOLDINGS SDN BHD (MGN-SYC0001M)	10,130,628	2.43
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR SEOW YONG CHIN	7,320,784	1.76
14	CHUA SENG BOON	6,280,000	1.51
15	KENANGA NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR GM AERO SUPPORT SDN BHD (THIRD PARTY)	6,157,700	1.48
16	KENANGA NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR GM AERO SUPPORT SDN BHD (THIRD PARTY)	6,157,700	1.48
17	MERCSEC NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR SIOW WONG YEN @ SIOW KWANG HWA	6,000,000	1.44
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR WESTHILL CAPITAL SDN BHD	5,700,000	1.37
19	UOBM NOMINEES (TEMPATAN) SDN BHD - UNITED OVERSEAS BANK (MALAYSIA) BHD	4,226,480	1.02

THIRTY LARGEST SHAREHOLDERS *(cont'd)*

(without aggregating the securities from different securities accounts belonging to the same Depositor)

20	SUNGAI KASA SDN BHD	3,885,100	0.93
21	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR SEOW YONG CHIN (7000888)	3,530,000	0.85
22	FLORA LUXURY SDN BHD	3,527,200	0.85
23	RHB NOMINEES (TEMPATAN) SDN BHD- PLEDGED SECURITIES ACCOUNT FOR DOH JEE MING	3,253,000	0.78
24	SEOW YONG CHIN	3,170,000	0.76
25	CIMSEC NOMINEES (TEMPATAN) SDN BHD - CIMB BANK FOR LOH CHEN YOOK (PB-0J0051)	3,000,000	0.72
26	HLB NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CYGAL HOLDINGS SDN BHD (HLFCHSB/104)	2,599,500	0.62
27	PUBLIC NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR TAN CHIA HONG @ GAN CHIA HONG (E-TMR)	2,500,000	0.60
28	MAYBANK NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR SEOW	2,115,000	0.51
29	LIM KANG POW	2,111,800	0.51
30	PATRICIA LING	1,925,000	0.46
		345,346,268	**82.95**

STATEMENT OF DIRECTORS' INTERESTS AS AT 10 JUNE 2020

(i) ***Interest in the Company***

	Name of Directors	No. of shares held Direct Interest	 Deemed Interest
1.	Dato' Sri Haji Abd Rahim Bin Haji Abdul	-	-
2.	Dato' Seow Yong Chin	*51,181,980 (12.29%)	#17,176,632 (4.13%)
3.	Chin Kok Wah	* 637,500 (0.15%)	-
4.	Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	** 543,750 (0.13%)	@ 5,643,750 (1.36%)
5.	Tan Sri Dato' Seri Dr Ting Chew Peh	-	-
6.	Dato' Abdul Wahid Bin Ahmad Shuhaime	-	-
7.	Tee Lay Peng	-	-

* *All held through nominee companies.*
** *539,250 shares held through nominee companies.*
\# *Deemed interest through Cygal Holdings Sdn Bhd and SYC Holdings Sdn Bhd.*
@ *Deemed interest through Cygal Holdings Sdn Bhd.*

(ii) ***Interest in Related Company***

Other than as disclosed below, there are no other Directors of the Company who have interest, direct or indirect, in company related to Sycal Ventures Berhad:-

(a) Dato' Seow Yong Chin and Syed Zain Al-Kudcy Bin Dato' Syed Mahmood are deemed to be interested to the extent of the number of shares held by the Company in its subsidiary companies by virtue of their direct and indirect shareholding in the Company. List of subsidiary companies of the Company and effective equity interest held are disclosed in Note 8 of the Notes to the Financial Statements.

(b) Shareholding of Dato' Seow Yong Chin and Syed Zain Al-Kudcy Bin Dato' Syed Mahmood in Cygal Holdings Sdn Bhd, a shareholder holding 5,643,750 ordinary shares or 1.34% equity interest in the Company as at 10 June 2020, are as disclosed below:-

	Name	No. of Shares held Direct	 Deemed Interest
1.	Dato' Seow Yong Chin	585,002 (39.00%)	-
2.	Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	385,998 (25.73%)	-

(b) Shareholding of Dato' Seow Yong Chin in SYC Holdings Sdn Bhd, a shareholder holding 11,532,882 ordinary shares or 2.77% equity interest in the Company as at 10 June 2020, are as disclosed below:-

	Name	No. of Shares held Direct	 Deemed Interest
1	Dato' Seow Yong Chin	1 (50.00%)	-

LIST OF MAJOR PROPERTIES OF THE GROUP AS AT 31 DECEMBER 2019

List of completed properties as included in the Group's Non-Current Assets are as follows:-

Location	Tenure	Land area	Description	Age of Property	Existing Use	Net carrying value @ 31.12.2019 (RM'000)	Date of Acquisition
Federal Territory							
Lot 4.21, 4th Floor, Plaza Prima, 4 ½ Mile, Old Klang Road, 58200 Kuala Lumpur	Freehold	6,029 sq ft	Commercial + Office building	> 20 years	Office	645	12 August 1994
Perak							
Lot PT 285242, Bandar Ipoh, Daerah Kinta Bandar Ipoh, Negeri Perak	Leasehold	0.852 acres	Commercial (Hotel)	-	Building construction in progress	37,883	1 August 2017
Johor							
CT 13811, Lot 6019, Mukim of Senai-Kulai District of Johor Bahru	Freehold	5.37 acres	Development land	-	Development	5,179	6 September 1997

PROXY FORM

SYCAL VENTURES BERHAD
(547651-U)

No. of shares held	
CDS account no.	

I/We, ………………………………………….………………………………… (Company/NRIC/Passport No. ……….…………………...) of ………..….…......………………...…………………………………………… …………………………………..being a member of the abovenamed Company, hereby appoint …………………..…………………………………. (NRIC/Passport No. ……….……………………...) of ...……………...………………………………………………………………………………. or failing him, ………….…………………………….….…. (NRIC/Passport No. ………..…………………….……...) of ……………………………………..……………………..……..………………. as my/our proxy to vote for me/us on my/our behalf at the 19th Annual General Meeting of the Company, to be held at Hotel Pullman Kuala Lumpur Bangsar, Studio III, Level 3, Jalan Pantai Baru, 58000 Kuala Lumpur on 6th August 2020 at 10.00 a.m., and at any adjournment thereof as indicated:-

No.	**Resolutions**	**For**	**Against**
1.	Re-election of Dato' Seow Yong Chin as Director		
2.	Re-election of Mr Chin Kok Wah as Director		
3.	Re-election of Dato' Magaret Ting Thien Hung as Director		
4.	Approve payment of Directors' fee for financial year ended 31 December 2019		
5.	To appoint Messrs. RSM as Auditors and to authorise the Directors to fix their remuneration		
6.	Authority to allot and issue shares pursuant to 75 and 76 of the Companies Act, 2016		

Please indicate with a cross ("X") in the appropriate box against each Resolution how you wish your proxy to vote. If this proxy form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he think fit.

Signed this ……………. day of …………………….., 2020.

….…………………………………….
Signature / Common Seal of Member

Notes:-

1. Only depositors whose names appear on the Record of Depositor as at 29th July 2020 shall be entitled to attend, speak and vote at this meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares 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.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorized.
7. The instrument appointing a proxy must be deposited at the Company's Registered Office at Lot 4.03A, 4th Floor, Plaza Prima, 4½ Miles, Jalan Kelang Lama, 58200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.