SCANWOLF®

Scanwolf Corporation Berhad

200601021156 (740909-T)

Annual Report 2020

Aim for the Success,
Sprint Further

Aim for the Success, ***Sprint Further***

As Scanwolf Corporation Berhad has gone through hardships, the Company advances further to achieve the extraordinary. The Company understands the importance of preparation and has overcome challenges, reaching the finish line and is prepared for greater goals ahead. Scanwolf Corporation Berhad will continue to seek for opportunities, strategises plans for its business and shall expand greater in global market, set forth towards the finish line.

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of the Company will be held at Conference 1, Level 2, WEIL Hotel Ipoh, 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak on Friday, 27 November 2020 at 10:30 am for the following purposes:-

AGENDA

As Ordinary Business:

1. To receive the Audited Financial Statements of the Company for the financial year ended 30 June 2020 together with the Reports of the Directors and Auditors thereon. **Please refer to the Explanatory Notes**

2. To approve the payment of Directors' fees and Directors' benefits of RM171,050 for the financial year ended 30 June 2020. **(Ordinary Resolution 1)**

3. To re-elect Mr. Ong Sing Guan who retires in accordance with the Article 95 of the Company's Constitution. **(Ordinary Resolution 2)**

4. To re-elect Mr. Lau Tiang Hua who retires in accordance with the Article 102 of the Company's Constitution. **(Ordinary Resolution 3)**

5. To re-elect Mr. Liew Peng Chuen @ Liew Ah Choy who retires in accordance with the Article 102 of the Company's Constitution. **(Ordinary Resolution 4)**

6. To re-elect Encik Saffie Bin Bakar who retires in accordance with the Article 102 of the Company's Constitution. **(Ordinary Resolution 5)**

7. To re-appoint Russell Bedford LC & Company as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

As Special Business :

To consider and if thought fit, to pass with or without modifications the following resolution:-

8. **ORDINARY RESOLUTION**
   - AUTHORITY TO ISSUE SHARES
   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at such 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 does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **(Ordinary Resolution 7)**

9. To transact any other business for which due notices shall have been given in accordance with the Companies Act 2016.

By Order of the Board,

CHEE WAI HONG (BC/C/1470)
SSM PC NO.: 202008001804
TAN SHE CHIA (MAICSA 7055087)
SSM PC NO.: 202008001923
Company Secretaries

Penang

Date : 28 October 2020

Notes :

1. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

2. The proxy form must be duly completed and deposited at the Registered Office of the Company, 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.

3. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.

4. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares to the credit of the said securities account.

7. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

8. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to the Article 69 of the Company's Constitution and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("**ROD**") as at **19 November 2020** and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.

9. All resolutions as set out in this notice of Fourteenth Annual General Meeting are to be voted by poll.

10. Members/proxies/corporate representatives who wish to attend Fourteenth Annual General Meeting in person **ARE REQUIRED TO PRE-REGISTER** with the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("**TIIH**"), via the **TIIH Online** website at https://tiih.online no later than **Wednesday, 25 November 2020** at **10.30 a.m.** Please follow the Pre-Register Procedures in the Administrative Guide of Fourteenth Annual General Meeting.

Explanatory Note on Ordinary Business
Item 1 of the Agenda
To receive the Audited Financial Statements for the financial year ended 30 June 2020 together with the Reports of the Directors and Auditors thereon.
This item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require shareholders' approval for the audited financial statements. Therefore, this item will not be put forward for voting.

Ordinary Resolution 1 – Payment of Directors' fees and Directors' benefits
The Proposed Ordinary Resolution 1, if passed, will authorise the payment of Directors' fees and Directors' benefits pursuant to Article 104 of the Company's Constitution and Section 230(1) of the Companies Act 2016.

Explanatory Note on Special Business
Ordinary Resolution 7 – Authority to Issue Shares
The proposed Ordinary Resolution 7, if passed, primarily to renew the mandate to give authority to the Board of Directors of the Company to issue and allot shares in the Company up to an amount not exceeding 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company without convening a general meeting. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

Explanatory Note on Special Business (Cont'd)
Ordinary Resolution 7 – Authority to Issue Shares (Cont'd)
As at the date of this Notice, 9,542,800 ordinary shares were issued at an issue price of RM0.07 per placement share (via private placement) pursuant to Section 75 and Section 76 of the Companies Act 2016 under the general authority which was approved at the Thirteenth Annual General Meeting held on 29 November 2019 and which will lapse at the conclusion of the Fourteenth Annual General Meeting to be held on 27 November 2020. The total proceeds raised of RM667,996 has been fully utilised as follows:-

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000
Working capital	548	607[#]
Expenses in relation to private placement	120	61[#]
Total	668	668

The actual expenses in relation to private placement are lower than budgeted, the excess has been used for working capital purposes.

A renewal of this authority is being sought at the Fourteenth Annual General Meeting under proposed Ordinary Resolution 7.

Bursa Malaysia Securities Berhad had vide its letter dated 16 April 2020 granted greater flexibility for listed issuers to raise fund quickly and efficiently through an increased general mandate limit for new issue of securities from the existing 10% to not more than 20% of the total number of issued shares (excluding treasury shares) ("**20% General Mandate**") to assist and support listed issuers in these trying and challenging times due to the COVID-19 pandemic.

This authority if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, acquisition(s) and/or settlement of banking facility(ies).

The Board, having considered the current financial position, challenging economic outlook, strategic planning and capacity of the Group, is of the opinion that the 20% General Mandate is in the best interest of the Company and its shareholders.

PERSONAL DATA POLICY
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or it agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"). (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming Annual General Meeting.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed Ordinary Resolution 7 as stated in the Notice of Annual General Meeting of the Company for the details.

ADMINISTRATIVE GUIDE

Fourteenth Annual General Meeting of Scanwolf Corporation Berhad

Date	:	**Friday, 27 November 2020**
Time	:	**10.30 a.m.**
Venue of Meeting	:	**Conference 1, Level 2, WEIL Hotel Ipoh, 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak**
Time & Place of Registration	:	**From 9.15 a.m. onwards** **Conference 1, Level 2, WEIL Hotel Ipoh, 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak**

COVID-19: PUBLIC HEALTH PRECAUTIONARY MEASURES

The Board of Directors ("**Board**") is cognisant of the COVID-19 pandemic as declared by the World Health Organisation which, to-date, is still subsisting. The health and safety of the Company's members, Directors, staff and other stakeholders is of paramount concern for the Company. In view of the foregoing, the Company wishes to advise members that necessary steps and measures will be undertaken in holding the Company's Fourteenth Annual General Meeting ("**14th AGM**" or "**AGM**"):

1. In view of the COVID-19 pandemic and further to the "Guidance and FAQs on the Conduct of General Meetings for Listed Issuers" issued by the Securities Commission, members/proxies/corporate representatives who wish to attend the 14th AGM in person **ARE REQUIRED TO PRE-REGISTER** with the Company's share registrar, Tricor Investor & Issuing House Services Sdn Bhd ("**Share Registrar**", "**Tricor**", or "**TIIH**"), via the TIIH Online website at https://tiih.online no later than **Wednesday, 25 November 2020** at **10.30 a.m.** Alternatively, you may also appoint the Chairman of the meeting as your proxy to attend and vote on your behalf at this AGM.

2. VENUE AND SEATING ARRANGEMENT

- As a precautionary measure, the Company reserves the right to limit the number of physical attendees to be accommodated at the venue.
- In order to assist the Company in managing the turnout for the 14th AGM, members/proxies/corporate representatives are required to pre-register with the Company's Share Registrar, via the **TIIH Online** website at https://tiih.online, if the members/proxies/corporate representatives wish to attend the 14th AGM in person.
- Social distancing would be practised at all times. Members who attend the 14th AGM should maintain at least 1 metre (3 feet) distance between him/herself.
- Seats in the 14th AGM venue would be placed at least one metre (3 feet) apart from one another.

3. OTHER IMPORTANT INFORMATION

- If any of the members/proxies/corporate representatives ("**Persons**") have travelled overseas to China (including mainland China, SAR Hong Kong, SAR Macau and Taiwan), Italy, Iran, Korea, Japan and other affected countries in the past 14 days or if a Person is unwell with fever, dry cough, tiredness, sore throat, aches and pains, nasal congestion, runny nose, diarrhea or shortness of breath, they must seek medical attention and quarantine themselves at home. Under such circumstances, the Persons are advised to appoint the Chairman of the meeting as their proxy to attend and vote on their behalf at the AGM.
- Generally, any Persons who:

  (a) feel unwell before the 14th AGM; or
  (b) have been placed on quarantine orders or stay-at-home notices; or
  (c) have a travel history to certain countries/regions in the specified period preceding the 14th AGM, as announced by the Ministry of Health, must not attend the 14th AGM in person, and instead are strongly encouraged to appoint the Chairman of this AGM as their proxy to attend and vote on their behalf at the AGM.

- For Persons who are physically attending the 14th AGM, temperature screening on each Person will be taken during registration and the Persons will be required to sign a health declaration form and provide their travel history and contact details (to facilitate contact tracing, if required) before entering the venue of the 14th AGM.
- As a precautionary measure, the Company reserves the right to deny any Persons with body temperature of above 37.5°C entry into the 14th AGM venue.
- Any Persons attending the 14th AGM physically should wear a face mask in advance and throughout the 14th AGM and practice proper self-sanitisation, including the use of hand sanitisers.

4. INDIVIDUAL MEMBERS

- All Members who intend to attend the 14th AGM in person **ARE REQUIRED TO PRE-REGISTER** with Tricor via **TIIH Online** website (https://tiih.online) latest by **Wednesday, 25 November 2020** at **10.30 a.m.** Kindly refer to the Pre-Register procedures below.

  Members who are unable to attend the AGM and who wished to exercise their votes are encouraged to appoint the Chairman of the Meeting to vote on your behalf by indicating the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

5. CORPORATE MEMBERS

- Corporate members who wish to appoint corporate representatives instead of a proxy to attend and vote at the 14th AGM, must deposit their original or duly certified certificate of appointment of corporate representative to the Registered Office of the Company not later than **Wednesday, 25 November 2020** at **10.30 a.m.**

- Attorneys appointed by power of attorney are required to deposit their power of attorney to the Registered Office of the Company not later than **Wednesday, 25 November 2020** at **10.30 a.m.** to attend and vote at the 14th AGM.

- **A member who has appointed a proxy/attorney/corporate representative to attend and vote at the 14th AGM must request his/her proxy/attorney/corporate representative to submit their Pre-Register at TIIH Online website at https://tiih.online.**

- If a corporate member (through its corporate representative(s) or appointed proxy(ies)) is unable to attend the 14th AGM you may appoint the Chairman of the Meeting as your proxy and indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

6. PRE-REGISTER PROCEDURES

Members/proxies/corporate representatives/attorneys who wish to attend and vote at the 14th AGM are to follow the requirements and procedures as summarised below:

	Procedure	Action
BEFORE AGM DAY		
(a)	Register as a user with TIIH Online	• Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services". Refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again. You will receive an **e-mail to notify** you that the remote participation is available for registration at TIIH Online.
(b)	Submit your PRE-REGISTER to attend AGM	• **Registration is open from 10.00 a.m. Wednesday, 28 October 2020 up to 10.30 a.m. Wednesday, 25 November 2020.** • Login with your user ID and password and select the corporate event: "**(REGISTRATION) SCANWOLF 14TH AGM**". • Read and agree to the Terms & Conditions and confirm the Declaration. • Insert the CDS account number and indicate the number of shares. • Submit to register your physical attendance. • System will send an **e-mail to notify** that your registration to attend the AGM physically is received and will be verified. • After verification of your registration against the General Meeting Record of Depositors as at **19 November 2020**, the system will send you an **e-mail to notify** if your registration is approved or rejected.

7. NO DOOR GIFT/FOOD VOUCHER/REFRESHMENT

There will be **no distribution/provision of door gifts or food vouchers or refreshment** for the 14th AGM in order to ensure social distancing and as a measure to reduce crowds in accordance with the COVID-19 guidelines by the Ministry of Health.

We would like to thank our members for your kind co-operation and understanding in these challenging times.

8. GENERAL MEETING RECORD OF DEPOSITORS ("ROD")

Only a depositor whose name appears on the ROD as at **19 November 2020** shall be entitled to attend, speak and vote at the 14^{th} AGM or appoint proxies to attend and/or vote on his/her behalf.

9. PROXY

- If you are unable to attend the meeting on 27 November 2020, you may appoint the Chairman of the meeting as proxy and indicate the voting instructions in the Proxy Form.

- You may submit your Proxy Form to the Registered Office of the Company. However, please ensure that the **Original Proxy Form** is deposited at the Registered Office of the Company at 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the 14^{th} AGM, otherwise the Proxy Form shall not be treated as valid.

10. POLL VOTING

- The Voting at the 14^{th} AGM will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Company has appointed Tricor Investor & Issuing House Services Sdn. Bhd. as Poll Administrator to conduct the poll by way of paper voting and Asia Securites Sdn Bhd as Scrutineers to verify the poll results.

- During this AGM, the Chairman will brief on the voting procedures. The voting session will commence as soon as the Chairman calls for the poll to be opened.

- Upon completion of the voting session for the 14^{th} AGM, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

11. ANNUAL REPORT 2020

- The Company's Annual Report 2020 is available at the Company's website at http://scanwolf.listedcompany.com/ar.html.

- You may request for a printed copy of the Annual Report 2020 at https://tiih.online by selecting "Request for Annual Report / Circular" under the "Investor Services". Nevertheless, we hope that you would consider the environment before you decide to request for the printed copy.

12. REGISTRATION

1. Registration will start at 9.15 a.m. in Conference 1, Level 2, WEIL Hotel Ipoh, 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak.

2. Please present your original MyKad/passport to the registration staff for verification.

3. Upon verification, you are required to write your name, mobile contact and sign the Attendance List placed on the registration table.

4. You will be given an identification wristband for the purpose of voting at this AGM.

5. You must wear the identification wristband throughout the AGM as no person will be allowed to enter the meeting hall without the identification wristband. There will be no replacement in the event you lose or misplace the identification wristband.

6. If you are attending the meeting as a member as well as a proxy, you will be registered once and will be given only one identification wristband to enter the meeting hall.

7. No person will be allowed to register on behalf of another person even with the original MyKad/passport of the other person.

13. HELP DESK

1. Please proceed to the Help Desk for any clarification or queries apart from registration details.

2. The Help Desk will also handle revocation of proxy's appointment.

14. RECORDING OR PHOTOGRAPHY

Strictly **NO** unauthorised recording or photography of the proceedings of the 14th AGM is allowed.

15. ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line	:	+603-2783 9299	
Fax Number	:	+603-2783 9222	
Email	:	is.enquiry@my.tricorglobal.com	
Contact Persons	:	Mr. Jake Too	: +603-2783 9285 / Email : Chee.Onn.Too@my.tricorglobal.com
	:	Ms. Vivien Khoh	: +603-2783 9091 / Email : Vivien.Khoh@my.tricorglobal.com
	:	Mr. Alven Lai	: +603-2783 9283 / Email : Siew.Wai.Lai@my.tricorglobal.com

CORPORATE INFORMATION

Board of Directors

BOARD OF DIRECTORS

Mr. Lau Tiang Hua
Non-Independent Non-Executive Director/Chairman
(appointed on 26 June 2020)

Dato' Tan Sin Keat
Executive Director

Mr. Ng Chee Wai
Executive Director

Mr. Ong Sing Guan
Independent Non-Executive Director

Mr. Liew Peng Chuen @ Liew Ah Choy
Independent Non-Executive Director
(appointed on 28 August 2020)

Encik Saffie Bin Bakar
Independent Non-Executive Director
(appointed on 28 August 2020)

Dato' Ong Boon Aun @ Jaymes Ong
Independent Non-Executive Director
(resigned on 1 September 2020)

Dato' Loo Bin Keong
Executive Director
(deceased on 17 March 2020)

Tuan Abdul Hamid Bin Abdul Shukor
Independent Non-Executive Director
(resigned on 1 September 2020)

Dato' Ibrahim Bin Saleh
Independent Non-Executive Director
(resigned on 1 September 2020)

AUDIT COMMITTEE

Chairman
Mr. Ong Sing Guan
Members
Mr. Liew Peng Chuen @ Liew Ah Choy
(appointed on 1 September 2020)
Encik Saffie Bin Bakar
(appointed on 1 September 2020)

REMUNERATION COMMITTEE

Chairman
Encik Saffie Bin Bakar
(appointed on 1 September 2020)
Members
Mr. Liew Peng Chuen @ Liew Ah Choy
(appointed on 1 September 2020)
Mr. Ong Sing Guan

NOMINATION COMMITTEE

Chairman
Mr. Liew Peng Chuen @ Liew Ah Choy
(appointed on 1 September 2020)
Members
Mr. Ong Sing Guan
Encik Saffie Bin Bakar
(appointed on 1 September 2020)

COMPANY SECRETARIES

Mr. Chee Wai Hong
(BC/C/1470)
SSM PC NO: 202008001804
Ms. Tan She Chia
(MAICSA 7055087)
SSM PC NO: 202008001923

REGISTERED OFFICE

51-13-A, Menara BHL Bank,
Jalan Sultan Ahmad Shah,
10050 Georgetown,
Penang, Malaysia.

Tel: 04-228 9700
Fax: 04-227 9800

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia.

Tricor Customer Service Centre:

Unit G-3, Ground Floor
Vertical Podium
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

Tel No.: 03-2783 9299
Fax No. : 03-2783 9222
E-mail: is.enquiry@my.tricorglobal.com
Website: www.tricorglobal.com

BUSINESS ADDRESS

No.19, 19A, 19B & 19C
Jalan Pusat Perniagaan Falim 5
Pusat Perniagaan Falim
30200 Ipoh, Perak.

Tel No.: 05-285 0063
Fax No.: 05-285 0272

PRINCIPAL BANKERS

RHB Bank Berhad
Malayan Banking Berhad
Pac Lease Berhad

AUDITORS

Russell Bedford LC & Company
Chartered Accountants
Suite 37, Level 21, Mercu 3
No.3, Jalan Bangsar KL Eco City
59200 Kuala Lumpur.

Tel No. : 03-2202 6666
Fax No. : 03-2202 6699

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Stock Name: SCNWOLF
Stock Code: 7239
Sector: IND-PROD

DIRECTORS' PROFILE

Mr. Lau Tiang Hua
Non-Independent Non-Executive Director/Chairman

Mr. Lau Tiang Hua, Malaysian, age 67, male, was appointed as Independent Non-Executive Director on 26 June 2020 and re-designated to Non-Independent Non-Executive Director on 21 July 2020. He was subsequently designated as Non-Independent Non-Executive Chairman on 28 August 2020.

He is a member of the Malaysian Institute of Certified Public Accountants ("CPA"), Malaysian Institute of Accountants and Chartered Tax Institute of Malaysia. He articled with Peat, Marwick, Mitchell & Co and qualified as a CPA in the year 1979 and later served as an Audit Manager with Arthur Young & Co. Thereafter, in 1981, Mr. Lau joined a major newspaper company as an Accountant and was subsequently promoted to the position of General Manager for Finance and Administration. In the year 1985, he established his own accounting practice, JB Lau & Associates, which has since become a member firm of Grant Thornton International Ltd in 2008. He is currently the Managing Partner of the Penang practice of Grant Thornton.

Mr. Lau also sits on the Board of Tomei Consolidated Berhad as an Independent Non-Executive Director. He does not have any family relationship with any other director of the Company. He is the spouse of Mrs. Bernadette Jeanne De Souza, major shareholder of the Company.

Dato' Tan Sin Keat
Executive Director

Dato' Tan Sin Keat, Malaysian, age 56, male, was appointed as Executive Director on 2 April 2007. He is one of the founders of Scanwolf Plastic Industries Sdn. Bhd. and still serves as the Executive Director.

Dato' Tan Sin Keat has more than 20 years experience in the extrusion industry and is currently responsible for the product and business development aspect of the Group. His skill, knowledge and experience in various areas of polyvinyl chloride ("PVC") extrusion business, including machinery fabrication and colour matching, contributed immensely to the growth of the Group.

Dato' Tan was conferred Darjah Indera Mahkota Pahang (D.I.M.P.) by Kebawah Duli Yang Maha Mulia Sultan Pahang Darul Makmur Sultan Haji Ahmad Shah on 20 May 2014.

He does not hold any directorships in any other public companies and listed issuers.

Mr. Ng Chee Wai
Executive Director

Mr. Ng Chee Wai, Malaysian, age 45, male, was appointed as Executive Director on 1 July 2019.

He is a member of Malaysian Institute of Accountants of Malaysia. He is a Chartered Accountant of Malaysian Institute of Accountants and Certified Public Accountant of The Malaysian Institute of Certified Public Accountant.

He graduated with Bachelor of Management Studies major in Accounting from University of Waikato, New Zealand.

He was with PriceWaterhouseCoopers before joined Scanwolf Plastic Industries Sdn. Bhd. in 2005 as an Accountant and was subsequently promoted to Financial Controller in 2014 and Chief Financial Officer of Scanwolf Group on 28 November 2017.

In 2007, he was involved in the Initial Public Offering exercise of Scanwolf Corporation Berhad. He oversees all financial matters and holds the responsibility for establishing and executing on the Company's strategy.

He does not hold any directorship in any other public companies and listed issuers.

Mr. Ong Sing Guan

Independent Non- Executive Director

Mr. Ong Sing Guan, Malaysian, age 54, male, was appointed as an Independent Non-Executive Director of the Company. He resigned on 3 June 2015 and was re-appointed to the Board on 13 July 2015. He is a member of Malaysia Institute of Accountants and Chartered Tax Institute of Malaysia. Mr. Ong Sing Guan graduated with Chartered Accountant of Malaysia Institute of Accountants and Diploma In Financial Accounting from Tunku Abdul Rahman College.

Mr. Ong Sing Guan was a Senior Tax Consultant (Tax Manager) in PricewaterhouseCoopers from 1992 to 2005. He joined Best Store Corporation Sdn. Bhd. as Financial Controller/General Manager from 2005 to 2011. He moved to Konsortium Bas Express Semenanjung (M) Sdn. Bhd. as Financial Controller from 2011 to 2012. Presently, he is the Director of T.H. Yew & Co.

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

He does not hold any directorships in any other public companies and listed issuers.

Mr. Liew Peng Chuen @ Liew Ah Choy

Independent Non-Executive Director

Mr. Liew Peng Chuen @ Liew Ah Choy, Malaysian, age 72, male, was appointed as Independent Non-Executive Director on 28 August 2020. He graduated with a Bachelor's Degree [Honors] with major in Law from London Metropolitan University. He is currently a member of Malaysian Bar Council and has obtained the Malaysian Certificate in Legal Practice.

He has more than 40 years experiences in the Malaysian media industry. He began his media career in the New Straits Times in 1969 and joined The Star in 1977, where he became Group Chief Editor in 1983. He resigned in 1986 to study law in England, and rejoined The Star in 1989 as Editorial Consultant after he was called to the Malaysian Bar. He left in 1992 to join the Westmont group, where he was appointed as an Executive Director of Westmont Land (Asia) Berhad. In 1995, he returned to the publishing industry by joining Nanyang Press Holdings Berhad ("NPHB") as Senior General Manager and was later re-designated as the Chief Operating Officer of NPHB. The following year, he joined the Sin Chew Media Group, where he became Group Chief Executive Officer. In 2001, he was appointed as Group Managing Director of NPHB until he retired in 2006 and has been in legal practice as a partner in Messrs CH Yeoh & Yiew since 2007.

He sits on the Board of PUC Berhad and Sin Chew Media Corporation Berhad.

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

Encik Saffie Bin Bakar

Independent Non-Executive Director

Encik Saffie Bin Bakar, Malaysian, age 67, was appointed as Independent Non-Executive Director on 28 August 2020. He graduated with a Bachelor of Arts (Honors) majoring in Geography in 1977 and subsequently received a Postgraduate Diploma in Public Administration (DPA) from the Faculty of Economics and Administration, University of Malaya, Kuala Lumpur, Malaysia in 1978. In 1988, he obtained his Master of Business Administration (MBA) from the United States International University (USIU) (ALLIANT) in San Diego, California, USA.

He has more than 42 years of experience specializing in management with extensive knowledge and skills in industrial project planning, internal auditing, corporate governance, business development, property development, human resources management, project management, cross-border investment / Foreign Direct Investment (FDI), mining exploration, privatization, corporate advisory transactions including Initial Public Offering (IPO), Reverse Takeovers (RTO), Mergers and Acquisitions (M&A) and General Offer (GO).

He was attached to the Perlis State Government, Malaysia from May 1978 to August 1983, during which he served as Director of Perlis State Economic Planning Unit (SEPU). He joined Perlis State Economic Development Corporation (SEDC) in September 1983 as Business Development Manager until his optional retirement from the Government Service in August 1994.

He had undergone numerous training programs with the World Bank, UNDP, UNCTC, University of California, Berkeley, USA, University of Hong Kong and Catholic University of Leuven, Belgium. Between August 1978 and March 1981, he also received in-house training in the "State and Rural Development Project" (SRDP), which was funded by the Malaysia Economics Affairs Ministry (MEA) and organized by UNDP and the World Bank. He became a Local Counterpart to the Regional Planning Advisor, the Industrial Project Advisor and the Infrastructure Project Advisor who are all World Bank experts.

He is a Chartered Audit Committee Director (CACD) of The Institute of Internal Auditors Malaysia (IIAM) since 2008 and also a life member of Malaysian Drug Prevention Association.

Between September 1994 to December 2016, he was the Advisor to Shorubber (Malaysia) Sdn. Bhd., a wholly owned subsidiary of SHOWA Group, a Japanese Own-Brand Manufacturer (OBM) and exporter of industrial gloves.

Currently, he is a Chairman/Independent Non-Executive Director of EKA Noodles Berhad, Independent Non-Executive Director of AE Multi Holdings Berhad (AEM) and MESB Berhad, which he is a member of the Board of Directors since 2004 and Chairman of the Board of Directors since 2016.

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

Other Information:-

- **Directors' Shareholdings**
  Details of Directors' shareholdings in the Company are as disclosed on page 105 of the Annual Report 2020.

- **Family Relationship with Directors and Major Shareholders**
  None of the Directors of the Company have any family relationship with any Director and/or major shareholder of the Company, save for Mr. Lau Tiang Hua, details of which are as disclosed in his profile at page 10 of the Annual Report 2020.

- **Conflict of interest**
  All the Directors of the Company have no conflict of interest with the Company.

- **Conviction of Offences or public sanction or penalty imposed by the relevant regulatory bodies**
  Save for Encik Saffie Bin Bakar, none of the Directors of the Company have any convictions for offences (other than traffic offences) within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2020 :-

  On 22 November 2019, Encik Saffie Bin Bakar paid a compound amounting to RM450.00 to the Companies Commission of Malaysia in breach of Section 135(1) and Section 135(2) of the Companies Act 1965, due to the late notification on his dealing in securities in a public listed company.

- **Attendance of the Board Meetings**
  The attendance of the Directors is disclosed in the Corporate Governance Overview Statement of this Annual Report.

PROFILE OF KEY SENIOR MANAGEMENT

Dato' Tan Sin Keat

Aged: 56, Malaysian, Male
Executive Director of Manufacturing Division

Dato' Tan's profile is set out on page 10 of this Annual Report.

Mr. Ng Chee Wai

Aged: 45, Malaysian, Male
Executive Director/Chief Financial Offier

Mr. Ng's profile is set out on page 10 of this Annual Report.

CHAIRMAN'S STATEMENT

Dear Shareholders,

As I pen this message, the Covid-19 pandemic has not shown any sign of abating. On the contrary, there is an upsurge of cases in almost all the countries infected. Unless those vaccines currently under trial are successful, the world will continue to face uncertainties and challenges. This pandemic has created havoc in the global economy – disrupting supply chains of businesses and inter-country travel especially air transport which have resulted in the closure of businesses and a surge of unemployment.

Malaysia has not been spared this unprecedented event. Fortunately our government acted fast to impose Movement Control Order ("**MCO**") from 18 March 2020 to contain the spread of the virus. Inevitably our local economy took a beating. However, our government relaxed the MCO with a Conditional MCO ("**CMCO**") on 4 May 2020 where essential businesses and services were allowed to open but with strict observation of standard operating procedures in place. To further open the economy, the CMCO was replaced with a Recovery MCO from 10 June 2020 until 31 December 2020.

Our Group's business was negatively impacted by this development. Your Board has taken cognizance of the situation and has identified areas for improvement to turn around the Group's financial performance in the near future. In this respect, our Group will adopt the following strategy going forward:

1. Upgrade our machines for productivity and efficiency
2. Monetise our inventory of completed development units at the township of Kampar Putra
3. Identify viable and sustainable business for acquisition or joint venture
4. Undertake a fund raising exercise

The above strategy when implemented successfully will strengthen our Group's financial position and create value for our shareholders.

The task ahead is not an easy one but your Board is committed to deliver value to all the shareholders.

In conclusion, I would like to thank the outgoing directors for their services to the Company and extend a warm welcome to Mr. Liew Peng Chuen @ Liew Ah Choy and Encik Saffie Bin Bakar to the Board, both of whom I am confident will help to turn around the Group. I would also like to thank my fellow directors for your resolve and commitment to the Group.

On behalf of the Board, my heartfelt thanks to you, our bankers, customers, suppliers, service providers, government agencies, regulatory bodies and employees for your unwavering support to our Group.

Last but not least, together we extend our heartfelt appreciation to the family of our late founder, Dato' Loo Bin Keong, who had successfully guided our Company to be listed in Bursa Securities in the year 2007.

With your continuous support, we are inspired to deliver.

Stay safe. Stay healthy.

John Lau
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Business and Operation

Scanwolf Corporation Berhad ("**Scanwolf**") and its subsidiary companies ("**The Group**") are involved in the manufacturing of plastics extrusion products in Malaysia. Scanwolf was listed on the Second Board of Bursa Malaysia Securities Berhad on 16 July 2007 and was subsequently moved to the Main Board on 3 August 2009.

Scanwolf diversified its business into property development in March 2012 and manufacturing of luxury vinyl flooring in July 2019.

<u>Manufacturing Division</u>

The Group has plastic extrusion manufacturing plant and warehouse in Tronoh, Perak and a warehouse in Shah Alam, Selangor under a wholly owned subsidiary, Scanwolf Plastic Industries Sdn. Bhd. ("**SPI**").

Scanwolf is expanding its business into manufacturer of vinyl flooring since first quarter of 2020. The manufacturing plant is located in Tronoh, Perak.

For the financial year ended ("**FYE**") 2020, 35% (2019: 39%) of the revenue was contributed by export sales. Scanwolf is continue to strive to deliver revenue from local and export markets, as well as continue exercise cautions in order to navigate through the challenging environment by implementation of key initiatives to optimise cost and improve operational efficiencies.

<u>Property Division</u>

The projects of the Group remain in Kampar, Perak, close to of Universiti Tunku Abdul Rahman and Hospital UTAR, and upcoming UTAR hospital, integrated bus terminal and general hospital.

The new integrated bus terminal Kampar Putra comprises commercial, leisure and hospitality facilities, with phase one made up of a public bus terminal located on the ground level of the complex.

The general hospital with 150-bed would be constructed on a 28 acres piece of land near Kampung Changkat Baru in the Kampar district, which is close to the projects. The current 68-bed Kampar Hospital constructed in 1951 on a hill slope was no longer suitable due to space constraint.

Financial Review

The Group registered a revenue of RM30.9 million in the financial year ended 30 June 2020 as compared to RM48.7 million in the previous financial year.

The Group registered a profit before tax of RM1.9 million in the financial year under review as compared to the loss before tax of RM5.8 million in the preceding financial year.

Financial Position

Scanwolf's capital management strategy is to focus on maintaining a low and healthy gearing ratio whilst creating and maximising shareholders' value.

As at 30 June 2020, cash and cash equivalents stood at RM0.5 million (2019: RM0.8 million). Debts to equity ratio have improve to 0.87 from 0.84 in previous year.

As at 30 June 2020, Scanwolf still have sufficient banking facilities for working capital expenditure.

On a per share basis, net assets attributable to shareholders stood at RM0.36 (2019: RM0.38).

Outlook and Prospects

The Covid-19 pandemic has threatened global economic recovery and the various phases of MCO implemented by the Government have significantly affected the economy and disrupted the business and operations of the Group.

The Group is of the view that business sentiments remain challenging in view of the Covid-19 pandemic that has yet to abate.

Manufacturing Division

The Group will continuously strive to increase its operational efficiency while leveraging on its product quality to enhance its competitiveness in the global market. Since the diversification into flooring business, the Group is expecting great demand for flooring.

Property Division

The Group continue to employ our approach of selling existing inventory whilst strategically pacing new launches according to market demand.

Dividend Policy

The Company does not have a dividend payout policy. However, the Company will consider to declare a dividend payout when the Company has excess funds and after looking at the capital commitments, working capital requirement and earnings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**the Board**") recognizes the importance of good corporate governance and will continue to ensure that the highest standard of corporate governance is practiced throughout the Group. The principles and best practices set out in the Malaysian Code on Corporate Governance 2017 ("**MCCG**" or "**the Code**") and pursuant to Paragraph 15.25 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements have been complied by the Group wherever possible in observing the highest standard of transparency, accountability and integrity unless otherwise stated. The Board has also provided specific disclosures on the application of each Practice in its Corporate Governance Report ("**CG Report**"). The CG Report was announced together with the Annual Report of the Company on 28 October 2020. Shareholders may obtain this CG Report by accessing this link www.scanwolf.com for further details.

Principle A - Board Leadership and Effectiveness

I) Board Responsibilities

The Board is responsible and retained full and effective control over the affairs of the Group. The Board is primarily focus on the overall strategic planning for the Group which includes reviewing the annual business plan and budget prepared by management. In addition the Board performs quarterly review of business and financial performance and periodically review on the efficiency of internal controls and risk management ensuring any deficiency is promptly corrected.

The Independent Non-Executive Directors further strengthen the Board in providing unbiased and independent view, advice and judgment. They also contribute to the formulation of policies and decision making process through their expertise and experience.

The Company practices a division of responsibilities between the Non-Independent Non-Executive Chairman and the Executive Directors. Their roles are separated and clearly defined to ensure a balance of power and authority, increased accountability and greater capacity of the Board for independent decision-making.

Board Charter

The Board has overall responsibility for the proper conduct of the Group. The Company has adopted a Board Charter that clearly sets out the respective roles and responsibilities of the Board to ensure accountability.

The Board Charter will be reviewed periodically to ensure it remains consistent with the Board's objectives and to take into consideration any development in rules and regulations that may have an impact on the discharge of the Board's duties and responsibilities. The Board Charter is made publicly available on the Company's website at www.scanwolf.com in line with Practice 2.1 of the Code.

Code of Conduct and Ethics

The Company's Codes of Conduct and Ethics for Directors continue to govern the standards of ethics and good conduct expected of Directors. The Code of Conduct and Ethics for Directors includes principles relating to corporate governance; conflict of interest; relationship with employees; shareholders and business partners; social responsibilities and environmental commitment; compliance with laws, rules and regulations and dealings in securities are available at the Company's website at www.scanwolf.com in line with Practice 3.1 of the Code.

Whistle Blowing Policy

The Company acknowledges the importance of policy and procedures on whistleblowing and thereby, set out a Whistleblowing Policy to delineate whistleblowing procedures as an independent feedback avenue for employees and stakeholders to raise matters of concern in good faith and without fear of reprisal should they require to use the available whistleblowing channels.

Sustainability

The Board is also mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environmental, social, health and safety, staff welfare and governance aspects are taken into consideration. A corporate sustainability statement is set out in this Annual Report.

Principle A - Board Leadership and Effectiveness (Cont'd)

I) Board Responsibilities (Cont'd)

Supply of and Access to Information

The Board members have full and unrestricted access to information on the Group's business and affairs in discharging their duties. Prior to the meetings, all Directors are provided with sufficient and timely reports and supporting documents which are circulated in advance of each meeting to ensure sufficient time is given to understand the key issues and contents. In addition, the Board is kept informed of the updates and requirements issued by Bursa Malaysia Securities Berhad and various regulatory authorities.

Where necessary, the Directors may obtain independent professional advice at the Company's expense on specific issues to enable the Board to discharge their duties on the matters being deliberated.

The Board has direct access to the advice and services of the Company Secretaries who are responsible to advise the Board on matter concerning compliance and governance of the Company. The Company Secretaries also ensure that all Board procedures are followed and that applicable laws and regulations are complied with. The appointment and removal of the Company Secretaries lies within the power of the Board.

Board Meetings

The Board meets regularly at least 4 times a year at quarterly intervals with additional meetings to be convened as and when required. Prior to each meeting, every Director is given the complete agenda and a set of Board Papers for each agenda item well in advance so that the Directors have ample time to review matters to be deliberated at the meeting and to facilitate informed decision making by the Directors.

The Board met 5 times during the financial year ended 30 June 2020 ("**FYE 2020**") and the attendance record of each Director is listed below:

Directors	Attendance
Mr. Lau Tiang Hua (appointed on 26 June 2020)	Not Applicable
Dato' Tan Sin Keat	5/5
Mr. Ng Chee Wai (appointed on 1 July 2019)	5/5
Mr. Ong Sing Guan	5/5
Mr. Liew Peng Chuen @ Liew Ah Choy (appointed on 28 August 2020)	Not Applicable
Encik Saffie Bin Bakar (appointed on 28 August 2020)	Not Applicable
Dato' Ong Boon Aun @ Jaymes Ong (resigned on 1 September 2020)	5/5
Dato' Loo Bin Keong (Deceased on 17 March 2020)	4/4
Tuan Abdul Hamid Bin Abdul Shukor (resigned on 1 September 2020)	5/5
Dato' Ibrahim Bin Saleh (resigned on 1 September 2020)	4/5

Directors' Training

All Directors of the Company have attended the Mandatory Accreditation Program as prescribed by Bursa Malaysia Securities Berhad. In addition, the Board is regularly being briefed on the Group's operation and takes proactive steps to visit both property and manufacturing divisions to gain insight of the business at least once during a director's tenure in office.

- The Directors are mindful that they should continue to attend training programmes to enhance their skills and knowledge where relevant, as well as to keep abreast with the changing regulatory and corporate governance developments.

Principle A - Board Leadership and Effectiveness (Cont'd)

I) Board Responsibilities (Cont'd)

Directors' Training (Cont'd)

- The courses attended by the Directors during the year are :
  - i. Convergence of Digitisation & Sustainability
  - ii. Thought Leadership Series: Sustainability Inspired Innovations Enablers of the 21st Century
  - iii. Global Centre on Healthcare and Urbanisation
  - iv. MACC Act – Section 17A. Corporate Liability in Malaysia & International Legislation
  - v. Session on Corporate Governance and Anti-Corruption
  - vi. Invitation to the Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees
  - vii. Evaluating Effective Internal Audit Function
  - viii. 2020 Budget Seminar
  - ix. Cyber Threats Awareness Talk
  - x. Tax Issues for SMEs and
  - xi. A Comprehensive Review of Latest Developments in MFRS

- The Board will continue to evaluate and determine the training needs of its directors so as to enhance their skills to enable them to effectively discharge their duties as directors.

II) Board Composition

As at 30 June 2020, the Board members comprised of 7 Directors broken down into 5 Independent and 2 Executive Directors. Currently, the Board members comprises of 6 Directors broken down into 3 Independent Directors, 2 Executive Directors and 1 Non-Independent Non-Executive Director. Currently, the Independent Directors constitute 50.0% of the Board. The Board composition also complies with the MMLR of Bursa Malaysia Securities Berhad that requires a minimum of 2 Directors or 1/3 of the Board, whichever is higher, to be Independent Directors.

The Board is of the view the current composition of Directors and their individual backgrounds and specializations are appropriate for providing the leadership and stewardship to the Company and the Group.

To ensure that the Company promotes best corporate governance practices, the Independent Non-Executive Directors are in place to provide check and balance in the function of the Board and reflects the Company's commitment to uphold effective corporate governance.

Currently, the tenure of all the Independent Non-Executive Directors does not exceed a cumulative term of nine (9) years as recommended by the Code.

Nomination Committee

Dato' Ong Boon Aun @ Jaymes Ong was the Chairman of the Nomination Committee up to 24 August 2020 when he resigned and was replaced by Mr. Liew Peng Chuen @ Liew Ah Choy who was appointed on 1 September 2020. Similarly, the resignation of Dato' Ibrahim Bin Saleh as a member on 1 September 2020 was replaced by Encik Saffie Bin Bakar who was appointed on even date.

The Nomination Committee is primarily responsible for recommending suitable appointments to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the potential candidate could bring to the Board. It assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director to the well being of the Group.

The Nomination Committee has developed criteria to access the effectiveness of the Board and individual Director. The evaluation on the Board's effectiveness is divided into four sections on the following key areas:-
- Adding value
- Conformance
- Stakeholder Relationship
- Performance management

The process also assesses the competencies of each Director in the areas of integrity and ethics, governance, strategic perspective, business acumen, judgement and decision making, teamwork, communication and leadership.

The Nomination Committee also undertakes annual assessment of the independence of its independent directors based on required mix skills, criteria of independence as per requirements of MMLR, meeting attendance, ability to ensure effective checks and balances on the Board's decision making process, constructively challenge business propositions and contributes to the development of business strategy and direction of the Company, ensures that adequate systems and controls to safeguard the interests of the Company are in place and continuous updating of knowledge and enhancing of skills through attendance of business related trainings.

Principle A - Board Leadership and Effectiveness (Cont'd)

II) Board Composition (Cont'd)

Nomination Committee (Cont'd)

The Nomination Committee had met 3 times during the financial year and activities of the Nomination Committee are as follows:-

(a) Reviewed and recommended the re-election of Directors who were retiring and seek for re-election at Thirteenth Annual General Meeting.
(b) Reviewed and accessed the effectiveness of the Board and the contribution of each individual director.
(c) Reviewed and accessed performance of independent directors.
(d) Reviewed the term of office and performance of audit committee and each of its members.
(e) Reviewed the training needs of directors for the financial year ending 30 June 2020
(f) Reviewed and recommended to the Board the proposed appointment of Mr Loo Run Ho as alternate director to Dato' Loo Bin Keong.
(g) Reviewed the proposed appointment of Mr. Lau Tiang Hua as Independent Non-Executive Director of the Company.

The Nomination Committee and the Board are satisfied with the performance of the Directors and independence of the Independent Directors for the financial year under review.

The terms of reference of the Nomination Committee can be viewed at the Company's website at www.scanwolf.com.

Gender, Ethnicity and Age Diversity Policy

To maintain the best interest of the Company, diversity within the Board, Senior Management and all levels of the organization is applied. In line with this, the Board and Senior Management are appointed based on merit, mix of skills, competencies, experience, professionalism and other relevant qualities which involve age and cultural background to have better governance in the Group.

At present, the Company maintains a gender diversity policy which encapsulates the objectives, principles and measures of the Group's diversity culture. The Board is supportive in upholding gender diversity within the boardroom and the Management with due consideration on merited factors, such as skills, experience, attitude and suitability of any potential candidates.

Hence, as part of the Company's succession planning, gender diversity objectives will constantly be observed by the Company even without any specific targets determined. Additionally, the Board will look into the scope and measures of the policy on a regular basis, in ensuring its on-going effectiveness and applicability.

The Group does not establish any specific targets for appointment of female directors in the policy. Nonetheless, the Group shall actively pursue towards identifying suitable female candidates as and when a vacancy arises, as part of recognizing the objectives of maintaining a balanced Board structure.

Remuneration Committee

The Group has established a Remuneration Committee to develop remuneration strategies that drive performance and provide levels of reward which reflect the performance of the Executive Directors and key senior management. Hence, all remuneration related matters of the Directors and key senior management are presently subjected to the oversight and management of the Remuneration Committee.

Procedures, such as assessing and recommending the remuneration packages for Directors and key senior management, and other relevant tasks are currently carried out by the Remuneration Committee prior to the necessary reporting to the Board.

A remuneration policy in stipulating guidance over the administration of matters related to remuneration within the Company is in place.

At present, the Remuneration Committee consists of 3 Independent Non-Executive Directors, which meet the recommended practice of having a full composition of Non-Executive Directors as members.

The Remuneration Committee has been entrusted by the Board to determine that the levels of remuneration are sufficient to attract and retain directors of quality required to manage the business of the Group. The Remuneration Committee is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the Executive Directors. In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned. In all instances, the deliberations are conducted, with the Directors concerned abstaining from discussions on their individual remuneration. During the financial year under review, the Committee met once attended by all members.

Principle A - Board Leadership and Effectiveness (Cont'd)

II) Board Composition (Cont'd)

Remuneration Committee (Cont'd)

The Board as a whole approves the remuneration of the Executive Directors with the Directors concerned abstaining from the decision in respect of their remuneration. Directors' fees are subject to shareholders' approval at the forthcoming Annual General Meeting.

The Remuneration Committee has written Terms of Reference which deals with its authority and duties. The Terms of Reference of Remuneration Committee is available at the Company's website at www.scanwolf.com.

The details of the remuneration received and receivable by the Directors of the Company from the Company and its subsidiaries for the FYE 2020 are as follow:-

	Company			Subsidiaries			Group		
	Fee RM	Salaries RM	Others* RM	Fee RM	Salaries RM	Others* RM	Fee RM	Salaries RM	Others* RM
Executive Directors									
Dato' Tan Sin Keat	15,000	340,500	118,331	-	-	46,458	15,000	340,500	164,789
Mr. Ng Chee Wai *(appointed on 01 July 2019)*	15,000	240,000	102,203	-	-	56,797	15,000	240,000	159,000
Dato' Loo Bin Keong *(deceased on 17 March 2020)*	11,250	268,800	106,283	-	-	-	11,250	268,800	106,283
Dato' Lai Kok Heng *(appointed as Alternate Director to Dato' Loo Bin Keong on 26 February 2019) (resigned on 10 September 2019)*	-	-	-	-	40,000	18,000	-	40,000	18,000
Mr. Loo Run Ho *(appointed as Alternate Director to Dato' Loo Bin Keong on 21 February 2020) (cessation of office on 17 March 2020)*	-	-	-	-	10,731	1,604	-	10,731	1,604
Independent Directors									
Mr. Ong Sing Guan	18,500	-	7,200	-	-	-	18,500	-	7,200
Dato' Ong Boon Aun @ Jaymes Ong *(resigned on 01 September 2020)*	22,000	-	9,000	-	-	-	22,000	-	9,000
Tuan Abdul Hamid Bin Abdul Shukor *(resigned on 01 September 2020)*	17,000	-	9,000	-	-	-	17,000	-	9,000
Dato' Ibrahim Bin Saleh *(resigned on 01 September 2020)*	18,000	-	7,500	-	-	-	18,000	-	7,500

*Others refer to the Company's EPF, SOCSO, EIS contributions and allowances.

Principle A - Board Leadership and Effectiveness (Cont'd)

II) Board Composition (Cont'd)

Remuneration Committee (Cont'd)

Other than the executive directors, the Group has 3 senior management staff whose remuneration for the financial year ended 30 June 2020 is classified in bands of RM50,000 as follow:-

Range of remuneration	No. of Senior management
RM300,001 to RM350,000	1
RM200,001 to RM250,000	1
RM100,001 to RM150,000	1
Total	3

The names of the 3 senior management staff are not disclosed in accordance with the recommendation of MCCG Practice 7.2 in order to alleviate valid concerns on the sensitivity and confidentiality of the remuneration packages which may result in dissatisfaction among themselves.

Principle B - Effective Audit And Risk Management

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee, comprising of solely of Independent Non-Executive Directors, with Mr. Ong Sing Guan as the Audit Committee Chairman.

Presently, none of the members of the Board were former key audit partners of the Company's external auditors. Hence, no former key audit partner is appointed to the Audit Committee.

Nevertheless, the Board has updated within its External Auditor Assessment Policy to stipulate that no former key audit partner shall be appointed as a member of the Audit Committee unless he/she has observed a cooling-off period of at least two (2) years before the appointment.

The composition of the Audit Committee, including its roles and responsibilities, and a summary of the activities during the financial year are set out in the Audit Committee Report of this Annual Report.

The Group maintains a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with appropriate accounting standards.

The Audit Committee discusses the nature and scope of audit and reporting obligations with the external auditors before commencement of audit engagement. It is also the practice of the Audit Committee to respond to auditors' enquiries and recommendations, if any, to ensure compliance with various approved accounting standards in the preparation of the Group's financial statements.

The Audit Committee is empowered by the Board to review all issues in relation to appointment and re-appointment, resignation or dismissal of external auditors. The Audit Committee has also assessed the suitability and independence of the external auditors. The external auditors have confirmed that they are independent throughout the conduct of audit engagement in accordance with terms of professional and regulatory requirements.

Sound Framework to Manage Risks

An overview of the state of internal controls and risk management within the Group is set out in this Annual Report under the Statement on Risk Management and Internal Control.

Internal Audit Function

The Board has an overall responsibility in maintaining a sound internal control system that provides reasonable assurance of effective and efficient operations and compliance with the internal procedures and guidelines. Details of the Company's internal control framework are set out under the Statement on Risk Management and Internal Control and Audit Committee Report in this Annual Report.

Principle C - Integrity In Corporate Reporting And Meaningful Relationship With Stakeholders

Corporate Disclosure Policies and Procedures

Along with good corporate governance practices, the Company is committed to provide the investors and public with comprehensive, accurate and material information on a timely basis.

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. The Board observes the corporate disclosure framework under MMLR and other regulatory bodies to provide timely and material information of the Group to its shareholders and other stakeholders to facilitate their decision making process. The Group also refers to the "Corporate Disclosure Guide" issued by Bursa Securities to enhance the timelines and quality of its disclosure.

To augment the process of disclosure, the Board has earmarked a dedicated section for corporate governance on the Company's website where information on the Company's announcements to the regulators, the Board Charter, Code of Conduct and Ethics and the Company's Annual Report may be accessed.

Effective Dissemination of Information

The Board recognises the value of investor relations and endeavours to maintain constant and effective communication with shareholders through timely and comprehensive announcements.

Information of the Group is also accessible through the Company's website (www.scanwolf.com) which is updated on a regular basis. Information available in the website includes among others the Group's annual report, quarterly financial announcements, circulars, major and significant announcements, press release and latest corporate developments of the Group.

Conduct of General Meeting

The Annual General Meeting is the principal forum dialogue with all shareholders. The participation of shareholders and investors, both individual and institutional, at general meeting is encouraged whilst requests for briefings from the press and investment analysts are usually a matter of course.

The Company ensures the adherence of the stipulated period of issuance for notice of Annual General Meeting, in which all notice of Annual General Meeting and related circulars are provided at least 28 days in advance to enable shareholders to make adequate preparation.

In addition to sending the notice, the Company also published the notice of Annual General Meeting on its website and the information still remains on its website.

In compliance with the MMLR of Bursa Securities, all resolutions set out in the notice of any general meeting or notice of resolution will be voted by poll. It also stipulates that an independent scrutineer shall be appointed to validate the votes cast during polling process.

Compliance Statement

The Board recognises that there are always opportunities for improvement in its corporate governance activities in order for the Group to continue to create trust and confidence amongst stakeholders.

The Board is satisfied that this Corporate Governance Overview Statement provides the information necessary to enable shareholders to evaluate how the Code has been applied and obligation are fulfilled under the Code and MMLR of Bursa Malaysia Securities Berhad. The Board will continue to strive for sound standards of corporate governance throughout the Group.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board of Directors' meeting held on 16 October 2020.

SUSTAINABILITY STATEMENT

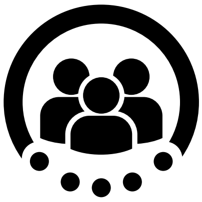
Our Group believes that sustainability management should be part of our corporate culture and as we weave sustainability into our daily operational activities, everyone in the group shall have the opportunity to make a sustained and meaningful contribution.

Overview and Scope of Sustainability

Our Group practice optimum sustainable business strategy by integrating our economic, environmental and social aims with the needs of our business activities and stakeholders.

Our overall sustainability framework comprises 3 pillars:

ECONOMIC
Long Term Growth



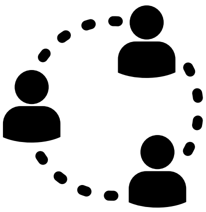
SOCIAL
Promote Social Being

ENVIRONMENT
Protect Our Natural

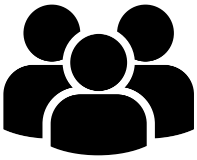
Our approach to sustainability is anchored by our ability to establish meaningful relationships with our stakeholders whose perspective are important to us.

Stakeholder Engagement

Engagement with our stakeholders not only provides us with insight, but also enables us to build stronger relationships through meaningful dialogue where concerns are properly addressed accordingly.

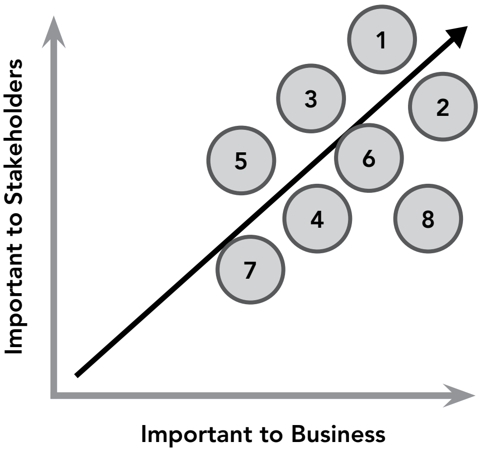
Stakeholder	Method	Frequency
Customers 	• Customer feedback by email • Individual meeting by virtual • Market analysis & trend by email	• Regularly
Suppliers 	• Regular evaluation to conform to ISO standard • Meeting with supplier • In-person meeting	• Regularly • Yearly
Regulator/Government 	• Licensing, inspection and auditing • Compliance to the rules and regulations.	• Regularly • Yearly

Stakeholder Engagement (Cont'd)

Stakeholder	Method	Frequency
Employees 	• Provide comprehensive benefits • Employee performance appraisal • Trainings	• Regularly • Monthly • Yearly
Shareholder/Investors 	• Annual general meeting • Quarter announcement	• Yearly • Quarterly

Assessment of Material Matters

The Group was able to refine material sustainability matters that are relevant to the Group's business operations and impact to our stakeholders in accordance to importance, relevance and impact and the materiality matrix is presented as follows:



<u>**Economic**</u>

1) Product Safety
2) Business Growth
3) Customer Satisfaction

<u>**Social**</u>

4) Employee Advancement and Development
5) Workplace Diversity and Equal Opportunity
6) Occupational Safety and Health

<u>**Environment**</u>

7) Energy Management
8) Waste Management

Economic, Environmental and Social

1.0 Economic

1.1 Code of Conduct

The Group is also aware that ethics, integrity and transparency have increasingly become the mainstream business issue in today's business environment. The Group adopted the Code of Conduct and Ethics for Directors as a guide for all directors to conduct business ethically and sustainably.

We are guided by our Code of Ethics & Conduct, which among others, promote zero tolerance towards fraud, corruption and money laundering. Our Anti-Bribery and Anti-Corruption Policy provides guidance to all employees on how to deal with bribery and corruption and related issues that may arise in the course of business.

Under this policy, it is prohibited for Directors and employees to offer or receive gifts, be it in cash or other gratifications, except for customary gifts of modest nature during festive or special occasions to avoid conflict of interest and ensure compliance with anti-bribery and anti-corruption laws.

Economic, Environmental and Social (Cont'd)

1.0 Economic (Cont'd)

1.1 Code of Conduct (Cont'd)

We have also put in place a Whistleblowing Policy to facilitate the reporting of unethical and improper business conducts that would affect the interest of the Group and its stakeholders.

1.2 Product

Our Group innovation in technology which integrates environmental considerations into our process of product vital in this changing environment to improve efficiency and reduces wastages, electricity and water.

Scanwolf is ISO 9001:2015 certified on quality management system on our products through extrusion process.

Our Group's products which are sold in oversea with metal testing from SGS to ensure that our component parts are safe, reliable and meet stringent regulatory standards.

2.0 Environmental

2.1 Waste and Environment

Our factories have been put in place to reuse and recycle waste products. For materials or wastes that could not be reused or recycled, the Group has appointed government approved waste contractors to dispose of such wastes.

The Group ensures that all hazardous materials or wastes such as ink and solvents are to be stored in safe places and disposed by authorized collector which has been approved by Department of Environment under Environmental Quality Act 1974.

In preserving the waste and environment: -

- Employees are encouraged to practice 3R (Reduce, Reuse, Recycle).
- Light-emitting diode (LED) lights are used throughout our production facilities to save energy.
- Most of the forklifts used in production facilities are which utilize rechargeable batteries with no emissions of carbon dioxide.
- The air-conditioning system in our office building is set to be auto turned-off during lunch hours.

2.2 Compliance

Scanwolf has always been committed to comply with the legal and regulatory requirements of the Department of Environment, Malaysia and other regulators and authorities. Environmental protection measures and considerations have long been embedded in our plant and manufacturing processes and day to day operations.

3.0 Social

Scanwolf has always believed in the need to strike a balance between profitability and fulfilling its social responsibilities.

3.1 Workforce Diversity & Equal Opportunity

Scanwolf welcomes talented employees as we believe that the skill, expertise and work ethic of the employees are the attributes that will ultimately determine their success within the Group.

Our working environment promotes principles of equality and practices no discrimination against employees on gender, age and ethnicity.

Economic, Environmental and Social (Cont'd)

3.0 Social (Cont'd)

3.2 Employee Development

We actively create opportunities for our employees to develop and realise their true potential through formal and informal training opportunities, whether on the job or outside the job. This includes participation in external or internally organised trainings in various job-related areas.

Date	Topic	Number of attendants
22/10/2019	National Tax Seminar 2019	2
10/02/2020	Liabiliti Korporat – Section 17A (MACC ACT 2009)	15
25/02/2020	Liabiliti Korporat – Section 17A (MACC ACT 2009)	8

Our Group is committed to maintain a high standard of code of conduct and business ethics to create an environment of mutual trust whilst increasing the confidence of our stakeholders.

All Directors and employees will comply with policies and procedures related to in line with Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

Details on the Anti-Bribery and Anti-Corruption Policy adopted can be found in the corporate website.

3.3 Employee Welfare

Various programs have also been organised by the Group for the benefit of its employees such as festive celebrations and team building which encourage employees to mingle and interact with one another in order to foster team spirit and build a closer working relationship.

3.4 Safety and Occupational Health Management

We have in place an occupational safety and health policy that highlights our commitment:

- To provide and maintain our working system in safety and healthy environment.
- To ensure all employees being brief, trained, and supervised in the way of doing job as accordance to safety procedure and risk free.
- To investigate all workplace accident, illness, potential threat and to take necessary preventive actions from time to time.
- To obey all requirements under the Act of Occupational Safety & Health 1994.
- To provide safety training to the employees.
- To provide safety equipment to the employees.

Our Group is providing safety training throughout the year for our employee in order to improve group safety awareness and reduce the chances of work place accident. However, during this financial year, we are more focus on Covid-19 pandemic prevention awareness among our employees.

In light of the Covid-19 pandemic, our Group had established very strict screening procedure for our guests and employee. Beside of body temperature screening, we also available with MySejahtera QR Code scanning for incoming guests check in.

All employees are provided free face mask in daily basis, and hand sanitizer are available at post guard, office entrance, and each production area.

Economic, Environmental and Social (Cont'd)

3.0 Social (Cont'd)

3.5 Community

We had sponsored few school's activity, provide morale and material support local authorities in enforcement team facility improvement for local police station.

We had sponsored the less fortunate namely Pertubuhan Pengurusan Pusat Jagaan 1Malaysia Perak and Persatuan Kebajikan Anak-anak Yatim Kasih Sayang Ipoh Perak.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Bursa Malaysia Securities Berhad Main Market Listing Requirements require Directors of listed companies to include a statement in annual reports on the state of their risk managements and internal controls. The Bursa Malaysia Securities Berhad's "Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Issuers" provides guidance for compliance with these requirements.

The Board's Statement on Risk Management and Internal Control, which has been prepared in accordance with the Guidance, is set out below.

Responsibility

The Board affirms their responsibilities for a sound system of internal control, quality risk management practices and for reviewing the Group's adequacy and integrity in these systems. The principal function of internal control system is intended to identify and to manage significant risks faced by the Group's business operations, which may impede the achievement of the Group's objective. The Board ensures that the effectiveness and integrity of the risk management and internal control system are reviewed on an ongoing basis and is of the view that the system in place is sound and sufficient to safeguard the Group's assets.

The Board also acknowledges that these systems are designed to ensure that risks are identified and managed at acceptable levels rather than to eliminate such risks. Hence, systems can only provide reasonable but not absolute assurance against financial losses or uncertainties.

Risk Management

The Board regards risk management as an integral part of the Group's business operations. These include market price risk, counterparty, credit, legal and interest rate risks.

During the financial year under review, the identified risks were discussed at management committees' meetings and controls were developed to mitigate such risks identified. Further the internal auditors have also identified operational risks and have recommended the remedial controls to counter the risks identified. All these findings were escalated to the Board for further discussion during the board meetings. The directors were also brought up those unidentified risks which they felt were significant for management's consideration and action. The board is of the opinion that the risk management practices during the financial year under review were sufficient to meet the Group's risk objectives and risk appetite.

Anti-Bribery Management Systems

Our Group has implemented policies and procedures in compliance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which came into effect on 1 June 2020. The policies and procedures in place are communicated to relevant parties to mitigate the possibility of the occurrence of bribery and corruption acts and potential resulting impact arising therefrom.

Internal Control

The outsourced internal auditors have assessed the adequacy and effectiveness of the Group's system of internal control and compliance frameworks pursuant to the audit plan as approved by the Audit Committee, and have subsequently reported their findings to the Audit Committee. The Audit Committee reviewed the internal audit reports together with the internal auditors and report to the Board on the adequacy and effectiveness of the Group's system of internal control.

For the financial year under review, the Board is satisfied with the adequacy of the Group's system of risk management and internal control. No major weaknesses or uncertainties, which could result in material losses, were identified.

Internal Control (Cont'd)

The key elements of the Group's internal control system are:

- Organization structure with clearly defined lines of authority and the appropriate levels of delegation.
- Policies and procedures are clearly communicated to all staff members.
- The executive directors and the senior management would discuss the possible risk areas on the Group's operational and management issues as and when necessary.
- The executive directors oversee the Group's operations and internal controls and report to the Board on the key risks.
- The Audit Committee meets on a quarterly basis or as and when required to discuss on matters besides the quarterly announcements which are significant to the Group's operation.
- All major decisions are subject to detailed appraisal and review by the Board.
- The Board receives and reviews quarterly reports from management covering the financial performance and key business indicators of various business operating units.

Review of Effectiveness

The Board has received assurance from the executive directors and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects. The Board is of the view that the risk management and internal control system is satisfactory and that there were no material internal control failures which had resulted in material losses or contingencies during the financial year under review.

Review by External Auditors

In accordance with paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the financial year ended 30 June 2020 and reported to the Board that nothing has come to their attention that caused them to believe that the Statement is inconsistent with their understanding of the process the Board adopted in the review of adequacy and integrity of internal controls of the Company.

This Statement on Risk Management and Internal Control was approved by the Board of Directors on 16 October 2020.

AUDIT COMMITTEE REPORT

The Audit Committee currently comprises the following members:-

<u>Chairman</u>
Mr. Ong Sing Guan (Independent Non-Executive Director)

<u>Members</u>
Mr. Liew Peng Chuen @ Liew Ah Choy (Independent Non-Executive Director)(appointed on 01 September 2020)
Encik Saffie Bin Bakar (Independent Non-Executive Director)(appointed on 01 September 2020)

Introduction

The Audit Committee of Scanwolf Corporation Berhad is pleased to present the Audit Committee Report for the financial year ended 30 June 2020 in compliance with Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The primary objective of the Audit Committee is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting process and system of internal control.

The Audit Committee has adopted practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to all the Company's shareholders.

Meeting and Attendance

During the financial year ended 30 June 2020, the Committee convened four (4) meetings. The records of attendance of the Committee members are as follows:-

Name of Committee Members	Attendance
Mr. Ong Sing Guan (Chairman, Independent Non-Executive Director)	4/4
Dato' Ibrahim Bin Saleh (Member, Independent Non-Executive Director) (resigned on 01 September 2020)	3/4
Tuan Abdul Hamid bin Abdul Shukor (Member, Independent Non-Executive Director) (resigned on 01 September 2020)	4/4

Authority

The Committee shall, in accordance with a procedure to be determined by the Board and at the cost of the Company:-
a) have authority to investigate any matter within its terms of reference;
b) have adequate resources and unrestricted access to any information from both internal and external auditors and all employees of the Group in performing its duties;
c) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
d) be able to obtain external legal or other independent professional advice and to invite outsiders with relevant experience to attend, if necessary; and
e) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Summary of Activities of the Audit Committee

In line with the Terms of Reference of the Audit Committee, the following activities were carried out by the Audit Committee during the financial year ended 30 June 2020 in discharging its functions and duties:-

Financial Performance & Reporting

- Reviewed the unaudited quarterly financial results of the Group prior to submission to the Directors for their perusal and approval. This was to ensure compliance of the financial statements with the provisions of the Companies Act 2016, Financial Reporting Standards, International Financial Reporting Standards and applicable Listing Requirements of Bursa Malaysia Securities Berhad.

Summary of Activities of the Audit Committee (Cont'd)

Oversight of External Auditors

- On 26 June 2020, the Audit Committee reviewed the Audit Planning Memorandum ("**APM**") prepared by the external auditor, Russell Bedford LC & Company in relation to the audit on the Group's financial statements for the financial year ended 30 June 2020. The said APM covered the following:-

  (a) The objective of the APM.
  (b) Responsibilities in respect of financial reporting, which comprised the responsibilities of directors and management, responsibilities of independent auditors, fraud considerations, independence and confidentiality.
  (c) Overview of audit approach, which comprised of planning, accumulation of audit evidence as well as form audit opinion and complete report and render management letter.
  (d) Objective and scope of audit.
  (e) Current developments.
  (f) Significant risks and areas of audit focus of the Group, comprised of significant risks, other significant risks and areas of audit focus.
  (g) Audit engagement team, covered the engagement team and role of audit engagement partner.
  (h) Accounting and auditing developments, which comprised the changes affecting companies reporting under Malaysian Financial Reporting Standards Framework.
  (i) Timetable.
  (j) Fees.
  (k) Engagement letter.
  (l) Engagement letter for review of Directors' statement on risk management and internal control.
  (m) List of subsidiaries.
  (n) Other significant risks and areas of audit focus at individual component level.
  (o) List of Malaysian Financial Reporting Standards and IC Interpretations.

  The proposed audit fees for the external auditors in respect of their audit of the financial statements of the Company and its subsidiaries were reviewed by the Audit Committee for recommendation to the Board for approval.

- The Audit Committee met twice with the external auditors on 30 August 2019 and 26 June 2020 respectively without the presence of any executive directors or management of the Company to review the issues relating to financial controls and operational efficiencies of the Company and its subsidiaries arising from the audit.

- On 30 August 2019, the Audit Committee reviewed the audit summary memorandum in relation to the audit on the Group's financial statements for the financial year ended 30 June 2019 prepared by the external auditors, Russell Bedford LC & Company.

- On 30 August 2019, the Audit Committee also evaluated the performance and independence of the external auditors covering (a) caliber of external audit firm; (b) quality processes / performance; (c) audit team; (d) independence and objectivity; (e) audit scope and planning; (f) audit fees; (g) audit communications. The Audit Committee having been satisfied with the performance and independence of the external auditors, Russell Bedford LC & Company, had recommended their re-appointment of Russell Bedford LC & Company as external auditors to the Board for approval by the shareholders.

Internal Audit

- On 30 August 2019, the Audit Committee undertook an assessment on the internal audit function of the Company covering the adequacy of scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.

- The internal auditors presented its findings together with recommendation and management action plan to the Audit Committee for review on 29 November 2019. The Internal Auditors have conducted review on internal control of on the following subsidiary of the Company focusing on the following area:-

Company	Audit Areas	Reporting Date
Scanwolf Development Sdn. Bhd.	Financial Reporting	29 November 2019

The Management was invited to attend the meetings as and when necessary to brief the Audit Committee on matters relating to their areas of responsibility.

Summary of Activities of the Audit Committee (Cont'd)

Internal Audit (Cont'd)

Some weaknesses in internal control were identified for the year under review and measures have been or are being taken to address the areas of weaknesses. The internal auditors monitored the implementation of Management's action plan on outstanding issues through follow up reports to ensure that all key risks and control weaknesses are being properly addressed.

- On 26 June 2020, the Audit Committee reviewed and approved the internal audit plan for financial year ending 30 June 2021.

Related Party Transaction

- The Audit Committee also reviewed any related party transaction and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises the questions on management integrity.

Internal Audit Function

The Group has outsourced its internal audit function to Messrs Finfield Corporate Services Sdn. Bhd., a professional company specializing in providing internal audit services.

The cost incurred for the internal audit function in respect of the financial year ended 30 June 2020 was RM20,211.

During the financial year ended 30 June 2020 the internal auditors have carried out audits to assess the adequacy of the internal controls of the main operating subsidiary, based on the audit plan approved by the Audit Committee. The internal auditors reported their findings and recommendations to the Audit Committee for deliberations together with the Management. Where areas of improvements were required, it was highlighted to the Management for implementation. The internal auditors monitored the progress of the implementation and reported the same to the Audit Committee for deliberation.

The detail of internal audit functions during the period under review is stated in the Statement on Risk Management and Internal Control of this Annual Report.

During the period under review, the Internal Auditors carried out the following activities:-

a) Presented and obtained approval from the Audit Committee the annual internal audit plan, its audit strategy and scope of audit work;
b) Performed audits according to the annual internal audit plan, to review the adequacy and effectiveness of the internal control system, compliance with policies and procedures and reported ineffective and inadequate controls and made recommendations to improve their effectiveness; and
c) Performed follow-up reviews in assessing the progress of the agreed management's action plans and report to the management and Audit Committee.

Terms of Reference of the Audit Committee

The terms of reference of the Audit Committee can be viewed on the Company's website at http://scanwolf.listedcompany.com/misc/TOR_AC.pdf.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING FINANCIAL STATEMENTS

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act 2016, Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group as at the end of the financial year and of the financial performance and cash flows of the Group for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 30 June 2020, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The financial statements have been prepared on the going concern basis.

The Directors are responsible for ensuring that the Group keeps sufficient accounting records to disclose with reasonable accuracy, the financial position of the Group and which enable them to ensure that the financial statements comply with the applicable Malaysian Financial Reporting Standards, the International Financial Reporting Standards and the requirements of the Companies Act 2016.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

On 3 April 2020, the Company completed the listing of 9,542,800 new ordinary shares to third party investors through private placement. The placement shares were issued at an issue price of RM0.07 per share and total proceeds of RM667,996 was received from the said placement.

The total proceeds raised of RM667,996 has been fully utilised as follows:-

Details of Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Timeframe as stated in the announcement dated 25 February 2020 for utilization of Private Placement Proceeds RM'000
Working capital	548	607#	Within 6 months
* Expenses in relation to private placement	120	61#	Within 1 month
Total	668	668	

The actual expenses in relation to private placement are lower than budgeted, the excess has been used for working capital purposes.

2. Audit and Non-audit Fees Paid to External Auditors

The amount of audit and non-audit fees incurred for services rendered to the Company and the Group for the financial year ended 30 June 2020 by Russell Bedford LC & Company and/or their affiliates are as follows:-

	Company (RM)	Group (RM)
Audit services rendered by Russell Bedford LC & Company	36,500	115,500
Non-audit services rendered by Russell Bedford LC & Company and their affiliates for:		
- Review of Statement on Risk Management and Internal Control	4,000	4,000

3. Material Contracts Involving Directors, Chief Executive or Major Shareholders' Interest

There were no material contracts entered into by the Company and its subsidiaries involving the interests of the Directors, chief executive who is not a director or major shareholders, either still subsisting as at 30 June 2020 or entered into since the end of the previous financial year.

4. Recurrent Related Party Transactions of a Revenue or Trading Nature

There was no recurrent related party transaction of a revenue or trading nature during the financial year ended 30 June 2020.

5. Employee Share Scheme

There was no Employee Share Scheme implemented by the Company during the financial year ended 30 June 2020.

DIRECTORS' REPORT

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

Principal Activities

The Company is principally involved in investment holding. The details of the subsidiaries, including their principal activities, are disclosed in Note 13 to the financial statements.

Financial Results

	Group RM	Company RM
Net profit for the financial year	621,931	339,912

In the opinion of the directors, the results of the operations of the Group and the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the gain made on a bargain purchase of a subsidiary amounting to RM12,374,554 recognised in the Group results.

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend any dividend payment in respect of the current financial year.

Reserves and Provisions

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

Issue of Shares and Debentures

During the financial year, the Company increased its issued and paid up capital by way of private placement of 9,542,800 new ordinary shares at an issue price of RM0.07 per share for cash. The shares were issued for working capital purposes.

The new ordinary shares issued during the financial year ranked pari passu with the then existing ordinary shares of the Company.

The Company has not issued any debentures during the financial year.

Treasury Shares

There were no shares repurchased by the Company during the financial year.

As at 30 June 2020, the Company held a total of 780,900 out of its total of 105,752,100 issued ordinary shares. The treasury shares are held at a carrying amount of RM307,138. The shares repurchased are being held as a treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016. Further relevant details on treasury shares are disclosed in Note 23.3 to the financial statements.

Share Options

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

Directors

The directors of the Company in office since the end of the previous financial year to the date of this report are:

Dato' Tan Sin Keat	
Ong Sing Guan	
Ng Chee Wai	Appointed on 1 July 2019
Loo Run Ho (Alternate to Dato' Loo Bin Keong)	Appointed on 21 February 2020 Cessation on 17 March 2020
Lau Tiang Hua	Appointed on 26 June 2020
Saffie Bin Bakar	Appointed on 28 August 2020
Liew Peng Chuen @ Liew Ah Choy	Appointed on 28 August 2020
Teoh Teik Kean	Resigned on 1 July 2019
Dato' Lai Kok Heng (Alternate to Dato' Loo Bin Keong)	Resigned on 10 September 2019
Dato' Loo Bin Keong	Deceased on 17 March 2020
Dato' Ong Boon Aun @ Jaymes Ong	Resigned on 1 September 2020
Tuan Abdul Hamid Bin Abdul Shukor	Resigned on 1 September 2020
Dato' Ibrahim Bin Saleh	Resigned on 1 September 2020

Directors' Interests in Shares

The shareholdings in the Company and its related companies of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept under Section 59 of the Companies Act 2016, are as follows:

	Number of ordinary shares			
	Balance as at 1.7.2019/ date of appointment	**Bought**	**Sold**	**Balance as at 30.6.2020**
Direct interest				
Dato' Tan Sin Keat	3,177,781	-	-	3,177,781
Tuan Abdul Hamid Bin Abdul Shukor	2,519,100	-	-	2,519,100
Lau Tiang Hua	180,600	-	-	180,600
Other shareholdings in which directors are deemed to have interest				
Dato' Tan Sin Keat	150,000	-	-	150,000
Lau Tiang Hua	5,262,400	-	-	5,262,400

Other than as stated, none of the other directors in office at the end of the financial year had any interest in shares of the Company and its related companies during the financial year, according to the register required to be kept under Section 59 of the Companies Act 2016.

Directors' Benefits

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 the directors as shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and a director, and a company in which a director has interest as disclosed in Note 28.1 to the financial statements.

The details of the directors' remuneration are disclosed in Note 5 to the financial statements.

There were no arrangements during or at the end of the financial year, which had the object of enabling directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Indemnity and Insurance

There was no indemnity given to or insurance effected for any directors, officers and auditors of the Company during the financial year.

Other Statutory Information

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

(a) to ascertain that 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 all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

The financial statements of the Group and the Company have been prepared and presented on the basis of accounting principles applicable to going concern despite the tight and squeezing liquidity situation that is being faced. The details of the matter are disclosed in Note 2.2.1 to the financial statements. Other than as stated, at the date of this report, the directors are not aware of any circumstances:

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

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

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

In the interval between the end of the financial year and the date of this report:

(a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Group and the Company for the financial year in which this report is made; and

(b) no charge has arisen on the assets of the Group and the Company which secures the liability of any other person nor have any contingent liabilities arisen in the Group and the Company.

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

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

Auditors' Remuneration

The auditors, Messrs Russell Bedford LC & Company, have indicated their willingness to continue in office.

The auditors' remuneration is disclosed in Note 6 to the financial statements.

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

____
DATO' TAN SIN KEAT

____
NG CHEE WAI

Kuala Lumpur

Dated: 21 October 2020

STATEMENT BY DIRECTORS

The directors of SCANWOLF CORPORATION BERHAD state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and the Malaysian Financial Reporting Standards, so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020, and of their financial performance and their cash flows for the year ended on that date.

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

____
DATO' TAN SIN KEAT

____
NG CHEE WAI

Kuala Lumpur

Dated: 21 October 2020

STATUTORY DECLARATION

I, NG CHEE WAI (MIA membership number: 23200), being the director primarily responsible for the financial management of SCANWOLF CORPORATION BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the above named)
NG CHEE WAI at Kuala Lumpur in Wilayah Persekutuan on)
21 October 2020)
)

NG CHEE WAI

Before me,

MOHAN A.S. MANIAM (W710)
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCANWOLF CORPORATION BERHAD

(Incorporated in Malaysia)

1. Report on the audit of the financial statements

1.1 Opinion

We have audited the accompanying financial statements which comprise the statements of financial position of the Group and of the Company as at 30 June 2020, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020, and of their financial performance and their cash flows for the year then ended in accordance with the Companies Act 2016 (the "Act") and the Malaysian Financial Reporting Standards.

1.2 Basis for opinion

We conducted our audit in accordance with the Approved Standards on Auditing in Malaysia and the International Standards on Auditing. Our responsibilities under those standards are further described in the paragraph 1.6.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

1.3 Material uncertainty related to going concern

We draw attention to note 2.2.1 in the financial statements relating to the condition which indicates that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

1.4 Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and the Company for the current 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. In addition to the matter described in the paragraph 1.3, we have determined the matters described below to be the key audit matters of the Group to be communicated in our report and there is no key audit matter to report with respect to our audit of the financial statements of the Company.

1.4.1 Valuation of inventories in relation to property development activities

The Group carries inventories at the lower of cost and net realisable value. As at the reporting date, the Group held inventories of property development activities of RM56,534,433 (Note 16 to the financial statements) representing 49% of total assets of the Group. The valuation of these inventories is a key audit matter given the significance of the amount involved.

<u>How the matter was addressed in the audit</u>

Our audit procedures included, amongst others:

- assessed that the costs of development and completed properties have been appropriately recognised and accumulated or where the costs are brought forward from the previous reporting period, agreed the costs with the brought forward amounts;
- assessed the properties sold by verifying to sale and purchase agreements entered into during and after the reporting period; and
- compared management's assessment of the net realisable value by reference to recent transacted prices of comparable units under the same project or comparable properties in the area, taking into consideration estimated cost to completion and estimated selling price less cost to sell.

We are satisfied with the results of our procedures performed.

1.4.2 Impairment review of plant and equipment of vinyl flooring manufacturing subsidiary

A newly acquired subsidiary of the Group, Scanwolf Flooring Industries Sdn Bhd, has incurred losses for the past few years. This is an indication that an impairment might have occurred on carrying amount of the plant and equipment of RM16,395,171 as at 30 June 2020. Management has performed an impairment review and concluded that there is no impairment in respect of the plant and equipment as the recoverable amount was higher than the carrying amount.

1. Report on the audit of the financial statements (Cont'd)

1.4 Key audit matters (Cont'd)

1.4.2 Impairment review of plant and equipment of vinyl flooring manufacturing subsidiary (Cont'd)

We focused on this area due to the nature of judgements and assumptions made by management in determining whether there is any impairment that has occurred.

How the matter was addressed in the audit

Our audit procedures included, amongst others:

- comparing the assumptions used within the impairment review model to approved budgets and business plans and other evidence of future intentions;
- benchmarking of key assumptions including discount rates and inflation against our own internal research data;
- reviewed available qualitative information; and
- performed sensitivity analysis and stress-test over the key assumptions in the model used in deriving on the recoverable amount.

We did not find any material exception in the procedures performed.

1.5 Other information

Management is responsible for the other information. The other information comprises the information included in the Company's directors' report and annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in regard to the directors' report.

1.6 Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is 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 management either intends to liquidate the Company and/or its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

1. Report on the audit of the financial statements (Cont'd)

1.7 Auditors' responsibilities for the audit of the financial statements

It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion solely to you, as a body, in accordance with Section 266 of the Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

Our objectives are to obtain reasonable assurance about whether the financial statements 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 the Approved Standards on Auditing in Malaysia and the 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 the Approved Standards on Auditing in Malaysia and the International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and/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 on our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguard applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current 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.

2. Engagement partner

The engagement partner on the audit resulting in this independent auditors' report is Loh Kok Leong.

RUSSELL BEDFORD LC & COMPANY
AF 1237
CHARTERED ACCOUNTANTS

LOH KOK LEONG
01965/06/2021 J
CHARTERED ACCOUNTANT

Kuala Lumpur
Date: 21 October 2020

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Revenue	4	**30,895,844**	48,700,867	**780,000**	805,000
Other operating income		**13,897,296**	433,233	**1,082,299**	32,400
Changes in inventories of completed projects		**(982,570)**	(707,420)	**-**	-
Changes in inventories of finished goods and work in progress		**502,739**	(1,302,383)	**-**	-
Raw materials and consumables used		**(13,687,913)**	(20,039,672)	**-**	-
Changes in inventories of trading merchandise		**(2,249,169)**	(2,557,943)	**-**	-
Property development costs recognised		**-**	(8,615,145)	**-**	-
Staff costs	5	**(10,015,465)**	(11,491,977)	**(1,600,848)**	(1,708,460)
Depreciation		**(3,353,173)**	(1,619,819)	**-**	-
Net allowance for expected credit losses		**(158,967)**	(146,981)	**(228,000)**	-
Other operating expenses		**(10,594,309)**	(6,957,411)	**(448,467)**	(275,145)
Profit/(Loss) from operations	6	**4,254,313**	(4,304,651)	**(415,016)**	(1,146,205)
Finance income	7	**10,828**	351,307	**754,928**	-
Finance costs	8	**(2,305,677)**	(1,709,074)	**-**	-
Net finance (costs)/income		**(2,294,849)**	(1,357,767)	**754,928**	-
Share in loss of equity accounted associate, net of tax		**-**	(129,370)	**-**	-
Profit/(Loss) before tax		**1,959,464**	(5,791,788)	**339,912**	(1,146,205)
Income tax expense	9	**(1,337,533)**	161,184	**-**	-
Net profit/(loss)/Total comprehensive income/(loss) for the year		**621,931**	(5,630,604)	**339,912**	(1,146,205)
Basic earnings/(loss) per share (sen)	10	**0.64**	(5.90)		

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

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Non current assets					
Property, plant and equipment	11	**41,599,221**	28,565,176	**-**	-
Right of use assets `	12	**2,966,238**	-	**-**	-
Investment in subsidiaries	13	**-**	-	**21,824,076**	20,841,777
Investment in an associate	14	**-**	-	**-**	-
Deferred tax assets	15	**-**	1,483,221	**-**	-
Inventories	16	**8,731,448**	10,175,459	**-**	-
Other receivable	19	**-**	7,808,983	**17,345,713**	17,593,542
		53,296,907	48,032,839	**39,169,789**	38,435,319
Current assets					
Inventories	16	**55,665,892**	57,015,625	**-**	-
Contract assets	17	**-**	425,000	**-**	-
Trade receivables	18	**4,363,195**	6,068,259	**3,952,044**	3,395,844
Other receivables, deposits and prepayments	19	**1,798,392**	1,921,426	**13,998**	26,516
Tax recoverable		**-**	15,099	**-**	-
Fixed deposits with licensed banks	20	**-**	283,610	**-**	-
Cash and bank balances	21	**468,168**	773,849	**21,184**	21,516
		62,295,647	66,502,868	**3,987,226**	3,443,876
Total assets		**115,592,554**	114,535,707	**43,157,015**	41,879,195
Equity					
Share capital	22	**49,724,006**	49,056,011	**49,724,006**	49,056,011
Reserves	23	**(12,408,461)**	(13,030,392)	**(7,208,845)**	(7,548,757)
Total equity		**37,315,545**	36,025,619	**42,515,161**	41,507,254
Non current liabilities					
Other payable	27	**1,290,185**	1,063,362	**-**	-
Lease liabilities	24	**1,343,159**	1,169,015	**-**	-
Borrowings	25	**5,236,211**	5,891,156	**-**	-
Deferred tax liabilities	15	**1,551,330**	1,596,599	**-**	-
		9,420,885	9,720,132	**-**	-
Current liabilities					
Trade payables	26	**33,431,465**	35,899,673	**-**	-
Other payables and accruals	27	**10,243,780**	8,230,750	**641,854**	371,941
Contract liabilities	17	**467,500**	-	**-**	-
Lease liabilities	24	**675,620**	523,551	**-**	-
Borrowings	25	**23,515,871**	23,553,621	**-**	-
Tax payable		**521,888**	582,361	**-**	-
		68,856,124	68,789,956	**641,854**	371,941
Total liabilities		**78,277,009**	78,510,088	**641,854**	371,941
Total equity and liabilities		**115,592,554**	114,535,707	**43,157,015**	41,879,195

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

STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2020

Group	Share capital RM	Treasury shares RM	Reverse acquisition reserve RM	Revaluation reserve RM	Retained earnings RM	Total RM
At 1 July 2018	49,056,011	(307,138)	(19,524,076)	4,717,425	7,714,001	41,656,223
Net loss/Total comprehensive loss for the year	-	-	-	-	(5,630,604)	(5,630,604)
At 30 June 2019	49,056,011	(307,138)	(19,524,076)	4,717,425	2,083,397	36,025,619
Issuance of shares (Note 22)	667,995	-	-	-	-	667,995
Net profit/Total comprehensive income for the year	-	-	-	-	621,931	621,931
At 30 June 2020	**49,724,006**	**(307,138)**	**(19,524,076)**	**4,717,425**	**2,705,328**	**37,315,545**

Company	Share capital RM	Treasury shares RM	Accumulated losses RM	Total RM
At 1 July 2018	49,056,011	(307,138)	(6,095,414)	42,653,459
Net loss/Total comprehensive loss for the year	-	-	(1,146,205)	(1,146,205)
At 30 June 2019	49,056,011	(307,138)	(7,241,619)	41,507,254
Issuance of shares (Note 22)	667,995	-	-	667,995
Net profit/Total comprehensive income for the year	-	-	339,912	339,912
At 30 June 2020	**49,724,006**	**(307,138)**	**(6,901,707)**	**42,515,161**

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

STATEMENTS OF CASH FLOWS

For the year ended 30 June 2020

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Cash flows from/(used in) operating activities				
Profit/(Loss) before tax	1,959,464	(5,791,788)	339,912	(1,146,205)
Adjustments for:				
Allowance for expected credit losses no longer required	(47,921)	(11,829)	-	-
Allowance for expected credit losses	206,888	158,810	228,000	-
Allowance for slow moving inventories – net	(1,956,400)	129,082	-	-
Bad debts written off	6,013	-	-	-
Changes in fair value on amount due from an associate	(470,183)	389,728	-	-
Depreciation	3,353,173	1,619,819	-	-
Reversal of impairment loss on investment in subsidiaries – net	-	-	(982,299)	-
Gain on bargain purchase	(12,374,554)	-	-	-
Gain on disposal of plant and equipment	(8,749)	(5,998)	-	-
Interest income	(10,828)	(351,307)	(754,928)	-
Interest expense	2,305,677	1,709,074	-	-
Inventories written down	859,086	199,660	-	-
Inventories written off	1,444,011	-	-	-
Plant and equipment written off	6,976	2,021	-	-
Realised gain on foreign exchange - cash and cash equivalents	(8,124)	(1,517)	-	-
Share of loss of an associate	-	129,370	-	-
Unrealised loss/(gain) on foreign exchange	44,782	(29,110)	-	-
Operating loss before working capital changes	(4,690,689)	(1,853,985)	(1,169,315)	(1,146,205)
Decrease in inventories	4,021,612	5,039,854	-	-
Decrease/(Increase) in contract assets	425,000	(269,000)	-	-
Decrease in contract costs	-	170,033	-	-
Decrease/(Increase) in trade and other receivables	2,248,056	2,902,983	(771,682)	(848,838)
Increase/(Decrease) in contract liabilities	467,500	(6,770,123)	-	-
(Decrease)/Increase in trade and other payables	(2,250,406)	2,863,506	269,913	(60,502)
Cash generated from/(used in) operations	221,073	2,083,268	(1,671,084)	(2,055,545)
Income tax paid	(53,000)	(674,190)	-	-
Income tax refunded	108,045	133,068	-	-
Net cash generated from/(used in) operating activities	276,118	1,542,146	(1,671,084)	(2,055,545)

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

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Cash flows from/(used in) investing activities				
Advances to an associate	**-**	(3,248,066)	**-**	-
Decrease in fixed deposit pledged	**283,610**	723,441	**-**	-
Deposits paid for purchase of plant and equipment	**(52,810)**	-	**-**	-
Interest received	**10,828**	351,307	**754,928**	-
Proceeds from disposal of plant and equipment	**75,000**	5,999	**-**	-
Purchase of plant and equipment	**(891,558)**	(1,679,276)	**-**	-
Additions of right of use assets	**(79,087)**	-	**-**	-
Repayments from subsidiaries	**-**	-	**247,829**	2,071,455
Net cash inflow arising from business combination	**3,071,814**	-	**-**	-
Net cash from/(used in) investing activities	**2,417,797**	(3,846,595)	**1,002,757**	2,071,455
Cash flows from/(used in) financing activities				
Interest paid	**(1,788,832)**	(2,382,149)	**-**	-
Proceeds from				
- issuance of shares	**667,995**	-	**667,995**	-
- bankers' acceptances	**37,861,000**	4,676,000	**-**	-
- term loans	**83,329**	1,000,000	**-**	-
Repayments of				
- back to back loan arrangement with a company in which a director has interest	**(48,554)**	(203,970)	**-**	-
- bankers' acceptances	**(37,872,000)**	-	**-**	-
- bridging loans	**(215,039)**	(1,353,457)	**-**	-
- hire purchases liabilities	**(628,789)**	(507,378)	**-**	-
- term loans	**(669,003)**	(728,023)	**-**	-
Net cash (used in)/from financing activities	**(2,609,893)**	501,023	**667,995**	-
Net increase/(decrease) in cash and cash equivalents	**84,022**	(1,803,426)	**(332)**	15,910
Cash and cash equivalents at beginning of year	**(5,181,539)**	(3,379,630)	**21,516**	5,606
Effect of exchange differences	**8,124**	1,517	**-**	-
Cash and cash equivalents at end of year	**(5,089,393)**	(5,181,539)	**21,184**	21,516
Cash and cash equivalents comprise:				
Cash and bank balances	**468,168**	773,849	**21,184**	21,516
Fixed deposits with licensed banks	**-**	283,610	**-**	-
Bank overdrafts	**(5,557,561)**	(5,955,388)	**-**	-
	(5,089,393)	(4,897,929)	**21,184**	21,516
Less: Fixed deposits pledged	**-**	(283,610)	**-**	-
	(5,089,393)	(5,181,539)	**21,184**	21,516

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

Reconciliation of liabilities arising from financing activities

Group	1.7.2019 RM	Cash flows RM	Non cash changes RM	30.6.2020 RM
Bankers' acceptances	8,700,000	(11,000)	-	**8,689,000**
Back to back arrangement liability	2,322,798	(48,554)	-	**2,274,244**
Bridging loans	8,092,526	(215,039)	516,845	**8,394,332**
Lease liabilities	1,692,566	(628,789)	955,002	**2,018,779**
Term loans	6,696,863	(585,674)	-	**6,111,189**
Total liabilities from financing activities	27,504,753	(1,489,056)	1,471,847	**27,487,544**

Group	1.7.2018 RM	Cash flows RM	Non cash changes RM	30.6.2019 RM
Bankers' acceptances	4,024,000	4,676,000	-	8,700,000
Back to back arrangement with a company in which a director has interest	2,526,768	(203,970)	-	2,322,798
Bridging loans	9,445,983	(1,353,457)	-	8,092,526
Hire purchase liabilities	1,339,356	(507,378)	860,588	1,692,566
Term loans	6,424,886	271,977	-	6,696,863
Total liabilities from financing activities	23,760,993	2,883,172	860,588	27,504,753

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

1. General Information

The Company is principally involved in investment holding. The details of the subsidiaries, including their principal activities, are disclosed in Note 13.

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

The registered office is located at 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal place of business of the Company is located at No. 19, 19A, 19B & 19C, Jalan Pusat Perniagaan Falim 5, Pusat Perniagaan Falim, 30200 Ipoh, Perak Darul Ridzuan.

The financial statements were approved and authorised for issue by the board of directors on

2. Principal Accounting Policies

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared and presented in accordance with the provisions of the Companies Act 2016 and the Malaysian Financial Reporting Standards.

The financial statements of the Group and of the Company also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

2.2 Basis of preparation of the financial statements

2.2.1 Basis of accounting

The financial statements have been prepared under the historical cost convention and any other bases described in the significant accounting policies as summarised in Note 2.2.2.

As at the reporting date, the Group has contractual debt payment obligations to its financial institution and other lenders of RM10.9 million which are due within the next 12 months. Included also in the current liabilities of the Group are financial institution borrowings for trade and working capital financing of RM14.2 million and, amongst other long outstanding payables, an amount due to a supplier of the Group property development segment of RM27.7 million. Out of this RM27.7 million, contra arrangement has been provisionally made to settle an amount of RM14.2 million through the sale of the Group property unit inventories.

The slow take up rate for the property units developed by the Group has been further aggravated by the severe impact the Covid-19 pandemic has on the overall economy and the demand for such property units. As at the reporting date, the Group's property unit inventories are being carried at RM47.8 million. Despite the tight and squeezing liquidity situation that is being faced, the financial statements of the Group and the Company have been prepared on the accounting principles applicable to a going concern. This going concern basis presumes that the Group will be able to, in the foreseeable future:

- generate meaningful amount of cash through the orderly sale of its property unit inventories;
- raise the required new debt or equity financing from financial institution lenders and/or the capital market;
- restructure and extend the repayment period for its debt obligations as and when they fall due; and

consequently, the realisation of assets and settlements of liabilities will occur in the ordinary course of business. If any of these presumptions be negated, the going concern basis that has been applied may no longer be appropriate.

The Group has adopted the new and revised Malaysian Financial Reporting Standards ("MFRSs") and their related interpretations that become mandatory for the current reporting period. The adoption of these new and revised MFRSs and IC interpretations does not result in significant changes in accounting policies of the Group other than as follows:

2. Principal Accounting Policies

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.1 Basis of accounting (Cont'd)

(i) MFRS 16 Leases

The scope of MFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

MFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance lease under MFRS 117. The standard includes two recognition exemptions for lessees – leases of low value assets and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right of use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right of use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g. a change of lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right of use asset.

Lessor accounting is substantially unchanged. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases which is operating and finance leases.

The effect of adopting MFRS 16 is disclosed in Note 34.

The Group has not adopted the new standards, amendments to published standards and interpretations that have been issued but not yet effective. These new standards, amendments to published standards and interpretations do not result in significant changes in accounting policies of the Group upon their initial application other than following:

(i) IFRIC Agenda Decision – Over time transfer of constructed goods, which may have impact on the Group's financial statements on adoption.

The IFRS Interpretations Committee ("IFRIC") received a submission about the capitalisation of borrowing costs in relation to the construction of a residential multi-unit real estate development.

Based on the fact pattern described in the submission, the request asked whether the entity has a qualifying asset as defined in MFRS 123 Borrowing Costs and, therefore, capitalises any directly attributable costs.

The IFRIC concluded on 20 March 2019 that, in the fact pattern described in the request:

a) Any receivable and contract asset that the entity recognises is not a qualifying asset; and
b) Any inventory (work-in-progress) for unsold units under construction that the entity recognises is also not a qualifying asset because the unsold units are ready for its intended use or sale.

The Malaysian Accounting Standards Board announced on 20 March 2019 that an entity shall apply the change in accounting policies as a result of this Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group is in the process of making an assessment of the financial impact that may arise from the adoption of above new standard and the agenda decision.

2.2.2 Significant accounting policies

Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2. Principal Accounting Policies (Cont'd)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Basis of consolidation

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

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are recognised as expenses in the reporting periods in which the costs are incurred and the services are received.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's net identifiable assets and liabilities is recorded as goodwill in the consolidated statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the reporting period between non-controlling interests and the owners of the Company. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling 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 interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the parent.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is loss. Subsequently, it is accounted for as equity accounted investee or as an equity investment at fair value depending on the level of influence retained.

Business Combination - Reverse Acquisition

For business combination, one of the entities shall be identified as the acquirer. In a reverse acquisition, the legal acquirer is identified as the acquiree for accounting purposes. Consolidated financial statements prepared following a reverse acquisition are issued under the name of legal acquirer (accounting acquiree) but described as a continuation of the financial statements of the legal subsidiary (accounting acquirer), with one adjustment, which is to adjust retroactively the accounting acquirer's legal capital to reflect the legal capital of the accounting acquiree. Comparative information presented in the consolidated financial statements is also retroactively adjusted to reflect the legal capital of the legal parent (accounting acquiree).

2. Principal Accounting Policies (Cont'd)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Revenue from contracts with customers

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the control of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or service taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Revenue is recognised only when it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the goods or services sold.

Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

2. Principal Accounting Policies (Cont'd)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Foreign currencies (Cont'd)

(ii) Exchange rates

The principal exchange rates for every unit of foreign currency used are as follows:

	2020 RM	2019 RM
Chinese Renminbi	**0.5894**	0.6040
Euro	**4.7385**	4.6745
Singapore Dollar	**3.0581**	3.0495
United States Dollar	**4.3415**	4.1815
New Taiwan Dollar	**0.1604**	-

Employee benefits

(i) Short term benefits

Wages, allowances, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans such as Employees Provident Fund are recognised as an expense in profit or loss as incurred.

Income tax

Income tax on the profit or loss for the reporting period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted at the reporting date.

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

Deferred tax is measured at the tax rates that are expected to apply in the reporting period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

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

2. Principal Accounting Policies (Cont'd)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Impairment of non-financial assets

The carrying amount of assets subject to accounting for impairment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in profit or loss in the reporting period in which they arise.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the profit or loss.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses, if any.

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

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

The Group adopted the revaluation method to measure its entire class of leasehold land and buildings of its manufacturing business segment. These leasehold land and buildings are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated depreciation and impairment losses, if any. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. These leasehold land and buildings are revalued at a regular interval of every five (5) years with additional valuations in the interval years where market conditions indicate that the carrying amounts of these properties materially differ from the market value.

An increase arising from revaluation is recognised in other comprehensive income and accumulated in equity under revaluation reserve. Any decrease arising is first offset against the revaluation surplus on an earlier valuation in respect of the same property and thereafter charged to profit or loss.

Any revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same property previously charged as an expense. Upon the disposal of the revalued assets, the amounts in revaluation reserve relating to those assets are transferred directly to retained profits.

Any accumulated depreciation and impairment losses as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

No depreciation is provided on assets under construction until the asset is ready for intended use.

2. Principal Accounting Policies (Cont'd)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Property, plant and equipment and depreciation (Cont'd)

Depreciation on other property, plant and equipment is calculated on a straight line basis to write off the cost of each asset to its residual value over the following estimated useful lives:

Leasehold land and factory buildings	1.25% - 2%
Office building	2%
Furniture, fittings and equipment	8% - 20%
Motor vehicles	20%
Plant and machinery	10% - 20%
Renovation and signboards	10%

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

Investment in subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the rights, or exposed, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Company's investment in subsidiaries is stated at cost less impairment losses, if any.

Investment in an associate

An associate is a company in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

The Group's investment in associates is accounted for under the equity method of accounting based on the audited or management financial statements of the associates made up to the reporting date. Under this method of accounting, the investment in an associate is measured in the consolidated statement of financial position at cost plus the Group's post acquisition share of the associate's profit or loss and other comprehensive income while dividend received is reflected as a reduction of the investment.

Goodwill relating to an associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the associates' profit or loss in the reporting period in which the investment is acquired.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments have been made to the financial statements of the associates to ensure consistency of accounting policies with the Group.

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

2. Principal Accounting Policies (Cont'd)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Inventories

(i) Property development

Properties held for development consists of land where no 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 within non current assets and is stated at the lower of cost and net realisable value.

Properties held for development is reclassified as 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.

Property development costs are determined based on a specific identification basis. Property development costs comprising costs of land, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses. These assets are subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer over time or at a point in time.

Property development costs of unsold units are transferred to completed development units once the development is completed.

(ii) Manufacturing

Inventories comprising raw materials, work in progress, finished goods and production supplies are stated at the lower of cost and net realisable value. Cost of inventories is determined on a first in, first out basis. Net realisable value represents the estimated selling prices less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Cost of raw materials and production supplies comprise the cost of purchase plus the cost of bringing the inventories to their present location and condition. Cost of work in progress and finished goods comprise the cost of raw materials used, direct labour, other direct costs and appropriate production overheads.

Contract assets and liabilities

A contract asset is the right 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 asset is stated at cost less accumulated impairment losses, if any.

A contract liability is the obligation to transfer goods and services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

2. Principal Accounting Policies (Cont'd)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Leases - As a lessee

i) Right of use assets

The Group recognises a right of use asset at the commencement date of the lease. The right of use asset is initially measured at cost. The cost of right of use assets includes the amount of lease liabilities recognised, adjusted for any lease payments made at or before the commencement date, plus initial direct costs incurred and an estimate of costs to dismantle, remove or restore the leased asset, less any lease incentives received.

Subsequent to initial measurement, the right of use asset is depreciated on a straight line basis over the shorter of the lease term and the estimated useful life as follows:

Furniture, fittings and equipment	8% - 20%
Motor vehicles	20%
Plant and machinery	10% - 20%
Hostel	19% - 86%

Right of use asset is subject to impairment and is adjusted for any remeasurement of lease liabilities.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities at the present value of lease payment to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the assessment of lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payments occurs. The present value of lease payments is discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

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

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

2. Principal Accounting Policies (Cont'd)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of the asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

Segment information

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

Financial instruments

Financial instruments are recognised in the statement of financial position when the Group has become a party to the contractual provisions of the instrument.

A financial instrument (unless it is a trade receivable without a significant financing component) is recognised initially at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. A trade receivable without significant financing component is initially measured at the transaction price.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income in profit or loss.

Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has legal enforceable right to offset and intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

On initial recognition, financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss. Financial liabilities are classified, at initial recognition, as financial liabilities subsequently measured at fair value through profit or loss or at amortised cost, as appropriate.

(i) Financial assets at amortised cost

A financial asset is classified at amortised cost if it meets both of the following conditions:

a) the financial asset is held within a business model whose objective is to hold financial assets in order 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 on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortised cost are measured using the effective interest method and are subject to impairment. Gains or losses are recognised in profit or loss when the financial assets at amortised cost are derecognised or impaired, and through the amortisation process (finance income).

2. Principal Accounting Policies (Cont'd)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Financial instruments (Cont'd)

(ii) Financial liabilities at amortised cost

Financial liabilities are classified at amortised cost if they are not:

a) contingent consideration of an acquirer in a business combination;
b) financial guarantee contracts;
c) loan commitments;
d) designated at fair value through profit or loss; or
e) liabilities that arise when a transfer of a financial asset that does not qualify for derecognition or when the continuing involvement approach applies.

Subsequent to initial recognition, financial liabilities at amortised cost are measured using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities at amortised cost are derecognised, and through the amortisation process (finance cost).

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of the proceeds received net of direct issue costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the reporting period in which they are approved.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if sold or reissued, is recognised in equity.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

Expected credit losses

The Group recognises an allowance for expected credit losses ("ECL") on the following items:

a) financial assets at amortised cost; and
b) contract assets.

ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECL are recognised in profit or loss.

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

2. Principal Accounting Policies (Cont'd)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Expected credit losses (Cont'd)

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. Where appropriate, the Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Loss allowances for debt instruments measured at amortised cost and contract assets are deducted from the gross carrying amount of the assets.

Low credit risk

A financial instrument is determined to have low credit risk if:

a) the financial instrument has a low risk of default;
b) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

Significant increase in credit risk

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

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

Definition of default

The Group considers a debt instrument to be in default when:

a) The Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group; or

b) The financial asset is more than 90 days past due.

Credit impaired financial assets

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable events:

a) Significant financial difficulties of the debtor;
b) A breach of contract, such as a default or past due event;
c) The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
d) It becoming probable that the borrower will enter into bankruptcy or other financial reorganisations; or
e) Disappearance of an active market for that financial asset because of financial difficulties.

2. Principal Accounting Policies (Cont'd)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Expected credit losses (Cont'd)

Write off

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Subsequent recoveries of a financial asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Current versus non-current classification

Assets and liabilities are presented based on a current/non-current classification. An asset is current when it is:

a) Expected to be realised or intended to be sold or consumed in the normal operating cycle;

b) Held primarily for the purpose of trading;

c) Expected to be realised within twelve months after the reporting period; or

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

a) It is expected to be settled in the normal operating cycle;

b) It is held primarily for the purpose of trading;

c) It is due to be settled within twelve months after the reporting period; or

d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Statements of cash flows

Statements of cash flows are prepared using the indirect method.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of fixed deposits pledged and bank overdrafts.

3. Critical Accounting Estimates and Judgements

In the preparation of the financial statements, the directors are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. Critical Accounting Estimates and Judgements (Cont'd)

In the process of applying the Group's accounting policies, which are described above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period other than as follows:

(i) Impairment of non financial assets

The Group assesses impairment of property, plant and equipment and right of use assets when events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable. In assessing such impairment, the recoverable amount of the assets is estimated using the latest available fair value (after taking into account the costs to sell) or the value in use of the assets.

(ii) Net realisable value of inventories

The Group writes down inventories based on an assessment of the recoverability of the inventories through sales. Write downs are applied to inventories where events or changes in circumstances indicate that the costs may not be recoverable. Significant judgement is required in determining the net realisable value of the inventories.

(iii) Assessment of ability to continue as a going concern

The details of this matter are disclosed in Note 2.2.1.

4. Revenue

4.1 Disaggregation of revenue

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Type of goods and services				
Property development activities				
- sale of development properties	**-**	10,678,299	**-**	-
- sale of completed properties	**1,462,331**	805,487	**-**	-
Management fees	**-**	-	**780,000**	805,000
Sale of manufactured goods	**26,614,304**	34,031,658	**-**	-
Sale of trading goods	**2,819,209**	3,185,423	**-**	-
	30,895,844	48,700,867	**780,000**	805,000

4. Revenue (Cont'd)

4.1 Disaggregation of revenue (Cont'd)

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Geographical markets				
Africa	**71,019**	176,896	**-**	-
Rest of Asia	**4,671,274**	8,743,459	**-**	-
Middle East	**737,264**	1,625,885	**-**	-
Oceania	**5,274,829**	3,675,012	**-**	-
Malaysia	**19,800,969**	34,180,529	**780,000**	805,000
Others	**340,489**	299,086	**-**	-
	30,895,844	48,700,867	**780,000**	805,000

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Timing of revenue recognition				
Goods transferred at a point in time	**30,895,844**	38,022,568	**-**	-
Goods transferred over time	**-**	10,678,299	**-**	-
Services transferred over time	**-**	-	**780,000**	805,000
	30,895,844	48,700,867	**780,000**	805,000

4.2 Performance obligations

Segment	**Nature of goods or services**	**Timing of transfer of goods or services**	**Significant payment terms**	**Warranty**
Property	Sale of development properties	Revenue is recognised over time using input method on the basis of the actual property development costs incurred to date to the estimated total property development costs	Generally due within 14 days from invoice date	Defect liability covers a period of 12 calendar months after issuance of notice of delivery of vacant possession to the customers
Property development	Sale of completed properties	Revenue is recognised at a point in time, when the control of the properties has been transferred and delivered to the purchasers	Generally due within 14 days from invoice date	Defect liability covers a period of 12 calendar months after issuance of notice of delivery of vacant possession to the customers
Manufacturing	Sale of manufactured goods	Revenue is recognised upon delivery of products	Generally due within 0 to 120 days from invoice date	Not applicable

4. Revenue (Cont'd)

4.2 Performance obligations (Cont'd)

Segment	Nature of goods or services	Timing of transfer of goods or services	Significant payment terms	Warranty
Trading	Sale of trading goods	Revenue is recognised upon delivery of goods	Generally due within 30 to 120 days from invoice date	Not applicable
Others	Management fees	Revenue is recognised over time when subsidiaries simultaneously receive and consume the benefits	Generally due within 120 days from invoice date	Not applicable

4.3 Transaction price allocated to the remaining performance obligations

For practical expediency, no information is provided on the remaining performance obligation at the reporting date that have an original expected duration of one year or less as allowed under the paragraph 121(a) of MFRS 15.

4.4 Financing components

The Group does not have any contract where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

5. Staff Costs

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Defined contribution plan	**820,163**	863,561	**177,536**	186,532
Other employees related expenses	**252,331**	258,280	**21,412**	11,129
Salaries, wages, bonus and allowances	**8,942,971**	10,370,136	**1,401,900**	1,510,799
	10,015,465	11,491,977	**1,600,848**	1,708,460

The remuneration received and receivable by the directors of the Company during the reporting period are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Executive directors:				
Remuneration other than fees	**1,337,373**	1,728,043	**1,176,118**	1,099,657
Fees	**82,500**	92,000	**82,500**	92,000
	1,419,873	1,820,043	**1,258,618**	1,191,657
Non executive directors:				
Remuneration other than fees	**32,700**	35,600	**32,700**	35,600
Fees	**151,000**	149,000	**151,000**	149,000
	183,700	184,600	**183,700**	184,600
Total	**1,603,573**	2,004,643	**1,442,318**	1,376,257

6. Profit/(Loss) from Operations

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Profit/(Loss) from operations is arrived at after charging/(crediting):				
Allowance for slow moving inventories	**-**	129,082	**-**	-
Auditors' remuneration				
- statutory				
- current year	**115,500**	110,750	**36,500**	48,500
- under provision in prior years	**2,750**	-	**-**	-
- non statutory				
- current year	**9,500**	20,000	**4,000**	12,000
Bad debts written off	**6,013**	-	**-**	-
Deposits written off	**750,688**	-	**-**	-
Changes in fair value on amount due from an associate	**(470,183)**	389,728	**-**	-
Expense related to short term lease	**4,390**	-	**24,000**	-
Gain on disposal of plant and equipment	**(8,749)**	(5,998)	**-**	-
Inventories written down	**859,086**	199,660	**-**	-
Inventories written off	**1,444,011**	-	**-**	-
Loss/(Gain) on foreign exchange				
- realised	**137,258**	75,637	**-**	-
- unrealised	**44,782**	(29,110)	**-**	-
Operating lease expense				
- office equipment	**-**	3,168	**-**	-
- premises	**-**	73,595	**-**	36,000
Plant and equipment written off	**6,976**	2,021	**-**	-
Reversal of allowance for slow moving inventories	(1,956,400)	-	**-**	-
Rental income - premises	**(26,500)**	(356,400)	**-**	(32,400)

7. Finance Income

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Interest income from				
- advances to a subsidiary	**-**	-	**754,928**	-
- advances to an associate	**-**	326,075	**-**	-
- fixed deposits with licensed banks	**8,404**	22,182	**-**	-
- housing development accounts	**2,424**	3,050	**-**	-
	10,828	351,307	**754,928**	-

8. Finance Costs

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Interest expense on				
- back to back arrangement (Note 27)	**231,707**	245,253	-	-
- bank overdrafts	**408,060**	565,528	-	-
- bankers' acceptances	**385,451**	302,576	-	-
- bridging loans	**748,847**	673,075	-	-
- hire purchase liabilities	**123,553**	116,217	-	-
- other lease liabilities	**46,694**	-	-	-
- term loans	**361,365**	479,500	-	-
	2,305,677	2,382,149	-	-
Less: Interest capitalised under property development assets	**-**	(673,075)	-	-
	2,305,677	1,709,074	-	-

9. Income Tax Expense

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Expected income tax payable				
- current year	**(103,000)**	(237,401)	-	-
- over provision in prior years	**203,419**	207,889	-	-
Deferred tax (Note 15)				
- current year	**(1,438,952)**	193,696	-	-
- under provision in prior years	**1,000**	(3,000)	-	-
	(1,337,533)	161,184	-	-

9. Income Tax Expense (Cont'd)

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

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Profit/(Loss) before tax	**1,959,464**	(5,791,788)	**339,912**	(1,146,205)
Taxation at statutory tax rate of 24% (2019: 24%)	**(470,000)**	1,390,000	**(82,000)**	275,000
Expenses not deductible for tax purposes	**(374,972)**	(500,160)	**(88,000)**	(58,000)
Deferred tax assets not recognised	**(3,086,409)**	(933,545)	**(90,000)**	(217,000)
Derecognition of deferred tax assets previously recognised	**(1,017,221)**	-	**-**	-
Income not subject to tax	**3,093,650**	-	**260,000**	-
Utilisation of deferred tax not recognised in previous year	**313,000**	-	**-**	-
Over/(Under) provision in prior years				
- income tax	**203,419**	207,889	**-**	-
- deferred tax	**1,000**	(3,000)	**-**	-
	(1,337,533)	161,184	**-**	-

10. Earnings/(Loss) per Share

Basic

Basic earnings/(loss) per ordinary share is calculated based on the net profit/(loss) attributable to owners of the Company and the weighted average number of ordinary shares in issue as follows:

	Group	
	2020	2019
	RM	RM
Net profit/(loss) attributable to owners of the Company	**621,931**	(5,630,604)
Weighted average number of ordinary shares in issue (net of treasury shares held)	**97,814,100**	95,428,400
Basic earnings/(loss) per ordinary share (sen)	**0.64**	(5.90)

Diluted

Diluted loss per share are not presented in the financial statements since there are no dilutive potential ordinary shares as at 30 June 2020 and 30 June 2019.

11. Property, Plant and Equipment

Group	Long term leasehold land (at valuation) RM	Short term leasehold land (at valuation) RM	Long term leasehold land and factory buildings (at valuation) RM	Long term leasehold land and factory buildings RM	Office building RM	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machinery RM	Buildings under construction RM	Renovation and signboards RM	Total RM
Cost (unless otherwise indiated)											
At 1 July 2018	410,000	3,710,000	15,042,405	-	2,300,000	2,990,822	1,915,224	29,135,918	2,306,067	365,088	58,175,524
Additions	-	-	-	353,707	-	181,219	60,000	967,428	-	-	1,562,354
Disposals	-	-	-	-	-	-	(83,400)	-	-	-	(83,400)
Reclassification	-	-	-	2,306,067	-	-	-	-	(2,306,067)	-	-
Write offs	-	-	-	-	-	(1,729,273)	(69,428)	(19,999,068)	-	(30,538)	(21,828,307)
At 30 June 2019	410,000	3,710,000	15,042,405	2,659,774	2,300,000	1,442,768	1,822,396	10,104,278	-	334,550	37,826,171
Acquisition of a subsidiary	-	-	-	-	-	173,914	274,120	15,915,467	-	3,953,198	20,316,699
Reclassification to right of use assets	-	-	-	-	-	(136,000)	(678,192)	(2,584,411)	-	-	(3,398,603)
Additions	-	-	-	-	-	50,096	-	464,822	-	322,690	837,608
Disposals	-	-	-	-	-	-	(718,948)	-	-	-	(718,948)
Write offs	-	-	-	-	-	(9,300)	(6,500)	-	-	-	(15,800)
Reclassification	-	-	-	-	-	-	-	200,370	-	(200,370)	-
At 30 June 2020	**410,000**	**3,710,000**	**15,042,405**	**2,659,774**	**2,300,000**	**1,521,478**	**692,876**	**24,100,526**	**-**	**4,410,068**	**54,847,127**

11. Property, Plant and Equipment (Cont'd)

	Long term leasehold land (at valuation) RM	Short term leasehold land (at valuation) RM	Long term leasehold land and factory buildings (at valuation) RM	Long term leasehold land and factory buildings RM	Office building RM	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machinery RM	Buildings under construction RM	Renovation and signboards RM	Total RM
Accumulated depreciation											
At 1 July 2018	5,711	110,883	356,842	-	99,667	2,315,066	1,602,666	24,971,601	-	88,425	29,550,861
Charge for the year	4,895	95,043	269,600	35,282	46,000	140,865	130,392	864,287	-	33,455	1,619,819
Disposals	-	-	-	-	-	-	(83,399)	-	-	-	(83,399)
Write offs	-	-	-	-	-	(1,728,751)	(69,420)	(19,997,584)	-	(30,531)	(21,826,286)
At 30 June 2019	10,606	205,926	626,442	35,282	145,667	727,180	1,580,239	5,838,304	-	91,349	9,260,995
Acquisition of a subsidiary	-	-	-	-	-	40,940	81,761	2,388,835	-	250,177	2,761,713
Reclassification to right of use assets	-	-	-	-	-	(9,973)	(525,806)	(507,497)	-	-	(1,043,276)
Charges for the year	4,895	95,043	269,574	53,195	46,000	154,720	73,347	2,150,716	-	82,505	2,929,995
Disposals	-	-	-	-	-		(652,697)	-	-	-	(652,697)
Write offs	-	-	-	-	-	(2,325)	(6,499)	-	-	-	(8,824)
At 30 June 2020	**15,501**	**300,969**	**896,016**	**88,477**	**191,667**	**910,542**	**550,345**	**9,870,358**	**-**	**424,031**	**13,247,906**
Carrying amount											
At 30 June 2020	**394,499**	**3,409,031**	**14,146,389**	**2,571,297**	**2,108,333**	**610,936**	**142,531**	**14,230,168**	**-**	**3,986,037**	**41,599,221**
At 30 June 2019	399,394	3,504,074	14,415,963	2,624,492	2,154,333	715,588	242,157	4,265,974	-	243,201	28,565,176

11. Property, Plant and Equipment (Cont'd)

At the reporting date:

(i) The property, plant and equipment of the Group which have been charged as collaterals to secure the banking facilities and term loans referred to in Note 25 are as follows:

	Group	
	2020	**2019**
	RM	**RM**
Carrying amount		
Leasehold land	**8,939,448**	9,017,021
Leasehold buildings	**11,187,269**	11,437,508
Office buildings	**2,108,333**	2,154,333
	22,235,050	22,608,862

(ii) Included under property, plant and equipment of the Group are asset items with carrying amount of RM Nil (2019: RM2,355,326) acquired under hire purchase arrangements.

During the reporting period, cash payments made to purchase plant and equipment are as follows:

	Group	
	2020	**2019**
	RM	**RM**
Total additions	**837,608**	1,562,354
Additions through:		
- hire purchase	**-**	(860,588)
- other payables	**-**	(53,950)
	837,608	647,816
Payments made for previous year acquisitions	**53,950**	1,031,460
Cash payments	**891,558**	1,679,276

11.1 Revaluation

The leasehold land and buildings for the manufacturing business segment of the Group were revalued in April 2017 by the directors based upon valuations carried out by independent professional valuers using the fair value method which is determined by reference to "Comparison Method", "Depreciation Replacement Cost" and "Cost Method" basis.

The fair values of leasehold land were arrived at based on recent transactions and by assessing prices of similar land in the surrounding areas with adjustments made for differences in location, terrain, size and shape of the land, tenure, title restrictions, if any and other relevant characteristics.

The fair value of factory buildings was determined based on estimation made of the current new replacement cost less an appropriate adjustment for depreciation or obsolescence to reflect the existing condition of the factory buildings at the date of valuation. In estimating the fair values of the properties, the highest and best use of the properties is their current use.

11. Property, Plant and Equipment (Cont'd)

11.1 Revaluation (Cont'd)

Had the leasehold land and buildings been carried at historical cost, the carrying amount that would have been included in the financial statements of the Group as at reporting date would be as follows:

	Group	
	2020	2019
	RM	RM
Long-term leasehold land		
At cost	**350,000**	350,000
Less: Accumulated depreciation	**(37,658)**	(29,446)
Carrying amount	**312,342**	320,554
Short-term leasehold land		
At cost	**2,560,000**	2,560,000
Less: Accumulated depreciation	**(534,654)**	(418,118)
Carrying amount	**2,025,346**	2,141,882
Factory buildings		
At cost	**9,071,000**	9,071,000
Less: Accumulated depreciation	**(1,922,179)**	(1,687,564)
Carrying amount	**7,148,821**	7,383,436
Total carrying amount	**9,486,509**	9,845,872

11.2 Impairment review of property, plant and equipment

In the current reporting period

The recoverable amount of the plant and equipment of one subsidiary, Scanwolf Flooring Industries Sdn Bhd, was determined based on its value in use calculations using cash flows projections from financial budgets prepared by management covering a ten-year period and the following are the key assumptions:

i) The discount rate used for the value in use calculation is based on the country's industry weighted average cost of capital specific to the industry at rate of 9.2%.

ii) The value assigned to the key assumptions such as sales growth, fixed and variable costs are based on the management's assessment of future business trends and its historical data.

Management has considered and assessed reasonably possible changes of key assumptions and has not identified any instances that could cause the carrying amount of the plant and equipment to materially exceed its recoverable amount.

In the previous reporting period

The recoverable amount of the property, plant and equipment of another subsidiary, Scanwolf Plastic Industries Sdn Bhd, is determined based on its value in use calculations using cash flows projections from financial budgets prepared by management covering a five-year period and the following are the key assumptions:

i) The discount rate used for the value in use calculation is based on the country's industry weighted average cost of capital specific to the industry at rate of 8.2%.

ii) The value assigned to the key assumptions such as sales growth, fixed and variable costs are based on the management's assessment of future business trends and its historical data.

11. Property, Plant and Equipment (Cont'd)

11.2 Impairment review of property, plant and equipment (Cont'd)

In the previous reporting period (Cont'd)

The management has considered and assessed reasonably possible changes of key assumptions and has not identified any instances that could cause the carrying amount of the property, plant and equipment to materially exceed its recoverable amount.

11.3 Changes in estimates

During the reporting period, a subsidiary, Scanwolf Flooring Industries Sdn Bhd, conducted a review of the useful lives of plant and machineries used in the manufacturing activities and renovation. The review was carried out based on asset utilisation, internal technical evaluation, technologies changes, environmental and anticipated use of the assets. As a result, the expected useful lives of these assets increased. The effect of these changes on depreciation expenses recognised in the current and future period is as follows:

	2020 RM	2021 RM	2022 RM	2023 RM	2024 and after RM
(Decrease)/Increase in depreciation expense	**(704,572)**	(608,241)	(608,241)	(608,241)	2,529,295

12. Right of Use Assets

Group	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machinery RM	Hostel RM	Total RM
Cost					
At 1 January 2019	-	-	-	-	-
Reclassification from property, plant and equipment	136,000	678,192	2,584,411	-	3,398,603
Effects arising from adoption of MFRS 16	-	-	-	168,843	168,843
Additions	-	-	865,246	-	865,246
At 30 June 2020	**136,000**	**678,192**	**3,449,657**	**168,843**	**4,432,692**
Accumulated depreciation					
At 1 January 2019	-	-	-	-	-
Reclassification from property, plant and equipment	9,973	525,806	507,497	-	1,043,276
Charge for the year	10,880	62,406	279,056	70,836	423,178
At 30 June 2020	**20,853**	**588,212**	**786,553**	**70,836**	**1,466,454**
At 30 June 2020	**115,147**	**89,980**	**2,663,104**	**98,007**	**2,966,238**
At 30 June 2019	-	-	-	-	-

12. Right of Use Assets (Cont'd)

During the reporting period, cash payments made for additions to right of use assets are as follows:

	Group	
	2020	2019
	RM	RM
Total additions	**865,246**	-
Lease liabilities	**(786,159)**	-
Cash payments	**79,087**	-

13. Investment in Subsidiaries

	Company	
	2020	2019
	RM	RM
Unquoted shares, at cost		
At beginning/end of year	**21,924,076**	21,924,076
Accumulated impairment losses		
At beginning of year	**1,082,299**	1,082,299
Impairment for the year	**100,000**	-
Reversal of impairment loss for the year	**(1,082,299)**	-
At end of year	**100,000**	1,082,299
Carrying amount	**21,824,076**	20,841,777

The details of the subsidiaries are as follows:

		Group's effective and voting interest		
	Country of incorporation	2020 %	2019 %	Principal activities
Subsidiaries of the Company				
Scanwolf Plastic Industries Sdn Bhd ("SPI")	Malaysia	**100**	100	Design and manufacture of plastic extrusions, PVC compounding, processing of PVC coils and trading of industrial consumables
Scanwolf Properties Sdn Bhd ("SPSB")	Malaysia	**100**	100	Property development
Subsidiary of Scanwolf Plastic Industries Sdn Bhd				
Scanwolf Flooring Industries Sdn Bhd ("SFI")	Malaysia	**100**	-	Manufacturing of plastic related products, in particular luxury vinyl titles, calendar moulding related products, construction materials and its related products

13. Investment in Subsidiaries (Cont'd)

	Country of incorporation	Group's effective and voting interest 2020 %	2019 %	Principal activities
Subsidiary of Scanwolf Properties Sdn Bhd				
Scanwolf Development Sdn Bhd	Malaysia	**100**	100	Property development

13.1 Impairment review of investment in subsidiaries

In the current reporting period

SPSB has been persistently making losses which is considered as at triggering event for impairment review on the investment cost amounting to RM100,000. The impairment review results in a full impairment loss of RM100,000 (zero recoverable amount) which has been recognised in profit or loss under "Other operating expenses" line item of the Company.

In the previous reporting period

SPI has been making losses for the past few reporting periods which is considered as a triggering event for impairment review on the investment cost in SPI amounting to RM21,824,076. The recoverable amount of the investment cost is determined using SPI as a cash generating unit ("CGU").

The recoverable amount of the investment cost is determined based on its value in use calculations using cash flows projections from financial budgets prepared by management covering a five year period and the following are the key assumptions:

i) The discount rate used for the value in use calculation is based on the country's industry weighted average cost of capital specific to the industry at rate of 8.2%.

ii) The value assigned to the key assumptions such as sales growth, fixed and variable costs are based on the management's assessment of future business trends and its historical data.

The management has considered and assessed reasonably possible changes of key assumptions and has not identified any instances that could cause the carrying amount of the investment cost of SPI to materially exceed its recoverable amount.

13.2 Reversal of impairment loss of investment in a subsidiary

The Company had reversed its impairment of investment in SPI amounting to RM1,082,299 during the reporting period. This amount has been recognised in profit or loss under "Other income" line item of the Company. The reversal was made in view of the higher recoverable amount in respect of the investment in this subsidiary.

14. Investment in an Associate

	Group 2020 RM	Group 2019 RM
Unquoted shares, at cost	**872,500**	872,500
Share in post-acquisition loss of associate	**(872,500)**	(872,500)
Addition	**1**	-
Transfer to investment in a subsidiary	**(1)**	-
Carrying amount, representing share of net assets	**-**	-

The details of the associate are as follows:

	Country of incorporation	Group's effective and voting interest 2020 %	Group's effective and voting interest 2019 %	Principal activities
Held through Scanwolf Plastic Industries Sdn Bhd				
Scanwolf Flooring Industries Sdn Bhd ("SFI")	Malaysia	-	35	Manufacturing of plastic related products, in particular luxury vinyl titles, calendar moulding related products, construction materials and its related products

During the reporting period, SPI acquired the remaining 65% equity interest in SFI for a consideration of RM1 which was satisfied by the way of cash and the carrying amount of investment in SFI of RM1 (after acquisition) is therefore transferred to investment in a subsidiary.

14.1 Business combinations

The following table summarises the consideration paid, the fair value of the identifiable assets acquired and liabilities assumed of the subsidiary acquired at the date of business combination:

	Group 2020 (SFI) RM
Plant and equipment	17,554,986
Inventories	1,574,565
Trade receivables	76,574
Other receivables, deposits and prepayments	475,919
Cash and bank balances	3,071,815
Trade payables	(471,166)
Other payables and accruals	(9,908,138)
Fair value of identifiable net assets acquired	12,374,555
Gain on bargain purchase arising from business combination (included in "other operating income" line item)	(12,374,554)
Purchase consideration by way of cash	1
Cash and cash equivalents acquired	(3,071,815)
Net cash inflow arising from business combination	(3,071,814)

15. Deferred Tax Assets/Liabilities

	Group	
	2020	2019
	RM	RM
At beginning of the year	(113,378)	(304,074)
Recognised in profit or loss (Note 9)		
- current year	(1,438,952)	193,696
- under provision in prior years	1,000	(3,000)
	(1,437,952)	190,696
At end of the year	(1,551,330)	(113,378)

	Group	
	2020	2019
	RM	RM
Deferred tax assets	3,104,000	3,182,721
Deferred tax liabilities	(4,655,330)	(3,296,099)
	(1,551,330)	(113,378)
Presented after appropriate offsetting as follows:		
Deferred tax assets	-	(1,483,221)
Deferred tax liabilities	(1,551,330)	(1,596,599)

Deferred tax liabilities of the Group are in respect of the following:

	Group	
	2020	2019
	RM	RM
Tax effects of:		
Excess of tax capital allowances over related depreciation of property, plant and equipment	3,104,000	1,694,500
Unrealised gain on foreign exchange	-	5,000
Other taxable temporary differences		
- property revaluation reserve	1,551,330	1,596,599
	4,655,330	3,296,099

15. Deferred Tax Assets/Liabilities (Cont'd)

Deferred tax assets of the Group and the Company are in respect of the following:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Gross:				
Unutilised business losses to be utilised up to the financial year ending				
- 30 June 2026	**17,668,000**	8,798,000	**2,493,000**	2,364,000
- 30 June 2027	**10,522,300**	-	**144,000**	-
Unabsorbed capital allowances	**15,933,000**	3,726,200	**-**	-
Development cost capitalised for tax purposes	**1,455,000**	2,035,200	**-**	-
Unrealised loss on foreign exchange	**44,000**	-	**-**	-
Other deductible temporary differences	**3,237,000**	5,115,000	**228,000**	-
	48,859,300	19,674,400	**2,865,000**	2,364,000
Less: Deferred tax assets not recognised	**(35,924,300)**	(6,411,000)	**(2,865,000)**	(2,364,000)
	12,935,000	13,263,400	**-**	-
Tax effects of:				
Unutilised business losses to be utilised up to the financial year ending				
- 30 June 2026	**4,239,000**	2,111,517	**598,000**	567,000
- 30 June 2027	**2,525,300**	-	**35,000**	-
Unabsorbed capital allowances	**3,824,000**	894,000	**-**	-
Development cost capitalised for tax purposes	**349,000**	488,000	**-**	-
Unrealised loss on foreign exchange	**10,700**	-	**-**	-
Other deductible temporary differences	**777,300**	1,228,204	**55,000**	-
	11,725,300	4,721,721	**688,000**	567,000
Less: Deferred tax assets not recognised	**(8,621,300)**	(1,539,000)	**(688,000)**	(567,000)
	3,104,000	3,182,721	**-**	-

Portion of the deferred tax assets has not been recognised as it is not probable that taxable profit will be available in the foreseeable future to utilise these benefits.

16. Inventories

	Group	
	2020	2019
	RM	RM
Manufacturing:		
- raw materials	2,333,857	2,143,067
- work in progress	2,339,756	2,092,655
- finished goods	2,961,878	2,114,208
- production supplies	227,416	248,334
	7,862,907	6,598,264
Properties:		
- properties held for development	8,731,448	10,175,459
- properties held for sale		
- at cost	45,014,014	49,124,864
- at net realisable value	2,788,971	1,292,497
	56,534,433	60,592,820
	64,397,340	67,191,084
Less: non current portion	(8,731,448)	(10,175,459)
	55,665,892	57,015,625

	Group	
	2020	2019
	RM	RM
Amount of inventories recognised as an expense	29,806,798	44,289,573

17. Contract Assets/Liabilities and Contract Costs

Contract assets primarily relate to the Group's right to consideration in exchange for property units but not yet billed at the reporting date. The amount will be billed subsequently. Conversely, if the Group billed to the contract customers but revenue has yet to be recognised, then the obligation is recognised as contract liabilities.

The amount of contract costs amortised to profit or loss is analysed as follows:

	Group	
	2020	2019
	RM	RM
Contract fulfilment costs	-	8,039,589
Costs to obtain contracts	-	575,556
	-	8,615,145

18. Trade Receivables

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Amount due from subsidiaries	**-**	-	**4,180,044**	3,395,844
Amount due from an associate	**-**	62,422	**-**	-
Third parties	**4,693,792**	6,177,467	**-**	-
	4,693,792	6,239,889	**4,180,044**	3,395,844
Less: Allowance for expected credit losses	**(330,597)**	(171,630)	**(228,000)**	-
	4,363,195	6,068,259	**3,952,044**	3,395,844

The normal trade credit terms range from 0 to 120 days (2019: 30 to 120 days). Other credit terms are assessed and approved on a case by case basis. Trade receivables are not secured by any collateral or credit enhancements.

The movements in the allowance for expected credit losses of trade receivables during the reporting period are as follows:

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
At beginning of year	**171,630**	24,649	**-**	-
Allowance during the year	**206,888**	158,810	**228,000**	-
Allowance no longer required	**(47,921)**	(11,829)	**-**	-
	330,597	171,630	**228,000**	-

The following table details the credit risk exposure on the Group's trade receivables using a provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns (i.e. by geographical area, product type and customer segments), the allowance for expected credit loss based on past due status is not further distinguished between the Group's different customer base.

2020		Trade receivables – days past due				
Group	Not past due RM	<30 days RM	31-60 days RM	61-90 days RM	>90 days RM	Total RM
Gross carrying amount	**2,151,191**	**847,218**	**254,413**	**390,326**	**1,050,644**	**4,693,792**
Less:						
- Allowance for expected credit losses	**-**	**-**	**-**	**-**	**(330,597)**	**(330,597)**
	2,151,191	**847,218**	**254,413**	**390,326**	**720,047**	**4,363,195**

2019		Trade receivables – days past due				
Group	Not past due RM	<30 days RM	31-60 days RM	61-90 days RM	>90 days RM	Total RM
Gross carrying amount	3,002,545	1,782,188	850,890	333,145	271,121	6,239,889
Less:						
- Allowance for expected credit losses	-	-	-	-	(171,630)	(171,630)
	3,002,545	1,782,188	850,890	333,145	99,491	6,068,259

18. Trade Receivables (Cont'd)

2020			Trade receivables – days past due			
Company	**Not past due RM**	**<30 days RM**	**31-60 days RM**	**61-90 days RM**	**>90 days RM**	**Total RM**
Gross carrying amount	**155,000**	**65,000**	**-**	**65,000**	**3,895,044**	**4,180,044**
Less:						
- Allowance for expected credit losses	**-**	**-**	**-**	**-**	**(228,000)**	**(228,000)**
	155,000	**65,000**	**-**	**65,000**	**3,667,044**	**3,952,044**

2019			Trade receivables – days past due			
Company	**Not past due RM**	**<30 days RM**	**31-60 days RM**	**61-90 days RM**	**>90 days RM**	**Total RM**
Gross carrying amount	275,600	137,800	-	68,900	2,913,544	3,395,844

19. Other Receivables, Deposits and Prepayments

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Current:				
Advance payments to suppliers	**630,300**	-	**-**	-
Amount due from an associate	**-**	5,600	**-**	5,600
Deposits paid for purchase of plant and equipment	**52,810**	-	**-**	-
Deposits refundable from				
- a subsidiary	**-**	-	**3,000**	3,000
- others	**580,055**	302,875	**1,000**	1,000
Goods and service tax recoverable	**171,405**	368,730	**-**	6,918
Non refundable deposits payment for landowner's entitlement	**-**	800,000	**-**	-
Other receivables	**84,778**	110,885	**-**	-
Prepayments	**279,044**	333,336	**9,998**	9,998
	1,798,392	1,921,426	**13,998**	26,516
Non current:				
Amount due from subsidiaries	**-**	-	**17,345,713**	17,593,542
Amount due from an associate	**-**	7,808,893	**-**	-
	-	7,808,893	**17,345,713**	17,593,542

The effective interest rate for non current portion of the amount due from an associate in previous reporting period is 4.50%.

19. Other Receivables, Deposits and Prepayments (Cont'd)

The non current portion of the amount due from an associate is receivable as follows:

	Group	
	2020 RM	2019 RM
Later than 1 year and not later than 2 years	-	941,610
Later than 2 years and not later than 5 years	-	6,273,720
Later than 5 years	-	593,653
	-	7,808,983

At the reporting date, amount due from subsidiaries of RM17,345,713 (2019: RM17,593,542) has been presented under non current assets in accordance with FRSIC Consensus 31- Classification of Amount Due from Subsidiaries and Amount Due to Holding Company that is Repayable on Demand issued by The Malaysian Institute of Accountants as these advances are not expected to be realised within 12 months after the reporting date.

20. Fixed Deposits with Licensed Banks

Fixed deposits with licensed banks of a subsidiary are pledged to secure bank guarantee facilities.

21. Cash and Bank Balances

	Group	
	2020 RM	2019 RM
Included under cash and bank balances are:		
- amount held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and restricted from use in other operations	-	134,008

22. Share Capital

	Group and Company			
	2020 No. of ordinary shares	2019 No. of ordinary shares	2020 RM	2019 RM
At beginning of year	**96,209,300**	96,209,300	**49,056,011**	49,056,011
Issuance of shares pursuant to private placement	**9,542,800**	-	**667,995**	-
At end of year	**105,752,100**	96,209,300	**49,724,006**	49,056,011

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

23. Reserves

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Distributable:				
Retained profits/(Accumulated losses)	**2,705,328**	2,083,397	**(6,901,707)**	(7,241,619)
Non distributable:				
Revaluation reserve	**4,717,425**	4,717,425	**-**	-
Reverse acquisition reserve	**(19,524,076)**	(19,524,076)	**-**	-
Treasury shares	**(307,138)**	(307,138)	**(307,138)**	(307,138)
	(15,113,789)	(15,113,789)	**(307,138)**	(307,138)
	(12,408,461)	(13,030,392)	**(7,208,845)**	(7,548,757)

23.1 Revaluation reserve

The revaluation reserve represents revaluation surplus arising from leasehold land and buildings. The revaluation reserve is used to record increase in the fair value of leasehold land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

23.2 Reserve acquisition reserve

The reserve acquisition reserve arose from the reverse acquisition of the Company by Scanwolf Plastic Industries Sdn Bhd in 2008.

23.3 Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company in accordance with Section 127(4)(b) of the Companies Act 2016 and are presented as a deduction from shareholders' equity.

Of total 105,752,100 (2019: 96,209,300) issued and fully paid ordinary shares as at 30 June 2020, 780,900 (2019: 780,900) are held as treasury shares by the Company. As at 30 June 2020, the number of outstanding shares in issue after the setoff is therefore 104,971,200 (2019: 95,428,400).

24. Lease Liabilities

	Group	
	2020	2019
	RM	RM
Hire purchase liabilities	**1,917,862**	1,692,566
Other lease liabilities	**100,917**	-
	2,018,779	1,692,566
Portion due within one year	**(675,620)**	(523,551)
Non current portion	**1,343,159**	1,169,015

24. Lease Liabilities (Cont'd)

	Group 2020 RM	Group 2019 RM
The non current portion of the lease liabilities is payable as follows:		
Later than 1 year and not later than 2 years	**587,229**	482,018
Later than 2 years and not later than 5 years	**755,930**	686,997
	1,343,159	1,169,015

The weighted average effective interest rates are as follows:

	2020 %	2019 %
Hire purchase liabilities	**6.68**	6.56
Other lease liabilities	**6.16**	-

The Group and the Company had total cash outflows for leases of RM803,426 and RM24,000 respectively.

25. Borrowings

	Group 2020 RM	Group 2019 RM
Non current:		
Term loans	**5,236,211**	5,891,156
Current:		
Bank overdrafts	**5,557,561**	5,955,388
Bankers' acceptances	**8,689,000**	8,700,000
Bridging loans	**8,394,332**	8,092,526
Term loans	**874,978**	805,707
	23,515,871	23,553,621
	28,752,082	29,444,777
The non current portion of the borrowings is payable as follows:		
Later than 1 year and not later than 2 years	**960,497**	859,674
Later than 2 years and not later than 5 years	**2,068,861**	3,629,288
Later than 5 years	**2,206,853**	1,402,194
	5,236,211	5,891,156

25. Borrowings (Cont'd)

The weighted average effective interest rates are as follows:

	Group	
	2020	2019
	%	%
Bank overdrafts	**5.70**	7.20
Bankers' acceptances	**4.04**	4.68
Bridging loans	**7.90**	8.15
Term loans	**6.44**	6.89

The borrowings are secured by way of:

(i) the property development assets;
(ii) leasehold land and buildings and office buildings as disclosed in Note 11;
(iii) pledged of fixed deposits with licensed banks as disclosed in Note 20;
(iv) for borrowings of subsidiaries, corporate guarantees by the Company; and
(v) joint and several guarantees by all directors of the borrowing subsidiaries.

26. Trade Payables

The normal trade credit terms granted to the Group range from 30 to 120 days (2019: 30 to 120 days).

27. Other Payables and Accruals

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Other accruals	**1,147,028**	936,600	**439,145**	277,500
Accruals of tax penalty	**39,060**	39,060	**-**	-
Amount payable for purchase of plant and equipment	**-**	53,950	**-**	-
Amount due to a company in which a director has interest				
- back to back arrangement	**-**	2,322,798	**-**	-
- others	**-**	2,882	**-**	-
Back to back arrangement liability	**2,274,244**	-	**-**	-
Deposits received from customers - non refundable	**841,225**	1,027,129	**-**	-
Estimates of sales incentive obligations	**2,056,702**	3,159,182	**-**	-
Other payables	**4,872,523**	1,453,538	**150,538**	42,782
Service tax payable	**71,768**	111,096	**-**	7,800
Statutory liabilities	**231,415**	187,877	**52,171**	43,859
	11,533,965	9,294,112	**641,854**	371,941
Less: non current portion	**(1,290,185)**	(1,063,362)	**-**	-
	10,243,780	8,230,750	**641,854**	371,941

27. Other Payables and Accruals (Cont'd)

The non current portion of the back to back arrangement is payable as follows:

	Group	
	2020	2019
	RM	RM
Later than 1 year and not later than 2 years	**314,779**	275,975
Later than 2 years and not later than 5 years	**975,406**	787,387
	1,290,185	1,063,362

Back to back arrangement represents term loan and bank overdraft facilities of RM4,500,000 and RM1,000,000 respectively granted to a joint venture partner which were utilised by a subsidiary. Under the arrangement, interest expense arising from the utilisation of such facilities are borne by the subsidiary. These facilities are secured by a charge on 8 completed units of three storey shop office included in inventories with carrying amount of RM3,740,000 (2019: RM4,310,419).

The effective interest rates for the back to back arrangement are as follows:

	Group	
	2020	2019
	%	%
Bank overdraft	**N/A**	7.98
Term loan	**3.47**	4.98

28. Significant Related Party Disclosures

28.1 Related party transactions

Significant transactions with related parties are as follows:

		Group		Company	
Name of company	Type of transactions	2020 RM	2019 RM	2020 RM	2019 RM
With subsidiaries					
Scanwolf Plastic Industries Sdn Bhd	Management fee income	-	-	-	205,000
Scanwolf Properties Sdn Bhd	Management fee income	-	-	**360,000**	180,000
	Rental expense	-	-	**24,000**	36,000
	Interest income	-	-	**754,928**	-
Scanwolf Development Sdn Bhd	Management fee income	-	-	**420,000**	420,000

28. Significant Related Party Disclosures (Cont'd)

28.1 Related party transactions

Significant transactions with related parties are as follows:

Name of company	Type of transactions	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
With a company in which a director has interest					
Alma Development (M) Sdn Bhd	Interest expense	**48,140**	245,253	-	-
With a director					
Dato' Loo Bin Keong	Rental expense	**1,750**	31,800	-	-
With an associate					
Scanwolf Flooring Industries Sdn Bhd	Interest income	-	326,075	-	-
	Rental income	-	324,000	-	-
	Sales	-	52,338	-	-
	Purchases	-	4,688	-	-

28.2 Related party balances

Individually significant outstanding balances arising from transactions other than normal trade transactions are as follows:

Name of company	Type of transactions	Group 2020 RM	Group 2019 RM
Financial asset			
With an associate			
Scanwolf Flooring Industries Sdn Bhd	Advances	-	7,808,983
	Rental receivable	-	5,600
Financial liabilities			
With a company in which a director has interest			
Alma Development (M) Sdn Bhd	Payments on behalf	-	2,882
	Loan payable	-	2,322,798
Financial assets			
With subsidiaries			
Scanwolf Plastic Industries Sdn Bhd	Advances	**3,135,712**	5,899,359
Scanwolf Properties Sdn Bhd	Advances	**11,694,911**	10,861,383
	Refundable deposit	**3,000**	3,000
Scanwolf Development Sdn Bhd	Advances	**2,515,090**	832,800
With an Associate			
Scanwolf Flooring Industries Sdn Bhd	Rental receivable	-	5,600

28. Significant Related Party Disclosures (Cont'd)

28.2 Related party balances (Cont'd)

Other than the advances and loan payable where the terms are disclosed in Note 19 and Note 27 respectively, all the other related party balances are unsecured, interest free and receivable/repayable on demand.

28.3 Compensation of key management personnel

The key management personnel comprises mainly executive directors of the Company whose remuneration is disclosed in Note 5.

29. Commitments

	Group	
	2020	**2019**
	RM	**RM**
Capital commitments		
Capital expenditure not provided for in the financial statements are as follows:		
Authorised and contracted for	**305,924**	-
Authorised but not contracted for	**404,331**	-
	710,255	-
Analysed as follows:		
Property, plant and equipment	**710,255**	-

30. Segmental Information

For management purposes, the Group is organised into business units based on their nature of business and has three reportable operating segments as follows:

Business segments

Property development
Manufacturing
Investment and others

The above reportable segments operate in Malaysia.

Management monitors the operating results of its business units as well as relying on the segment information as disclosed below for the purpose of making decision about resource allocation and performance assessment.

30. Segmental Information (Cont'd)

2020	Property development RM	Manufacturing RM	Investment and others RM	Total RM	Elimination RM	Consolidated RM
Revenue						
Revenue from external customers	1,462,331	29,433,513	-	30,895,844	-	30,895,844
Inter-segment revenue	-	-	780,000	780,000	(780,000)	-
	1,462,331	29,433,513	780,000	31,675,844	(780,000)	30,895,844
Results						
(Loss)/Profit from operations before finance income	(4,291,209)	(2,659,718)	11,959,538	5,008,611	(754,298)	4,254,313
Finance income	9,765	1,063	754,928	765,756	(754,928)	10,828
(Loss)/Profit from operations	(4,281,444)	(2,658,655)	12,714,466	5,774,367	(1,509,226)	4,265,141
Finance costs	(1,817,125)	(1,243,480)	-	(3,060,605)	754,928	(2,305,677)
(Loss)/Profit before tax	(6,098,569)	(3,902,135)	12,714,466	2,713,762	(754,298)	1,959,464
Income tax expense	(1,280,203)	(57,330)	-	(1,337,533)	-	(1,337,533)
Net (loss)/profit for the year	(7,378,772)	(3,959,465)	12,714,466	1,376,229	(754,298)	621,931
Assets and liabilities						
Segment assets	59,919,486	55,640,886	43,157,015	158,717,387	(43,124,833)	115,592,554
Segment liabilities	62,534,569	36,629,343	641,854	99,805,766	(21,528,757)	78,277,009

30. Segmental Information (Cont'd)

2020	Property development RM	Manufacturing RM	Investment and others RM	Total RM	Elimination RM	Consolidated RM
Capital expenditure on:						
- property, plant and equipment	-	837,608	-	837,608	-	837,608
- right of use assets	-	865,246	-	865,246	-	865,246
Depreciation	120,007	3,233,166	-	3,353,173	-	3,353,173
Non-cash items other than depreciation and amortisation:						
Bad debt written off	-	6,013	-	6,013	-	6,013
Changes in fair value on amount due from an associate	-	(470,183)	-	(470,183)	-	(470,183)
Inventories written off	1,444,011	-	-	1,444,011	-	1,444,011
Inventories written down	859,086	-	-	859,086	-	859,086
Net allowances for expected credit losses	-	158,967	228,000	386,967	(228,000)	158,967
Plant and equipment written off	1	6,975	-	6,976	-	6,976
Reversal of allowance for slow moving inventories	-	(1,956,400)	-	(1,956,400)	-	(1,956,400)
Unrealised loss on foreign exchange	-	44,782	-	44,782	-	44,782

30. Segmental Information (Cont'd)

2019	Property development RM	Manufacturing RM	Investment and others RM	Total RM	Elimination RM	Consolidated RM
Revenue						
Revenue from external customers	11,483,786	37,217,081	-	48,700,867	-	48,700,867
Inter-segment revenue	-	-	805,000	805,000	(805,000)	-
	11,483,786	37,217,081	805,000	49,505,867	(805,000)	48,700,867
Results						
Loss from operations before finance income	(218,647)	(2,786,108)	(1,152,034)	(4,156,789)	(147,862)	(4,304,651)
Finance income	25,232	326,075	-	351,307	-	351,307
Loss from operations	(193,415)	(2,460,033)	(1,152,034)	(3,805,482)	(147,862)	(3,953,344)
Finance costs	(347,888)	(1,361,186)	-	(1,709,074)	-	(1,709,074)
Share in loss of equity accounted associate, net of tax	-	(129,370)	-	(129,370)	-	(129,370)
Loss before tax	(541,303)	(3,950,589)	(1,152,034)	(5,643,926)	(147,862)	(5,791,788)
Income tax expense	87,058	74,126	-	161,184	-	161,184
Net loss for the year	(454,245)	(3,876,463)	(1,152,034)	(5,482,742)	(147,862)	(5,630,604)

30. Segmental Information (Cont'd)

2019	Property development RM	Manufacturing RM	Investment and others RM	Total RM	Elimination RM	Consolidated RM
Assets and liabilities						
Segment assets	66,929,125	47,561,550	41,879,195	156,369,870	(41,834,163)	114,535,707
Segment liabilities	62,165,436	36,965,097	371,941	99,502,474	(20,992,386)	78,510,088
Other information						
Additions to non current assets	3,400	1,558,954	-	1,562,354	-	1,562,354
Depreciation	123,723	1,496,096	-	1,619,819	-	1,619,819
Non-cash items other than depreciation and amortisation:						
Allowance for slow moving inventories	-	129,082	-	129,082	-	129,082
Changes in fair value on amount due from an associate	-	389,728	-	389,728	-	389,728
Inventories written down	199,660	-	-	199,660	-	199,660
Net allowances for expected credit losses	-	146,981	-	146,981	-	146,981
Plant and equipment written off	-	2,021	-	2,021	-	2,021

31. Financial Instruments and Financial Risks Management

31.1 Categories of financial instruments

The following table sets out the financial instruments as at the reporting date:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Financial assets				
Amortised cost:				
- trade and other receivables	**5,028,028**	14,296,602	**21,301,757**	20,998,986
- fixed deposits with licensed banks	**-**	283,610	**-**	-
- cash and bank balances	**468,168**	773,849	**21,184**	21,516
	5,496,196	15,354,061	**21,322,941**	21,020,502
Financial liabilities				
Amortised cost:				
- borrowings	**28,752,082**	29,444,777	**-**	-
- lease liabilities	**2,018,779**	1,692,566	**-**	-
- trade and other payables				
- non interest bearing	**41,507,718**	41,505,825	**589,683**	320,282
- interest bearing	**2,274,244**	2,322,798	**-**	-
	74,552,823	74,965,966	**589,683**	320,282

31.2 Financial risk management objectives and policies

The Group's overall financial risk management programme seeks to minimise potential adverse effects on financial performance of the Group.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change in the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

Foreign exchange risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group operates internationally and is exposed to foreign exchange risk. Foreign currency denominated assets and liabilities together with its expected cash flows arising from sales and purchases give rise to foreign exchange exposures.

31. Financial Instruments and Financial Risks Management (Cont'd)

31.2 Financial risk management objectives and policies (Cont'd)

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

	Net Financial Assets/(Liabilities) Held in Non-functional Currencies					
Functional currency of the Group	Chinese Renminbi RM	Euro RM	Singapore Dollar RM	New Taiwan Dollar RM	United States Dollar RM	Net RM
2020						
Ringgit Malaysia	**(176,000)**	**(8,000)**	**13,000**	**(63,000)**	**(852,000)**	**(1,086,000)**
2019						
Ringgit Malaysia	(125,000)	(4,000)	42,000	-	1,601,000	1,514,000

There is no such exposure for the Company.

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the respective functional currencies of the Group. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items adjusted at the period end for a 10% change in foreign currency rates. If the relevant foreign currencies strengthen by 10% against the respective functional currencies of the Group, profitability before tax will increase/(decrease) by:

	Group	
	2020 RM	2019 RM
Chinese Renminbi	**(17,600)**	(12,500)
Euro	**(800)**	(400)
Singapore Dollar	**1,300**	4,200
New Taiwan Dollar	**(6,300)**	-
United States Dollar	**(85,200)**	160,100

The opposite applies if the relevant foreign currencies weaken by 10% against the functional currency of the Group.

Interest rate risk management

The Group's primary interest rate risk relates to interest bearing debts. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. The information on maturity dates and effective interest rates of financial liabilities are disclosed in their respective notes.

The sensitivity analysis below have been determined based on the exposure to interest rates for the banking facilities at the reporting date. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

A change of 50 basis points in interest rate with all other variables being held constant would have increased or decreased the Group's profitability before tax by RM165,000 (2019: RM167,000).

31. Financial Instruments and Financial Risks Management (Cont'd)

31.2 Financial risk management objectives and policies (Cont'd)

Liquidity risk management

The Group maintains sufficient cash and bank balances, and internally generated cash flows to finance its activities. The Group finance their operations by a combination of equity and bank borrowings.

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

31. Financial Instruments and Financial Risks Management (Cont'd)

31.2 Financial risk management objectives and policies (Cont'd)

Liquidity risk management (Cont'd)

Group	Carrying amount RM	Total RM	On demand or within 1 year RM	Within 1 to 2 years RM	Within 2 to 5 years RM	More than 5 years RM
			Contractual cash flows (including interest payments)			
2020						
Non interest bearing debts	41,507,718	41,507,718	41,507,718	-	-	-
Interest bearing debts	33,045,105	36,348,788	26,339,619	2,350,876	4,706,241	2,952,052
	74,552,823	77,856,506	67,847,337	2,350,876	4,706,241	2,952,052
2019						
Non interest bearing debts	41,505,825	41,505,825	41,505,825	-	-	-
Interest bearing debts	33,460,141	37,561,365	26,670,260	2,206,827	6,142,286	2,541,992
	74,965,966	79,067,190	68,176,085	2,206,827	6,142,286	2,541,992

31. Financial Instruments and Financial Risks Management (Cont'd)

31.2 Financial risk management objectives and policies (Cont'd)

Liquidity risk management (Cont'd)

Company	Carrying amount RM	Contractual cash flows (including interest payments) Total RM	On demand or within 1 year RM
2020			
Non interest bearing debts	**589,683**	**589,683**	**589,683**
2019			
Non interest bearing debts	320,282	320,282	320,282

Credit risk management

The Group's credit risk is primarily attributable to its trade and other receivables and bank balances. The Group minimises credit risk by dealing exclusively with high credit worthy counterparties. At reporting date, there were no significant concentrations of credit risk other than the following:

	Group 2020 RM	Group 2019 RM
Amount due from an associate	-	7,877,005

	Company 2020 RM	Company 2019 RM
Amount due from three subsidiaries	**21,297,757**	20,989,386

The Group's credit risk grading framework for expected credit losses ("ECL") model is as follows:

Category	Definition	Basis for recognition of ECL
Performing	The debtor has a low risk of default and a strong capacity to meet contractual cash flows.	12-month ECL
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit impaired
Default	Amount is > 90 days past due or there is evidence indicating the asset is credit impaired.	Lifetime ECL – credit impaired
Write off	There is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery or the debtor is two years past due.	Amount is written off

31. Financial Instruments and Financial Risks Management (Cont'd)

31.2 Financial risk management objectives and policies (Cont'd)

Credit risk management (Cont'd)

i) Trade receivables

For trade receivables, the Group has applied the simplified approach to measure the loss allowance at lifetime expected credit losses. Where appropriate, the Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these debtors is presented based on their past due status in terms of the provision matrix as disclosed in Note 18. In determining the ECL of other trade receivables, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

ii) Other receivables

Other receivables [other than amount due from subsidiaries of the Company of RM17,345,713 (2019: RM17,593,542)] are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL. The loss allowance for the amount due from subsidiaries and corporate shareholder is measured at an amount equal to the lifetime ECL as there has been a significant increase in credit risk since initial recognition. In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

iii) Cash and bank balances

The cash and bank balances are held with reputable financial institutions with high credit ratings and no history of default. Impairment on cash and bank balances has been measured on a 12-month ECL and reflects the short term maturities of the exposures. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the financial institutions. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

None of the receivables that have been written off is subject to enforcement activities.

32. Capital Structure and Capital Risk Management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while providing an adequate return to stakeholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of debt-to-equity ratio, where the ratio is arrived at net debts (total borrowings less cash and bank balances) divided by total equity. The Group's strategy is to maintain the debt-to-adjusted capital ratio at a healthy level. The debt-to-equity ratio is as follows:

The gearing ratios are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Total debts	**33,045,105**	33,460,141	**-**	-
Less: Cash and bank balances				
and fixed deposits	**(468,168)**	(1,057,459)	**(21,184)**	(21,516)
Net debt	**32,576,937**	32,402,682	**(21,184)**	(21,516)
Total equity	**37,315,545**	36,025,619	**42,515,161**	41,507,254
Gearing ratio (%)	**87.3**	89.9	**N/A**	N/A

33. Fair Value Measurements

33.1 Financial instruments not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of cash and cash equivalents, trade and other receivables and payables, and other liabilities approximate their respective fair values due to the relatively short term maturity of these financial instruments.

The fair values of the Group's borrowings, lease liabilities and advances to an associate (non-current) approximates their carrying amount. Floating rate borrowings are re-priced to market interest rates by the lenders when circumstances dictate. Hire purchase liabilities and advances to an associate (non-current) approximate their carrying amounts as the effective interest rates for these instruments are reasonable approximation of the market interest rates on or near reporting date.

33. Fair Value Measurements (Cont'd)

33.2 Non financial assets carried at fair value

Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- 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 assets or liabilities, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table provides an analysis of each class of assets measured at fair value at the end of the reporting period:

	Group			
	2020			
	Fair value measurements at the end of the reporting period using			
	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
Non-recurring fair values measurement				
Long-term leasehold land	-	**410,000**	-	**410,000**
Short-term leasehold land	-	**3,710,000**	-	**3,710,000**
Long-term leasehold land and factory building	-	**5,802,405**	-	**5,802,405**
Factory buildings	-	-	**9,240,000**	**9,240,000**
	-	**9,922,405**	**9,240,000**	**19,162,405**

	Group			
	2019			
	Fair value measurements at the end of the reporting period using			
	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
Non-recurring fair values measurement				
Long-term leasehold land	-	410,000	-	410,000
Short-term leasehold land	-	3,710,000	-	3,710,000
Long-term leasehold land and factory building	-	5,802,405	-	5,802,405
Factory buildings	-	-	9,240,000	9,240,000
	-	9,922,405	9,240,000	19,162,405

There were no transfers between these levels of fair values in the current and previous reporting period.

34. Change in Accounting Policy

The Group adopted MFRS 16 using the modified retrospective approach with the date of initial application of 1 July 2019. Under this approach, the right of use asset is recognised at the date of initial application at an amount equal to the lease liability, using the Group's current incremental borrowing rate. The comparative information are not restated and continues to be reported under MFRS 117.

The Group elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option, and lease contracts for which the underlying asset is of low value.

The nature and effect of the changes as a result of adoption of the new accounting standard are described below.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right of use assets and lease liabilities equal the leased assets and liabilities recognised under MFRS 117). The requirements of MFRS 16 was applied to these leases from 1 July 2019. Hire purchase liabilities were also reclassified to lease liabilities on 1 July 2019.

Leases previously classified as operating leases

The Group recognised right of use assets and lease liabilities for those leases previously classified as operating leases, except for short term leases and leases of low value assets. The right of use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

LIST OF GROUP'S PROPERTIES

Item	Location	Description	Usage	Area	Tenure	Age of Buildings (Years)	Net Book Value 30-Jun-20 RM	Date of Valuation	Company Name
1	Title No. HS (D) 44267, Lot P.T. 404, Mukim of Belanja, District of Kinta, State of Perak	Industrial land with two single storey detached factory/office buildings	Factory	3.7 acres	Lease period expiring on 13/6/2054	23 and 16	7,469,565.66	13 April 2017	Scanwolf Plastic Industries Sdn. Bhd.
2	Title No. Pajakan Negeri 148201, Lot 192446, Mukim of Belanja, District of Kinta, State of Perak	Industrial land with a single storey detached factory	Factory	3.2 acres	Lease period expired on 2/12/2051	13	3,405,827.58	13 April 2017	Scanwolf Plastic Industries Sdn. Bhd.
3	Title No. Pajakan Negeri 90115, Lot 195536, Mukim of Belanja, District of Kinta, State of Perak	Industrial land with a single storey warehouse	Warehouse	2.9 acres	Lease period expiring on 26/5/2052	2	3,720,907.39	13 April 2017	Scanwolf Plastic Industries Sdn. Bhd.
4	(HSM 1048, P.T. 4528), (HSM 1049, P.T. 4529), (HSM 1050, P.T. 4530), (HSM 1051, P.T. 4531), (HSM 1052, P.T. 4538), (HSM 1053, P.T. 4539), (HSM 1054, P.T. 4540), (HSM 1055, P.T. 4541), (HSM 1059, P.T. 4552), (HSM 1067, P.T. 4583), (HSM 1068, P.T. 4584), (HSM 1069, P.T. 4585), (HSM 1070, P.T. 4586), (HSM 1071, P.T. 4587), (HSM 1072, P.T. 4590), (HSM 1073, P.T. 4591), (HSM 1074, P.T. 4592), (HSM 1075, P.T. 4593), (HSM 1076, P.T. 4594), and (HSM 1077, P.T. 4595) Mukim of Sungai Terap, District of Kinta, State of Perak	20 parcel of vacant detached house lots	Vacant	4,000 sq ft per unit	Lease period expiring on 07/10/2093	N/A	394,498.66	17 April 2017	Scanwolf Plastic Industries Sdn. Bhd.
5	No. 19, 19A, 19B & 19C, Jalan Pusat Perniagaan Falim 5, Pusat Perniagaan Falim, 30200 Ipoh, Perak	Four storey shop office	Office	185 sq mtr	Freehold	4	2,108,333.50	2 December 2015	Scanwolf Properties Sdn. Bhd.
6	No. 16, Jalan Utarid U5/16, Bandar Pinggiran Subang, Seksyen U5, Shah Alam, 40150 Selangor	Single storey detached factory with annexed three storey office building	Warehouse	2051 sq mtr	Lease period expiring on 11/12/2096	3	5,530,417.45	28 March 2016	Scanwolf Plastic Industries Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS

As at 1 October 2020

Class of Shares	:	Ordinary shares
Voting Rights	:	On a show of hands, 1 vote
	:	On a poll, 1 vote for 1 ordinary share

List of Substantial Shareholders of the Company

(Excluding 780,900 Treasury Shares)

Name	Number of Shares Held			
	Direct	**%**	**Deemed**	**%**
BERNADETTE JEANNE DE SOUZA	21,462,400	20.45	180,600 #	0.17
LAU TIANG HUA	180,600	0.17	21,462,400 *	20.45
DATO' LOO BIN KEONG (deceased on 17 March 2020)	9,580,121	9.13	30,000 ^	0.03

Note :

Deemed interested by virtue of shares held by Lau Tiang Hua (Spouse)
* Deemed interested by virtue of shares held by Bernadette Jeanne De Souza (Spouse)
^ Deemed interested by virtue of shares held by Loo Run Wei (Son)

Directors' Shareholdings in the Company

(Excluding 780,900 Treasury Shares)

Name	Number of Shares Held			
	Direct	**%**	**Deemed**	**%**
DATO' TAN SIN KEAT	3,177,781	3.03	742,000 #	0.71
ONG SING GUAN	-	-	-	-
NG CHEE WAI	3,190,000	3.04	-	-
LAU TIANG HUA	180,600	0.17	21,462,400 *	20.45
LIEW PENG CHUEN @ LIEW AH CHOY	3,071,400	2.93	-	-
SAFFIE BIN BAKAR	30,000	0.03	-	-

Note :

Deemed interested by virtue of shares held by Tan Yann Kang (Son)
* Deemed interested by virtue of shares held by Bernadette Jeanne De Souza (Spouse)

Analysis by Size of Shareholdings

(Excluding 780,900 Treasury Shares)

Size of shareholdings	No. of Holders	% of Holders	No. of Shares	% of Shares
Less than 100 shares	6	0.45	300	0.00
100 to 1,000 shares	250	18.80	192,000	0.18
1,001 to 10,000 shares	493	37.07	2,825,800	2.69
10,001 to 100,000 shares	480	36.09	17,926,800	17.08
100,001 to less than 5% of issued shares	98	7.37	55,845,460	53.2
5% and above of issued shares	3	0.22	28,180,840	26.85
Total	**1,330**	**100.00**	**104,971,200**	**100.00**

List of Thirty Largest Shareholders
(Excluding 780,900 Treasury Shares)

	NAME	NO. OF SHARES HELD	%
1	KENANGA NOMINEES (TEMPATAN) SDN BHD [PLEDGED SECURITIES ACCOUNT FOR BERNADETTE JEANNE DE SOUZA (003)]	14,662,400	13.97
2	BERNADETTE JEANNE DE SOUZA	6,800,000	6.48
3	LOO BIN KEONG	6,718,440	6.40
4	LAW TEIK EAN	4,153,599	3.96
5	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD [PLEDGED SECURITIES ACCOUNT FOR NG CHEE WAI (MY1647)]	3,190,000	3.04
6	TAN SIN KEAT	3,177,781	3.03
7	LIEW PENG CHUEN @ LIEW AH CHOY	3,071,400	2.93
8	LOO BIN KEONG	2,861,681	2.73
9	NG CHOI HA	2,161,599	2.06
10	GO WINSTON DY	1,794,000	1.71
11	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD [PLEDGED SECURITIES ACCOUNT FOR LEE KIAN TAK (REM 132)]	1,578,600	1.50
12	TOH JIA LING	1,542,600	1.47
13	ABDUL HAMID BIN ABDUL SHUKOR	1,519,100	1.45
14	LUI KHIM WENG	1,300,000	1.24
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD [PLEDGED SECURITIES ACCOUNT FOR WONG WAH PENG]	1,120,700	1.07
16	CHAI SEONG YEE	1,098,400	1.05
17	LOO RUN HO	1,059,199	1.01
18	OOI PEY WONG	1,000,000	0.95
19	TAN YEAN CHOW	1,000,000	0.95
20	YU WOON GIN	938,000	0.89
21	TAI YEE FONG	857,000	0.82
22	NG BI YONG	801,400	0.76
23	LIM POH TENG	772,300	0.74
24	AMSEC NOMINEES (TEMPATAN) SDN BHD [AMBANK (M) BERHAD FOR NG GIM SAIK (8043-1101)]	763,900	0.73
25	TAN YANN KANG	742,000	0.71
26	KENANGA NOMINEES (TEMPATAN) SDN BHD [PLEDGED SECURITIES ACCOUNT FOR HIAH MOY THIANG]	659,700	0.63
27	LEONG POOI KHUN	650,000	0.62
28	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD [PLEDGED SECURITIES ACCOUNT FOR NG GEOK WAH (B BRKLANG-CL)]	626,700	0.60
29	LEE HUAT BOON	602,100	0.57
30	LEE CHOON HOOI	582,200	0.55

SCANWOLF®
Scanwolf Corporation Berhad
200601021156 (740909-T)

PROXY FORM

CDS Account No.		No. of ordinary shares held	

*I/We………………………………………………………………NRIC No./Company No. ……………………………………………
(Full Name in Block Letters)
of ……
(Full Address)
being a *Member/Members of Scanwolf Corporation Berhad hereby appoint ……………………………………………………
(Full Name in Block Letters)
……………………… NRIC No./Company No.…………………………………………………………………………………… of
……
(Full Address)
or failing him/her, …………………………………………………… NRIC No./Company No.……………………………………… of
(Full Name in Block Letters)
…………………………………………………………………………………………………… or failing him, the Chairman
(Full Address)

of the meeting as *my/our proxy/proxies to attend and vote for *me/us and on *my/our behalf at the Fourteenth Annual General Meeting of the Company to be held at Conference 1, Level 2, WEIL Hotel Ipoh, 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak on Friday, 27 November 2020 at 10:30 am, and at any adjournment thereof to vote as indicated below:

AGENDA

	Receive the Audited Financial Statements for the financial year ended 30 June 2020 and the Reports of the Directors and Auditors thereon		
Resolutions		**For**	**Against**
1	Approval of payment of Directors' fees and Directors' benefits for the financial year ended 30 June 2020		
2	Re-election of Mr. Ong Sing Guan as Director		
3	Re-election of Mr. Lau Tiang Hua as Director		
4	Re-election of Mr. Liew Peng Chuen @ Liew Ah Choy as Director		
5	Re-election of Encik Saffie Bin Bakar as Director		
6	Re-appointment of Russell Bedford LC & Company as Auditors and to authorise the Directors to fix the Auditors' remuneration		
7	Authority under Section 75 and Section 76 of the Companies Act 2016 for the Directors to issue shares		

(Please indicate with an "X" in the spaces provided above to how you wish your vote to be cast. If you do not do so, the proxy may vote or abstain from voting at his/ her discretion)

The proportion of *my/our holdings to be represented by *my/our proxies are as follows:-

First named Proxy	%
Second named Proxy	%
	100%

In case of a vote taken by a show of hands, the *First named Proxy/Second named Proxy shall vote on *my/our behalf.

As witness my hand this …….. day of ………………… 2020

……………………………………………………
Signature of Member(s)/Common Seal
Contact No.: ______________________

* Strike out whichever is not desired

Notes:

1. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. The proxy form must be duly completed and deposited at the Registered Office of the Company, 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.
4. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
8. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to the Article 69 of the Company's Constitution and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("**ROD**") as at **19 November 2020** and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.
9. All resolutions as set out in this notice of Fourteenth Annual General Meeting are to be voted by poll.
10. Members/proxies/corporate representatives who wish to attend Fourteenth Annual General Meeting in person **ARE REQUIRED TO PRE-REGISTER** with the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("**TIIH**"), via the **TIIH Online** website at https://tiih.online no later than **Wednesday, 25 November 2020** at **10.30 a.m.** Please follow the Pre-Register Procedures in the Administrative Guide of Fourteenth Annual General Meeting.

Then fold here

AFFIX
STAMP

The Company Secretaries
SCANWOLF CORPORATION BERHAD
200601021156 (740909-T)
51-13-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Georgetown, Penang

1st fold here

Scanwolf Corporation Berhad
(Company No.: 200601021156 (740909-T))
(Incorporated in Malaysia under the Companies Act, 1965)

No. 19, 19A, 19B & 19C,
Jalan Pusat Perniagaan Falim 5,
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